

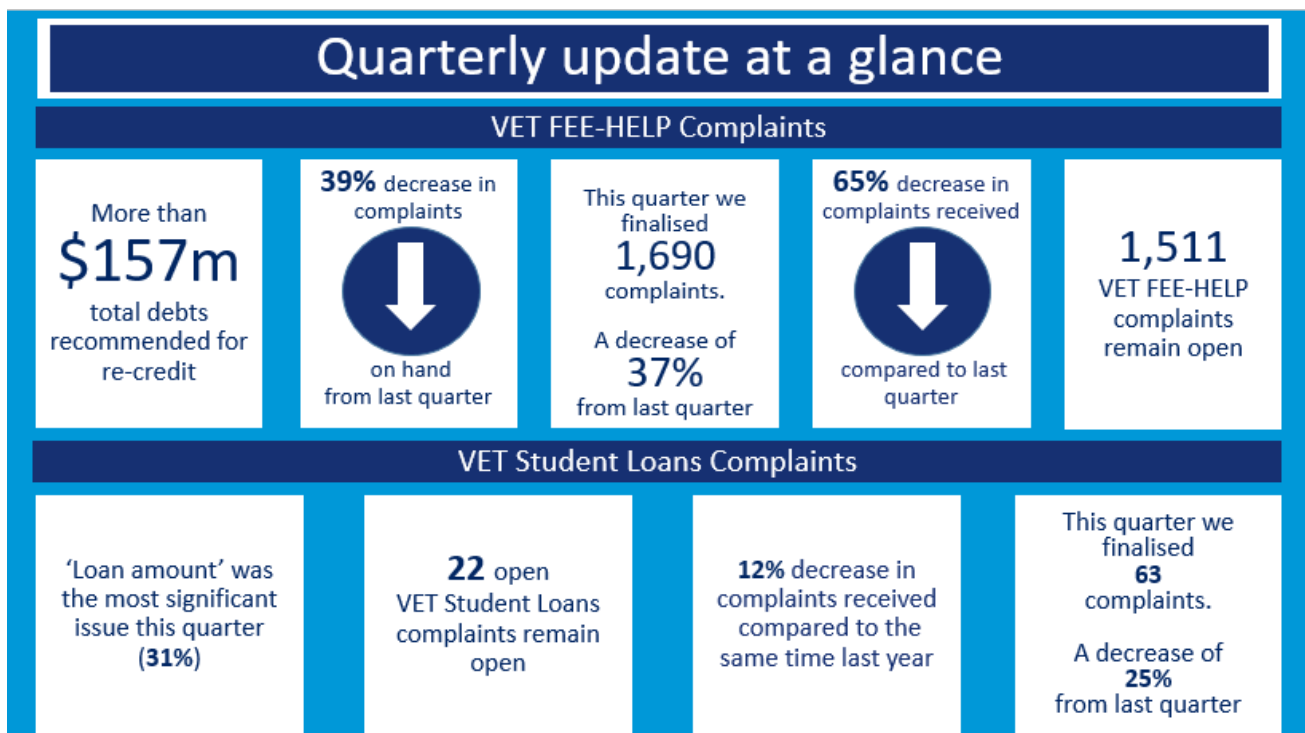
Quarterly Update 14: 1 October–31 December 2020

Executive Summary

This is the 14th quarterly update for the Office of the Commonwealth Ombudsman’s (the Office) VET Student Loans Ombudsman function. The function commenced on 1 July 2017 and assesses complaints about the former VET FEE-HELP scheme and the current VET Student Loans program.

This update covers the quarter 1 October–31 December 2020 and:

- provides statistical data on complaints received, finalised and open for the VET FEE-HELP scheme and VET Student Loans program
- compares complaint data from 1 October–31 December 2020 and previous quarters’ complaints for the VET FEE-HELP scheme and VET Student Loans program
- includes provider statistics for VET FEE-HELP complaints.



