

Tuesday, 18 December 2018

Senate Economics References Committee  
PO Box 6100 Parliament House  
Canberra ACT 2600  
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Dear committee members

We, A & M Group trading as Debt Negotiators, have been operating as a financial services provider since November 2009. We offer this response to the submissions which have utilised our name as a generalised description of companies whom offer debt negotiation as a service.

A & M Group trading as Debt Negotiators are members of the Personal Insolvency Professionals Association (PIPA) and have been since 2013. As Registered Debt Agreement administrators we offer Part IX Debt Agreements as an option for debtors experiencing significant financial difficulty. We have been a Registered Debt Agreement administrator since November 2009, during this time we have assisted a number of Australian's suffering from financial difficulty. As a number of submissions have utilised our trading name we are writing this response to outline why the use of our name is both detrimental and can be damaging.

As a financial services organisation we operate under an Australian Credit License, are members of Australian Financial Complaints Australia (AFCA). As members of both of these organisations we are required to have an Internal Dispute Resolution scheme which a large number of submissions put forward as a recommendation.

As a Registered Debt Agreement administrator we are required to comply with certain certification duties these include and are not limited to-ensuring the Debt Agreement is affordable and sustainable and that all Debt Agreement monies (funds received from debtors) are receipted into a separate trust account. Over our 10 years in the industry we have formulated systems and controls which assist in ensuring affordability and sustainability of Debt Agreements for clients whom choose this option to assist with financial difficulty. In an attempt to ensure the Debt Agreement is affordable we will perform independent checks on both income and expenses. Unfortunately as with all financial solutions a change in circumstances can occur. When a change in circumstances does occur clients are afforded the option of

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proposing a Variation, which acceptance is dependent upon creditors, or propose a Termination.

Case study 26 contained in the submission put forward by Financial Rights Legal Centre on the date of October 2018 outlines a significant change in circumstances which affected the debtors ability to discharge his obligations. This case study indicates that the budget allowed for an additional \$27 above the required payments. Had the debtor involved in this case study put forward the additional \$27 per week towards the Debt Agreement, the obligations would have been discharged at a reduced debt level. Unfortunately this case study involved in the submission from Financial Rights Legal Centre provide a strong indication of the lack of education that Financial counsellors have in relation to Part IX Debt Agreements. A significant number of clients whom are party to Part IX Debt Agreements and enter into discussion with Financial counsellors are recommended to file for Bankruptcy without entering into discussions of their options available nor proposing a Termination.

In closing we thank the committee for accepting this in response to the use of our name. As a financial services provider who are a Registered Debt Agreement Administrator, we pride ourselves on ensuring the best option available is afforded to clients. We, Debt Negotiators, pride ourselves on not using pressuring or scare tactics to force customers to a solution that is not suitable.

Kind Regards

A & M group T/A Debt Negotiators