

Centrelink Debts

This factsheet covers:

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- How will I know if I have a Centrelink debt?
- How do I negotiate repayment of a debt?
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WHAT IS A CENTRELINK DEBT?

Centrelink will raise a debt if it believes you have been paid more Centrelink support than you were entitled to receive. If Centrelink decides that you have been overpaid, it will raise a debt and ask you to repay it.

For example, Centrelink will raise a debt if:

- You under-reported or did not report your income.
- 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 while receiving carer payment.
- You received Family Tax Benefit for a child who had left 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 - or 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 the Account Payable letter, or have lost it, 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 EJA [member centre](http://ejaustralia.org.au/legal-help-centrelink/) (<http://ejaustralia.org.au/legal-help-centrelink/>). You can also call Centrelink's debt recovery line on 1800 076 072.

The other option is that you can request a Statement of Debt via myGov, or by phone. Their statement should show details about your debt(s) for the last 5 years, including:

- the total outstanding debt amount,
- the date raised or notified,
- debt repayments, including garnisheed amounts, repayment reversals and refunds,
- any changes to the debt amount, and amounts waived, and
- any periods recovery was paused.

You can request multiple Statements of Debt if your debt(s) goes back more than 5 years. You can also request a copy of the original debt notice(s).

HOW DO I NEGOTIATE REPAYMENT OF A DEBT?

If you receive an account payable for a new debt, it is a good idea to enter into a repayment plan before the due date. Otherwise, Centrelink may:

- add a 10 % penalty charge,
- withhold an amount from your Centrelink payments,
- garnish or take the amount from your bank account or tax return, and
- add interest to the debt amount.

When you enter into a repayment plan, try to negotiate a repayment rate that will 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 increase 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.

HOW DO I CHANGE REPAYMENT ARRANGEMENTS?

You can ask to negotiate a new repayment plan at any time. You can do this by calling Centrelink's Debt Recovery number on 1800 076 072.

WHAT CAN I DO IF I DISAGREE WITH A CENTRELINK DEBT?

Centrelink is not always right when it says someone has a debt, and even if the debt is correct there may be reasons why it would be unfair to recover it. This is called waiving recovery of a debt or waiver.

Recovery of the whole or part of a debt may be waived if:

- the debt was solely caused by Centrelink's administrative error (mistake) and the overpaid amount was received by the person 'in good faith' (they didn't realise they were being overpaid, or
- there are 'special circumstances' in the person's case.

You may choose to appeal a debt either because you believe there is no debt, or you accept that you were overpaid but you would like waiver considered. For example:

- You believe you were entitled to the payments you received and were not overpaid, e.g. Centrelink is saying you were a member of a couple for the debt period but you were not.
- You agree that you have a debt but believe that Centrelink has incorrectly calculated the debt amount, e.g. Centrelink has over-assessed your earnings.
- 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 caused the debt or contributed to it.
- You agree you have a debt but it would be unfair for Centrelink to recover it due to your difficult circumstances, for example chronic ill health, significant medical expenses, family and domestic violence or homelessness.

There can be risks involved in appealing Centrelink debts. Centrelink may do more investigations and will likely review the period of debt and the amount of debt that they are stating needs to be repaid. This means that whilst your debt may potentially decrease if reviewed, there is also potential for it to increase.

If Centrelink believes you deliberately or recklessly made false statements, or deliberately failed to provide Centrelink with correct information to receive more money than you were 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.

The information you provide to Centrelink could be used to make a referral to the Commonwealth Department of Public Prosecution if Centrelink believes you deliberately or 'knowingly' tried to receive more Centrelink payments than you were entitled to.

It is a good idea to get advice from one of our member centres if Centrelink asks you to attend a recorded interview. You can find your closest member centre at: <http://ejaustralia.org.au/legal-help-centrelink/>

WHAT CAN I DO IF I AM BEING PROSECUTED IN RELATION TO A CENTRELINK DEBT?

Get legal advice ASAP if you receive a summons saying you have been charged with an offence, and that you must attend court.

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 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