Quarterly results–VET FEE-HELP Complaints

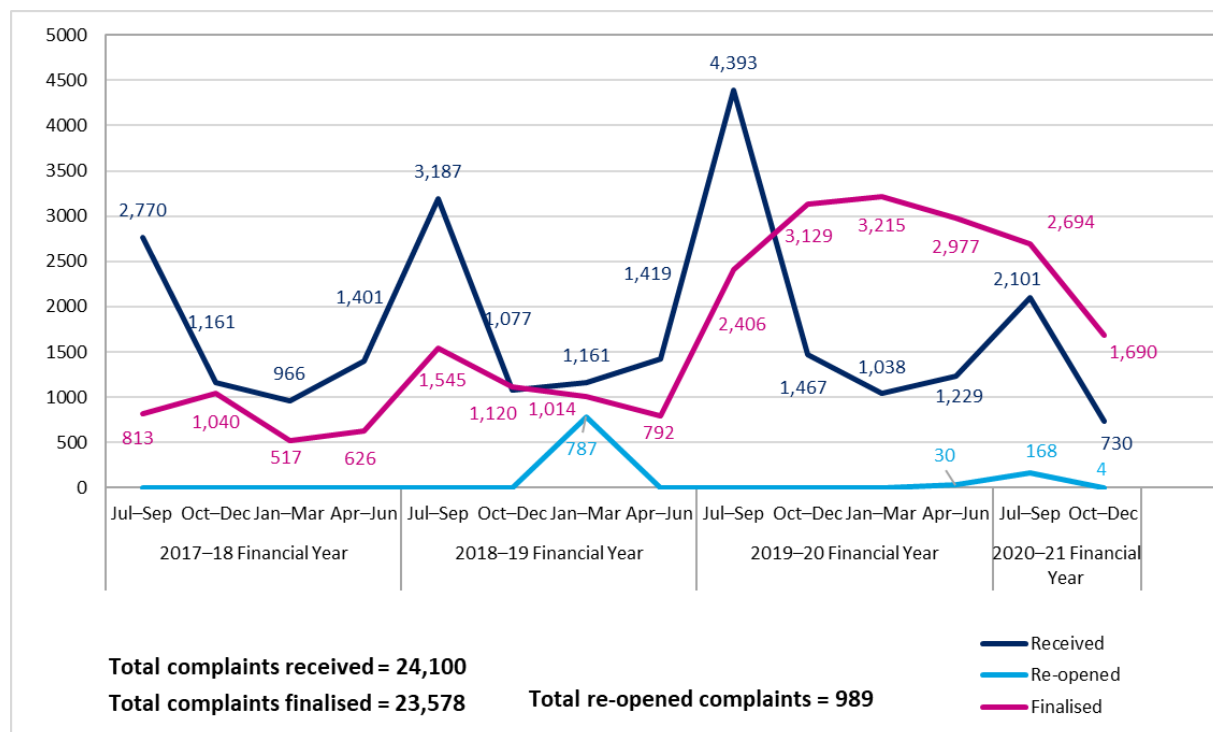
VET FEE-HELP complaints received and finalised

We received 730 VET FEE-HELP complaints during 1 October–31 December 2020, a 65 per cent decrease compared to the previous quarter (2,101). This was anticipated as complaint numbers have decreased during the October–December quarter for the past three years, as depicted in Figure 1 below. We received 739 fewer VET FEE-HELP complaints this quarter, when compared to the same period last year—a 50 per cent decrease.

We finalised 1,690 complaints during 1 October–31 December 2020, 37 per cent decrease than finalised during the previous quarter (2,695). This is due to a caseload that includes complaints about providers which are still operating. The need to obtain information from available providers means that complaints can take longer to assess. The majority of complaint finalisations are the result of our activity under the VET FEE-HELP Student Redress Measures (the redress measures) through the following actions:

