

# What is financial counselling?

Financial counsellors are specialists in debt management. They usually work in the community sector and provide confidential and independent advice to people experiencing financial difficulty.

Financial counsellors operate under special arrangements established by the Australian Securities and Investments Commission (ASIC) and are exempt from holding Australian Financial Services licences. The majority of financial counselling services are funded by the government and involve no fees, charges or commissions for clients.

## Financial counsellors are not financial planners or professional debt managers

Financial counsellors are different to financial planners, and the two should not be confused.

While financial counsellors assist people with their debts, financial planners generally assist people with the management of their assets by providing investment advice.

The services of financial counsellors are supplied at no cost to clients, while financial planners charge fees for their services and provide them through a business that holds an Australian Financial Services licence.

Financial counsellors are also different from professional debt management

companies. The latter charge set-up and ongoing fees to develop and monitor debt management agreements. Consumers should seek advice from a financial counsellor prior to signing any debt agreement with a debt management company.

## General and specialist financial counselling services

Many community organisations provide general financial counselling services to assist people who are in financial difficulty due to a change of circumstances or over-commitment.

Referral to general financial counselling services in Victoria is available from Consumer Affairs Victoria (1300 558 181).

A number of specialist financial counselling services are also available. These include:

- MoneyHelp financial counsellors (1800 149 689) – provide bill and debt management advice to Victorians who are experiencing or facing job loss or reduced working hours as a result of the economic downturn

Need more information?  
Visit [www.moneyhelp.org.au](http://www.moneyhelp.org.au)  
Or call 1800 149 689

- Rural financial counsellors (1800 686 175) – provide free and impartial rural financial counselling to primary producers, fishers and small rural businesses suffering financial hardship
- Gambler's Help financial counsellors (1800 858 858) – provide support and advice to people affected by gambling.

## What assistance is available from a financial counsellor?

Financial counsellors can assist people experiencing financial difficulty by providing information and advice about:

- the rights of debtors and options for paying debts
- how to prepare and manage a budget
- eligibility requirements for government payments and programs
- how to access hardship programs at banks, utility companies and credit providers
- processes for the lawful recovery of debts
- the consequences of bankruptcy

- working out a realistic repayment plan
- specialist support services, including those for gambling, family support, personal counselling, legal aid and emergency relief.

## Working with a financial counsellor

During a consultation, the financial counsellor will usually:

- focus on providing information and advice specific to the client's needs
- use all available information about a client's financial situation to prepare a budget or financial position snapshot to highlight where their money is going
- ask the client about their ideas for managing the situation and regaining control over their finances
- advise which debts should be viewed as priority debts
- advise how to apply for hardship consideration for a wide variety of debts.

However the financial counsellor will not:

- take over the client's finances
- deal directly with the client's money.

## Preparing to speak to a financial counsellor

To allow a financial counsellor to establish a full picture of a client's finances, clients need to provide the following information:

- proof of income, such as pay slips or an employer's letter of separation
- bank balance statements
- a list of all the people to whom money is owed
- all loan agreements and finance contracts
- current and outstanding bills
- any court documents received and other letters about bills and debts that seem urgent.

## Sources:

Eastern Access Community Health brochure: Financial counselling

Fido website:  
[www.fido.gov.au](http://www.fido.gov.au)

## Key messages

- Financial counsellors provide free, independent and confidential advice to people in financial hardship
- Financial counsellors provide a very different service to that provided by financial planners and professional debt management companies
- People seeking advice from a financial counsellor should have all details about their finances at hand

*The information on this fact sheet is general and does not constitute legal advice.*

*MoneyHelp's products and services have been prepared for the information of Victorians who have experienced or are facing job loss or reduced working hours because of the economic downturn. These people can phone 1800 149 689 to speak to a MoneyHelp financial counsellor. A financial counsellor will discuss a range of debt payment options based on an individual's circumstances.*