

What are Centrelink debts?

Why they are raised and Centrelink’s powers to recover money from you.

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An **overpayment** happens when Centrelink pays someone more money than they were entitled to. Centrelink is required by law to recover money that has been overpaid. Centrelink does this by ‘**raising**’ a **debt** against the person. This means it calculates how much the person has been overpaid, and then contact the person and ask for this to be repaid. These debts are called **Centrelink debts**.

Why have I been overpaid?

Overpayments can happen for many reasons. You may have been overpaid because:

- **Your payment wasn’t calculated correctly.** For example, Centrelink might have had wrong information about your income or assets.
- **You did not meet the eligibility criteria** for the payment you were receiving.
- Centrelink **didn’t have up to date information** about your circumstances. For example, this might happen if you don’t tell Centrelink about starting work or changing jobs, or about starting a relationship or moving house.
- Centrelink made a **mistake**.
- Another reason.

Example: Jane was receiving Youth Allowance while studying at university. She was also working part time. Jane reported her income every fortnight, but she reported the “net” amount on her payslip rather than the “gross” amount she received before tax. As the wrong information was provided to Centrelink, the amount of Youth Allowance paid to her wasn’t calculated correctly. Jane now has a Centrelink debt for the amount of Youth Allowance that she wasn’t entitled to.

 If you don’t know why you’ve been overpaid you can call Centrelink and ask a Centrelink officer to tell you the reason for the debt. Understanding why Centrelink believes they have paid you too much can help you assess your options for challenging or otherwise addressing the debt.

My debt relates to my partner or my relationship status. Is this different to other debts?

Some Centrelink debts relate to whether you are single or have a partner, or your partner’s income or assets. These debts can be more complicated than other Centrelink debts. You should seek legal advice about your circumstances before challenging a debt of this kind as your options may be different depending on your specific circumstances.

[More help overleaf →](#)

Who are we? Social Security Rights Victoria (SSRV) is a community legal centre that provides free legal advice and assistance for Social Security, family assistance and Centrelink matters to people who live in Victoria, helping with:

- understanding rights of review of Centrelink decisions
- refusal, suspension or cancellation of payments
- management and review of debts
- Disability Support Pension eligibility
- review of Centrelink decisions where clients are impacted by family violence
- secondary consultations for social, community and health workers (such as financial counsellors, disability advocates, social workers, doctors and community lawyers) to help with clients.

Do I have to pay the debt back?

Centrelink will ask you to repay money that you have been overpaid.

You have options for how you respond to the debt. One of your options is to repay the debt.

If you cannot pay the money back in full by the due date you can ask to enter a repayment plan with Centrelink. This means you can pay a small amount back each week or fortnight, rather than the whole amount at once. This could be through deductions from your fortnightly Centrelink payment, or in separate instalments if you no longer receive Centrelink payments.

If you don't pay the money back by the due date, or agree on a payment plan with Centrelink, Centrelink may take other action to recover the money. This could include:

- Charging you interest or a recovery fee.
- Keeping your tax return or family assistance top up payments.
- Recovering money from other sources, including your work or bank account.
- Preventing you from leaving Australia.
- Taking other legal action against you.

 **If you agree to a repayment plan with Centrelink they will generally not take further action** such as initiating legal proceedings.

What if I don't agree with the debt?

Centrelink debts can be reviewed. You might also hear reviews referred to as 'appeals' or 'challenging a debt'. These mean the same thing. During a review, a decision maker will confirm whether the debt is correct and accurate. This usually involves recalculating the amount that was overpaid. This means the amount you owe could change if the decision maker finds you owe more or less money.

Are there risks associated with a Centrelink debt being raised, or with seeking review of a Centrelink debt?

Risk of the amount you owe increasing

Challenging a Centrelink debt involves a decision maker looking closely at your situation and the circumstances of your debt. They may discover errors in how the debt was calculated. They may recalculate the overpayment and find you owe more money than originally thought. If this happens, the decision maker will likely change the decision and ask you to repay more money.

Risk of fraud investigation and prosecution

If Centrelink believes a debt was caused by fraud – that is, it thinks you deliberately lied in order to gain a benefit – it may investigate you. This could lead to criminal charges against you. It is possible to receive a prison sentence if you are convicted of fraud.

- ➔ You should be aware that **any information and evidence you give Centrelink can be used against you.**
- ➔ You can seek **legal advice about your individual circumstances** before challenging a Centrelink debt.

If you have been dishonest with Centrelink, or Centrelink might think you've been dishonest, we strongly recommend you seek legal advice before challenging your debt. We also recommend seeking legal advice if the amount you owe is large.



**Holstep
Health**

Worker Help Line
03 9481 0655

Legal Assistance Line
03 9481 0355

www.ssrv.org.au

If you have any questions or client queries about the above content, [please call us to discuss](#). SSRV welcomes contact and queries from workers and clients. This factsheet has been designed as general information and should not be relied upon as legal advice. Current May 2026.