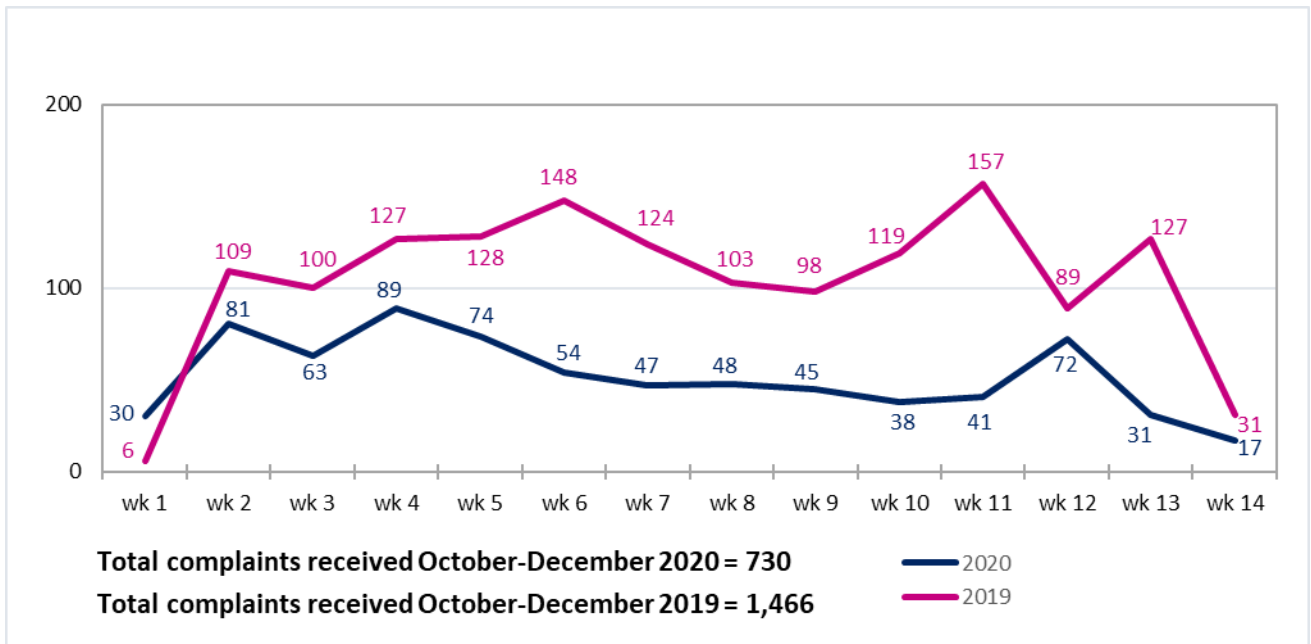
- the Department of Education, Skills and Employment (the department) accepting our recommendation relating to VET FEE-HELP debts (we do not finalise complaints until we are advised of the department’s decision)
- the department’s [Secretary Initiated Actions](#) (SIAs) and [tuition assurance](#) activities
- complainants referred to their provider for consideration through the provider’s grievance procedures
- through other actions as detailed in [Table 1 on page five](#).

Figure 1—VET FEE-HELP complaints received re-opened¹ and finalised during 1 July 2017–31 December 2020



¹ In January 2019, April, September and October 2020 we revisited complaints finalised in previous quarters that were eligible for consideration under the VET FEE-HELP Student Redress Measures. We identified (989 in total) eligible complaints and subsequently re-opened these complaints for assessment under the redress measures.

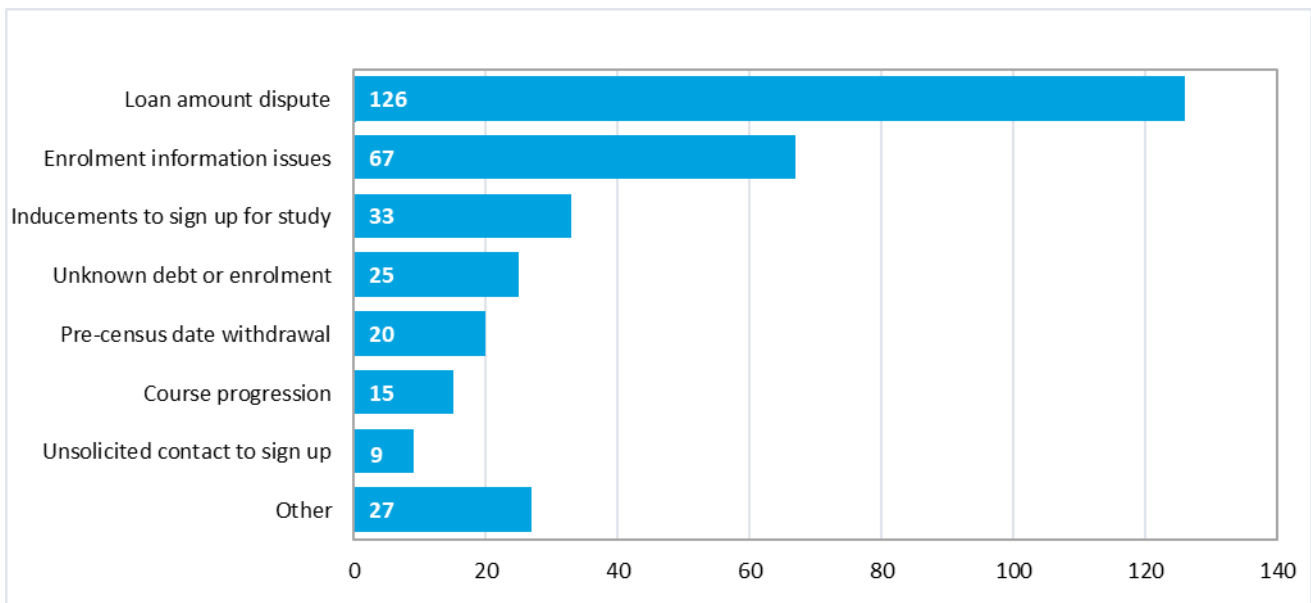
Figure 2—VET FEE-HELP Complaints received weekly during 1 October–31 December 2019 and 1 October–31 December 2020



