

CENTRELINK DEBTS

Last updated April 2020

This factsheet provides information on what to do if you have a Centrelink debt.



No debts will be recovered from 3 April – 3 October 2020 due to COVID-19. If you are paying off a debt, you should ask Centrelink to stop your repayments by calling the Services Australia debt line on 1800 076 072. If you have an existing repayment plan and you do nothing, you will still be required to pay off your debt.

This factsheet covers:

- What is a Centrelink debt?
- How will I know if I have a Centrelink debt?
- What can I do if Centrelink tells me that I have a debt?
- What can I do if I disagree with the Centrelink debt?
- What can I do if I am being prosecuted in relation to a Centrelink debt?

What is a Centrelink debt?

Centrelink will raise a debt if it believes you have been paid more than you were entitled to receive. If Centrelink believes that you have been overpaid, Centrelink is obliged to raise and have you pay back this amount.



Centrelink may decide you have been overpaid if it believes:

- You under-reported or did not report your income and received payments you weren't entitled to
- You received the single rate of payment when you were in a relationship
- You received the full-time student rate of payment when you were studying part-time
- Your property is worth more than you declared
- You stopped being a carer for a person
- Your children are no longer in your care

How will I know if I have a Centrelink debt?



The most common way people find out that they have a debt is when they receive a letter from Centrelink. This is called an 'Account Payable' letter and is also known as a debt notice. This letter will tell you the reason for the debt, the debt amount, the due date to repay the debt and how to repay it.

If you have a debt but have not received, or have lost, the Account Payable letter, ask Centrelink for a copy of the letter. The letter is important because it explains why Centrelink believes you were overpaid.

If you are unsure about whether you have a debt you can contact your closest member centre (LINK) or call Centrelink's debt recovery line on 1800 076 072.

What do I do if Centrelink tells me that I have a debt?

1. Enter into a repayment plan



If you cannot repay the full debt by the due date Centrelink has given you, you should enter into a repayment plan. You can do this by calling Centrelink's Debt Recovery number on 1800 076 072 and arranging a rate of repayment you can afford.

Even if you disagree with the debt, it is a good idea to enter into a repayment plan before the due date. Otherwise Centrelink may do the following:

- Add a 10 % penalty charge
- Garnish the amount from your Income, bank account or tax return
- Refer your matter to a private debt collection agency
- Add Interest to the debt



When you enter into a repayment plan, you will be able to negotiate a rate of repayment that does not cause you financial hardship. You should contact Centrelink every 13 weeks to let them know whether you would like to continue repaying the debt at the negotiated rate. If you don't contact Centrelink, your repayment may be raised to the automatic higher amount.

If you appeal the debt and it is decided that you do not have to pay the debt back, the money you have already repaid will be returned to you.

2. Ask Centrelink to place the debt on hold

You can ask Centrelink to place your debt on hold for 13 weeks by calling Centrelink's Debt Recovery number. During these 13 weeks Centrelink will not recover the debt from you.

What can I do if Centrelink has referred my debt to a debt collection agency?

If Centrelink refers your debt to a debt collection agency, you may get a call, letter or a text from the agency. You should respond as soon as possible to discuss repayment of the debt. In most cases, it is best to make a repayment arrangement that you can afford.



If you are unhappy with how the debt collection agency treats you, or if they refuse a reasonable repayment plan, you can:

- Call Centrelink's feedback and complaints line on 1800 132 468
- Complain to the Commonwealth Ombudsman on 1300 362 072

What can I do if I disagree with the Centrelink debt?

Centrelink is not always right when it says someone has a debt. If you disagree with the debt, you have a right to appeal. However, you should note that there are risks involved in appealing a debt.

See our factsheet 'Appealing to Centrelink' for more information on this process.

Before appealing a debt, you should get legal advice.



You may choose to appeal a debt because:

- You believe you were entitled to the payments you received and were not overpaid, e.g. you were not a member of a couple
- You agree that you have a debt but believe that Centrelink has incorrectly calculated the debt amount
- You agree you have a debt but do not think you should have to repay some or all of it because Centrelink made a mistake that contributed to or caused the debt
- You agree you have a debt but it would be unfair for Centrelink to recover the amount from you due to your difficult circumstances, for example ill health, significant medical expenses, domestic violence or financial difficulties



There are risks involved in appealing a Centrelink debt.

If you appeal a Centrelink debt, Centrelink will investigate the matter further and examine if the debt amount is accurate. This means the debt could decrease, but it could also increase or stay the same.

Any information you provide to Centrelink could be used to make a referral to the Commonwealth Department of Public Prosecution for social security fraud. A referral may be made if Centrelink believes you deliberately or knowingly tried to receive more Centrelink payments than you were entitled to.

What can I do if I am being prosecuted in relation to a Centrelink debt?

If Centrelink believes you deliberately or recklessly made false statements, or failed to provide Centrelink with timely or correct information to receive more money than you were not entitled to, you may get a letter from Centrelink saying that your debt is being considered for prosecution.



Centrelink may ask you to attend a taped interview or make a statement.

You are under no legal obligation to attend a taped interview or make a statement.

It is a good idea to get legal advice if:

- You have been asked to attend a recorded interview with Centrelink, or
- You have been told that your debt is being considered for prosecution

Where can I get help?



You can get free legal advice from your closest member centre which can be found at <http://ejaustralia.org.au/legal-help-centrelink/>

This factsheet was informed by previously published factsheets from Basic Rights Queensland and Darwin Community Legal Centre.

This factsheet does not constitute legal advice.

Please contact any of our member centres if you wish to obtain free legal advice.
Find your closest member centre at www.ejaustralia.org.au