

Mortgage Stress

This fact sheet only applies to home mortgages and residential investment loans – most home loans. If you have a business related loan, get legal advice.

This fact sheet is for information only. You should seek legal advice if you are in financial difficulty.

Main ideas

- The lender can take your home and sell it if you don't keep up with your payments. They follow a legal process.
- You can ask your lender for a hardship arrangement if you are in financial difficulty.
- Get advice if your lender threatens to take your home. Don't leave it to the last minute.
- If your financial difficulty is likely to be long term, consider selling your home.
- Financial counsellors can help if you are in financial hardship. Their services are free.

In this fact sheet:

[When a lender can repossess your home](#) | The repossession process

[What you can do to avoid repossession](#) | If you are behind in your payments, be aware of the repossession process. If you are behind in payments (or about to be), you should contact your lender immediately. If you have received a Default Notice, you should contact your lender immediately. If you have received a Statement of Claim, you should contact your lawyer immediately. If the lender has a judgment or you have been evicted, you should contact your lawyer immediately.

[Selling is better than having your home repossessed](#) | If you are behind in your payments, you should consider selling your home before the lender repossesses it.

When a mortgage lender can repossess your home

When you borrow money to buy a home, the lender can repossess your home if you don't keep up with your payments. **If the lender is threatening repossession, get legal advice.**

The repossession process:

1. The lender sends you a default notice with the amount you owe.
2. If you don't pay, the lender can repossess your home.
3. If your home is vacant, the lender can sell it immediately.
4. If your home is not vacant, the lender must go to court and get a judgment before they can sell it.
5. If the lender goes to court, you have 28 days to respond to the Statement of Claim.

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b. If you do not respond, the court can give the lender the power to repossess the property.

Get legal advice urgently if you are being threatened with bankruptcy for any debt

What you can do to avoid repossession

What you can do depends on where you are in the process. **If you are not behind in your mortgage payments, but you are worried**

Find a financial counsellor for your normal repayment schedule. **Consider refinancing**

Making a change in your borrowing arrangements with a lender can be helpful. **Be careful of predatory lenders that target desperate borrowers.**

- Make sure you are getting a fair rate of interest.
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If you are behind in payments (or about to be), but no default notice yet

The sooner you act the better chance you have.

Act quickly!

Make a hardship application. **Ask for a hardship variation**

Examples for making a hardship request. Lenders make hardship variations.

I'm in hardship. I'm a builder and I lost my job when the company folded. Look for work.

I'm in hardship. I need surgery and will be off work for 3 months while I recover. My partner is still working, and between us we can cover the payments.

I'm in hardship. I've had a work injury and it's permanent. I have some compensation but it's not enough.

Negotiate with the lender

Keep making payments as long as you can. **Don't agree to payments you cannot afford or are not sure about.**

Ask the lender for a hardship variation. **If the lender doesn't agree, or if you don't hear back from them**

Accessing insurance or superannuation. If you are not a member of AFCA, get legal advice.

If you have received a Default Notice

Act immediately!

If you have received a Statement of Claim (or Notice to Occupier)

Get legal advice immediately!

If the lender has a judgment or you have received a Notice to Vacate

Get legal advice immediately!

Applying to the court for a stay

Being evicted

If you do nothing, get ready to move out on eviction day.

The sheriff will change the locks on the eviction date.

Selling is better than having your home repossessed

If you've decided to sell

Need more help?

For a [best use of all the pages sources](#)
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