VET FEE-HELP complaint issues

Figure 3 below shows the issues identified in VET FEE-HELP complaints received and assessed during 1 October–31 December 2020. From the complaints received that have been assessed, there were 322 issues identified.

Figure 3—Issues in VET FEE-HELP complaints received and assessed during 1 October–31 December 2020



Actions taken to finalise VET FEE-HELP complaints

There can be more than one action taken to resolve a complaint, as some complaints have multiple issues. Our Office finalises complaints when:

- the issue can be directed to an external outcome pathway either with the provider or with another oversight agency, particularly where there is a reasonable prospect of the complainant securing a positive outcome
- we decide to not assess or investigate the issue further because:
 - the action was open to a provider
 - the complainant was referred to the tuition assurance operator to seek redress
 - the provider has agreed to re-credit all or part of the student loan
 - the department removes all or part of the student loan because of a Secretary Initiated Action (SIA) under the redress measures
- the department makes a decision on our recommendation to remove (or not remove) a VET FEE-HELP debt under the redress measures
- the complaint is withdrawn or is not within our jurisdiction to investigate.

Table 1 below includes data for 2,133 issues of the 1,690 complaints finalised during 1 October–31 December 2020, and the actions taken to finalise the issues of those complaints. It shows that the Office finalised 9.7 per cent of complaints on the grounds that complainants had not exhausted their provider’s internal grievance process or internal review process (in cases where the provider is still available).

We consider that providers are best placed to handle complaints in the first instance for the following reasons:

- providers have access to student information which may result in a timelier outcome
- providers should be aware of students’ academic progress and specific student circumstances
- in order to be a registered training organisation, providers are required to have a complaints process it is important that this process is exhausted before we investigate.

If a complainant returns to our Office because they are dissatisfied with the outcome given by their provider, we will register a new complaint for assessment.

Table 1—Actions taken in relation to the issues of complaints finalised during 1 October–31 December 2020

Actions taken in relation to 2,133 issues of 1,690 complaints finalised	Total number of issues	% of finalised complaints
The Office finalised the issues in a complaint after the department accepted our recommendation under the redress measures.	1,704	75.4%
The Office finalised complaints as a result of the department’s SIAs or tuition assurance re-credits.	111	6.3%
The complainant had not yet followed the provider’s complaint handling or grievance procedures in relation to the issue and as a result we decided not to investigate.	168	9.7%
The complainant could not be contacted, did not respond to requests for information or did not wish to pursue the issue of their complaint.	107	6.1%

<p>The Office finalised complaints when:</p> <ul style="list-style-type: none"> • the issue of a complaint was referred to a tuition assurance operator to seek redress • a provider agreed to re-credit a complainant’s student loan • a provider provided an appropriate remedy • an investigation would not lead to a different result • an action was reasonably open to a provider to take. 	40	2.3%
<p>The issue of a complaint could be better dealt with through an external avenue such as the department, the Administrative Appeals Tribunal (AAT) or the complainant was referred to an advice or advocacy body, and as a result we decided not to investigate.</p>	3	0.2%
Total	2,133	100%

VET FEE-HELP Student Redress Measures

Information on the redress measures can be found [here](#). As at 31 December 2020, we had recommended the re-credit of VET FEE-HELP debts for 10,088 complaints, comprising 59,000 units of study. The total value of this debt was \$157.93 million, comprising \$131.73 million in tuition fees and \$26.20 million in loan fees.

