

How do I pay back a Centrelink debt?

Steps to help you understand what to do

What happens if I decide not to appeal or I am not successful?

If you decide not to seek review of your debt, or the outcome of review does not reduce your debt to zero, Centrelink can recover the money you owe.

You have **options to help manage this**. You can:

- Pay the balance of the debt to Centrelink in full.
- Negotiate a repayment plan through your current Centrelink payments.
- Negotiate repayments through instalments, if you no longer receive Centrelink payments.
- Ask for a temporary pause on recovery of the debt.
- Offer to settle the debt.
- Seek financial advice on your options, including bankruptcy.

How do I negotiate a repayment plan?

If you would like to negotiate the amount you pay back each week or fortnight, you can call Centrelink and speak to the Debt Recovery Team. You can **ask them to reduce the repayment** amounts to an amount that is manageable for you.

Centrelink will ask you questions about your financial situation. You may need to explain why you need a lower repayment option.

Giving Centrelink a copy of your budget showing your expenses and what you can afford to repay may help. You may wish to speak to a financial counsellor about the best way to set out your budget.

Repayment plans with a very low rate of recovery are usually only temporary. You should keep an eye on your upcoming repayments through MyGov or by calling Centrelink. You may need to re-negotiate your repayment plan every few months.

How do I ask for a pause?

To ask for a pause on recovery you can call Centrelink and speak to the Debt Recovery Team.

Usually you can ask for recovery to be paused once, for a maximum of three months. In some circumstances Centrelink may give you a longer pause, or pause recovery two or more times. You can ask Centrelink for a pause even if you think they will say no. You should explain to Centrelink why you need the pause.



Seeking review of a debt is a reason to seek a pause on recovery. You can read more about this in our factsheet “What happens if I have my debt reviewed?”

Worker Help Line

03 9481 0655

Monday to Friday, 9am–5pm, community lawyers and workers can contact us for information or secondary consultation with an SSRV lawyer.

Legal Assistance Line

03 9481 0355

Monday to Thursday, 9am–4.30pm for Victorians experiencing a Centrelink issue.

[More help overleaf →](#)

What happens if I go bankrupt?

Centrelink debts are usually not recoverable following discharge from bankruptcy, if the debt was incurred prior to declaring bankruptcy and the debt was not incurred by fraud.

Centrelink will continue to recover a debt following discharge from bankruptcy if Centrelink believes the debt was incurred by fraud.

It is very important to seek financial advice before entering into bankruptcy to ensure it will achieve what you intend.

If Centrelink recovers a debt after discharge from bankruptcy, you should seek legal advice about your options.

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.



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Worker Help Line
03 9481 0655

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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.