In addition to the above recommendations, we collaborated with the department in the development of SIAs under the redress measures that have resulted in the removal of VET FEE-HELP debts of over \$2 billion in tuition fees. More than 10,800 complaints have had some or all units re-credited because of SIAs, which has helped us to reduce our backlog.

As at 31 December 2020, we had 1,511 open VET FEE-HELP complaints requiring assessment. We reduced our complaints on hand by 39 per cent during the quarter, down from 2,467 open complaints at 30 September 2020.

The reduction in complaints on hand is due to efficiencies noted in previous quarterly updates², which enabled us to streamline processing of complaints. We made 293 ‘block’ recommendations during the quarter, which comprised 1,371 units. We continued to work closely with the department on the development of SIAs. While SIA re-credits are a more efficient process than individual complaint assessments, they still require us to confirm the debt has been re-credited, record the details of the re-credit, assess any units not covered by the SIA and contact the complainant before finalising their complaint.

The redress measures which were due to cease at the end of 2020 have been extended for two years to 31 December 2022.

VET FEE-HELP complaints by provider

The graphs below outline, by provider, VET FEE-HELP complaints received during the quarter (Figure 4), the complaints finalised during the quarter (Figure 5) and the total number of complaints that remain open at the end of the quarter (Figure 6). Most complaints relate to providers who are no longer trading or are no longer a VET loan approved provider.

² Previous VSLO quarterly updates can be found on the Commonwealth Ombudsman Industry Updates page: <https://www.ombudsman.gov.au/publications/industry>

Figure 4—VET FEE-HELP complaints received during 1 October–31 December 2020, by provider

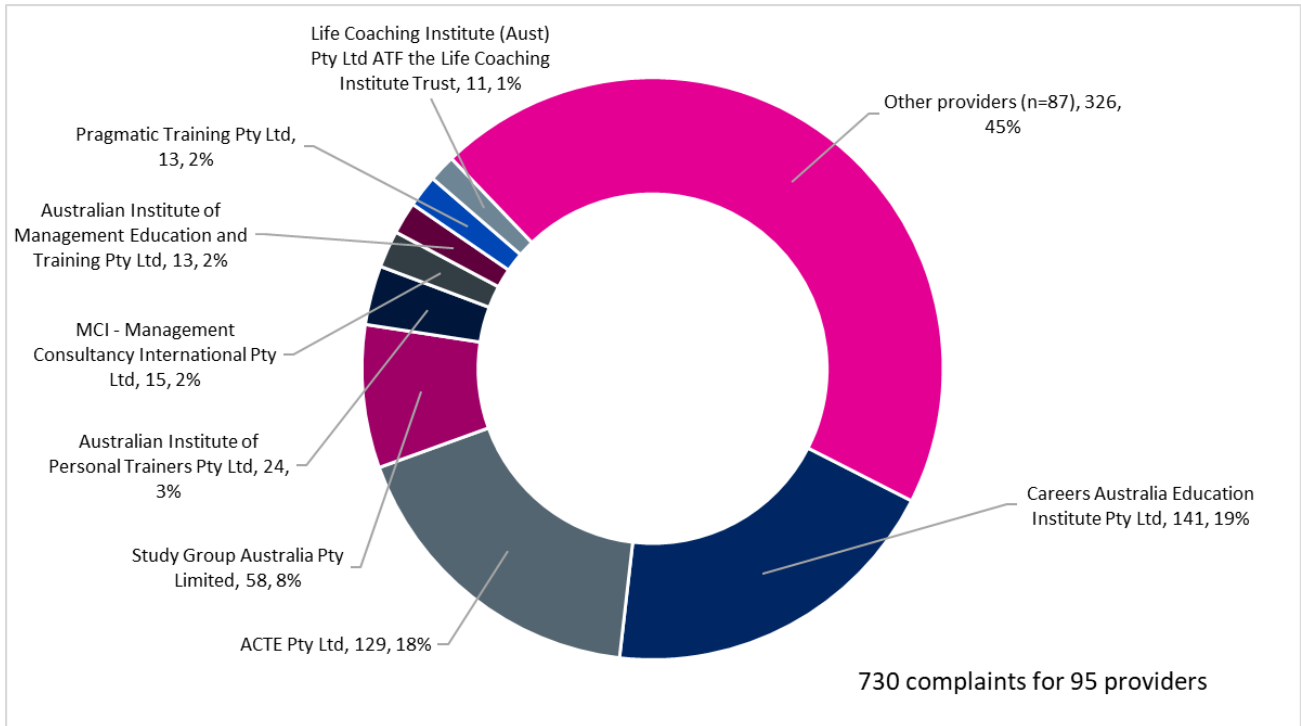


Figure 5—VET FEE-HELP complaints finalised during 1 October–31 December 2020, by provider

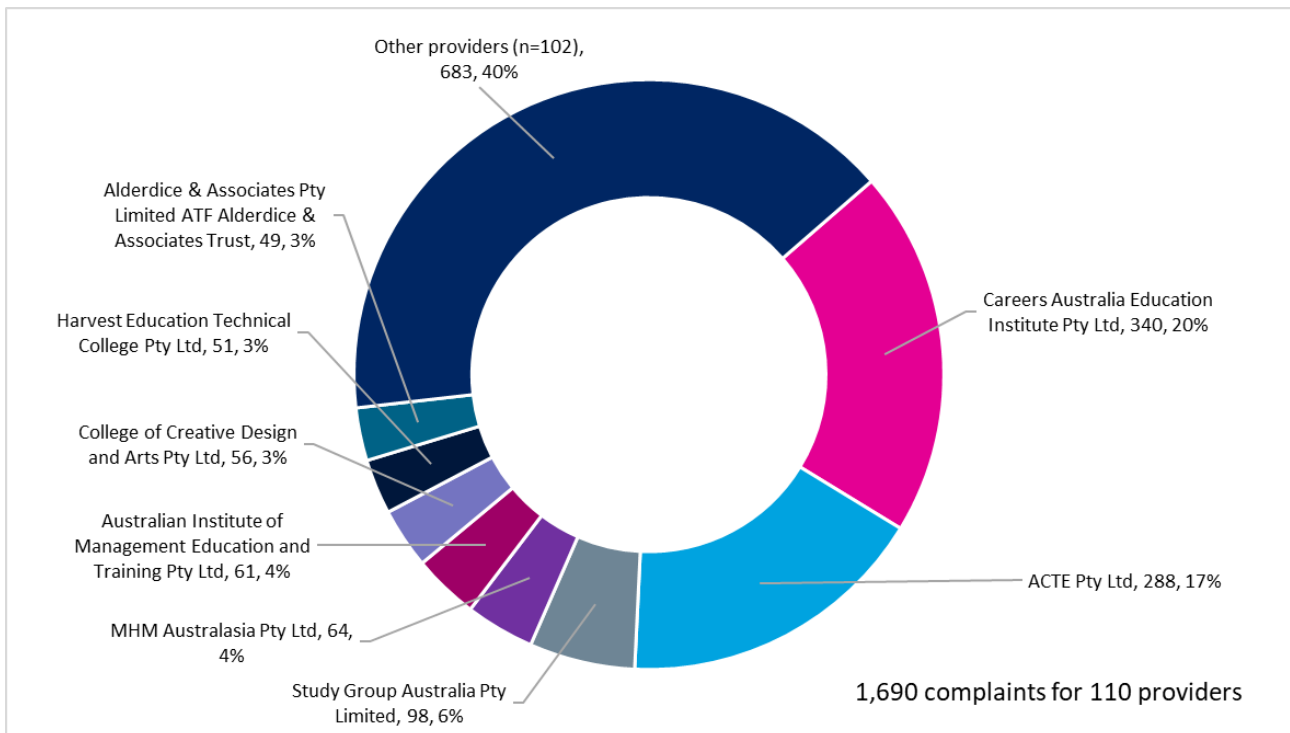
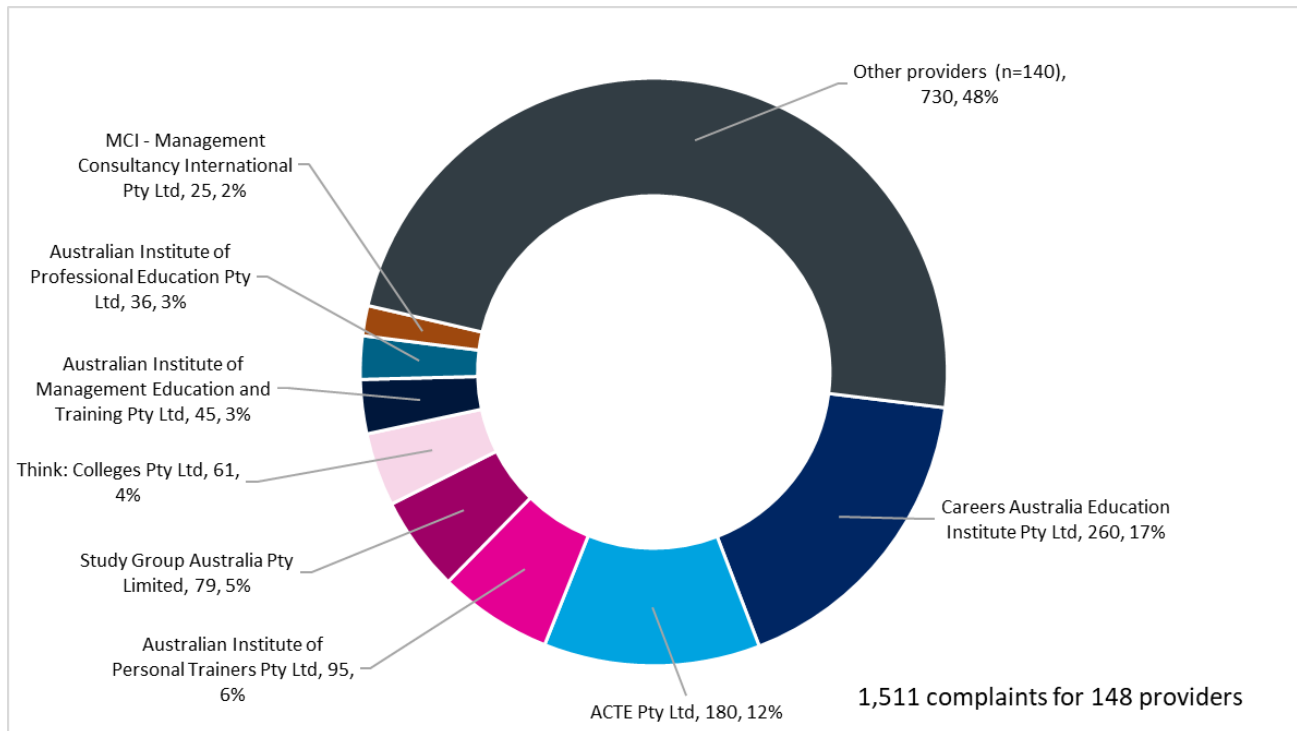


Figure 6—Total VET FEE-HELP complaints that remain open as at 31 December 2020, by provider



Case Study

The Office received a complaint from a student about their provider’s calculation of their VSL debt, given that the student was due a fee reduction for credit transfers.

The provider had reduced the student’s course fees accordingly but the credits did not result in a reduction in the duration of study. The provider spread the final cost evenly across the full duration of the course, which was divided into eight study periods comprised of eight units of study and eight census dates.

The student, however, withdrew from their course after completing three out of the eight study periods. This meant that the student did not get the entire benefit of the fee reduction and they complained that this resulted in them being overcharged for the three study periods they were enrolled with the provider.

In assessing this complaint, we considered s 122 of the *VET Student Loans Rules 2016* (VSLR) and the requirement for the provider to *reasonably apportion* the cost of the course over the fee periods. Our conclusion in this case was that:

- the provider’s use of more than the minimum of three fee periods for the distribution of fees was commendable, as in most cases this results in a fairer outcome for the student
- the provider’s fee modelling system needed to address many scenarios in a complex environment, and its intent was to provide a fair and equitable outcome for students.

In this case we found that the provider’s decisions and actions were reasonable open to them. However, this view was unique to the particular facts of the case. We noted that in other scenarios like this student’s, *even* apportionment across study periods may not equate to *reasonable* apportionment, as required by s 122 of the VSLR.

In particular where more expensive units of study are scheduled for delivery in later study periods and the student withdraws before studying the more expensive units, we may conclude that it would not be reasonable to apportion fees evenly across all fee periods.

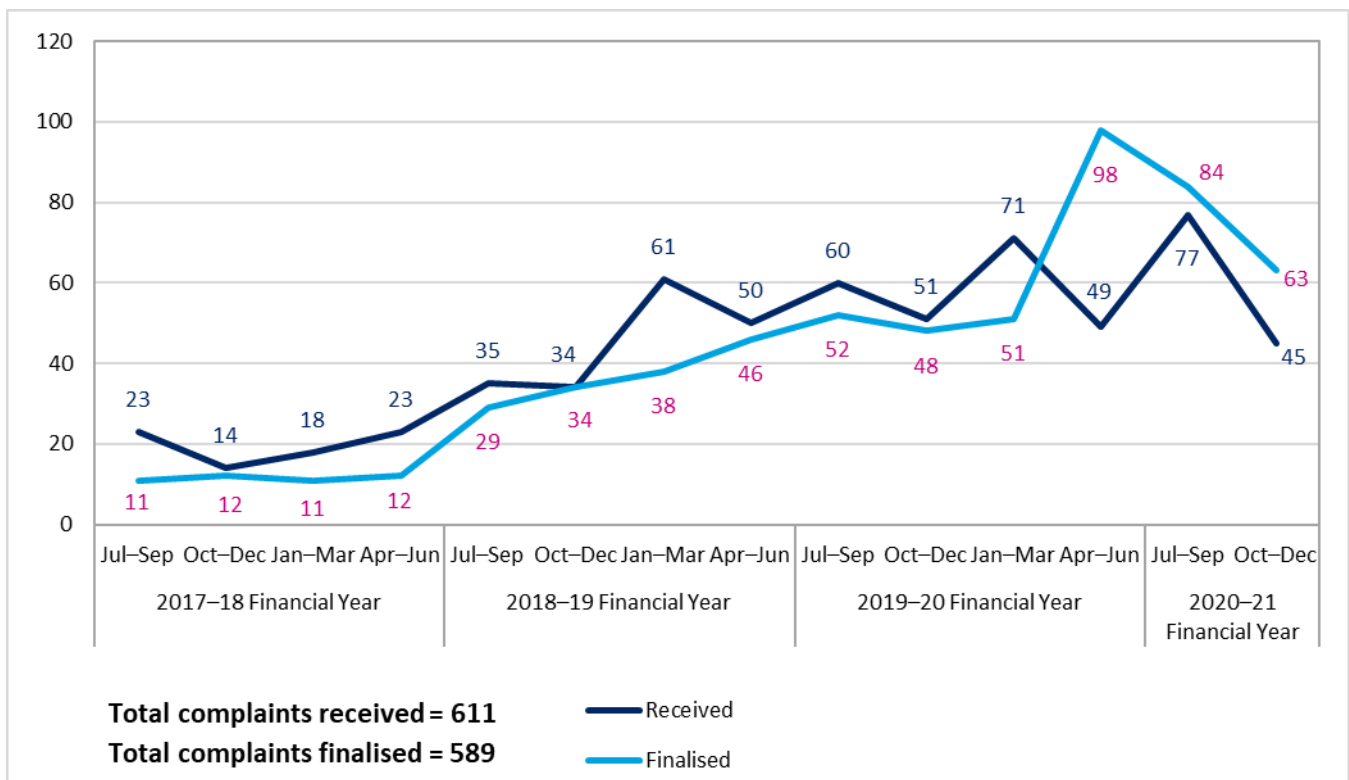
Quarterly results—VET Student Loans program complaints

VET Student Loan complaints received and finalised

During 1 October–31 December 2020, we received 45 complaints relating to the VET Student Loan program. This compares with 51 complaints received during the same quarter in 2019. Figure 7 below shows the VET Student Loan complaints received and finalised since 1 July 2017.

Complaints to the Office about VSL approved providers include complaints about providers who are open and providers that have ceased trading. Due to this, our approach to assessing and attempting to resolve complaints can vary.

Figure 7—VET Student Loan complaints received and finalised during 1 July 2017–31 December 2020



In this quarter we finalised 63 complaints. In the last two quarters we finalised more complaints than we received. This rate of finalisations is due to targeted efforts to focus on complaints about closed providers and collaboration with the department to develop pathways for resolution.

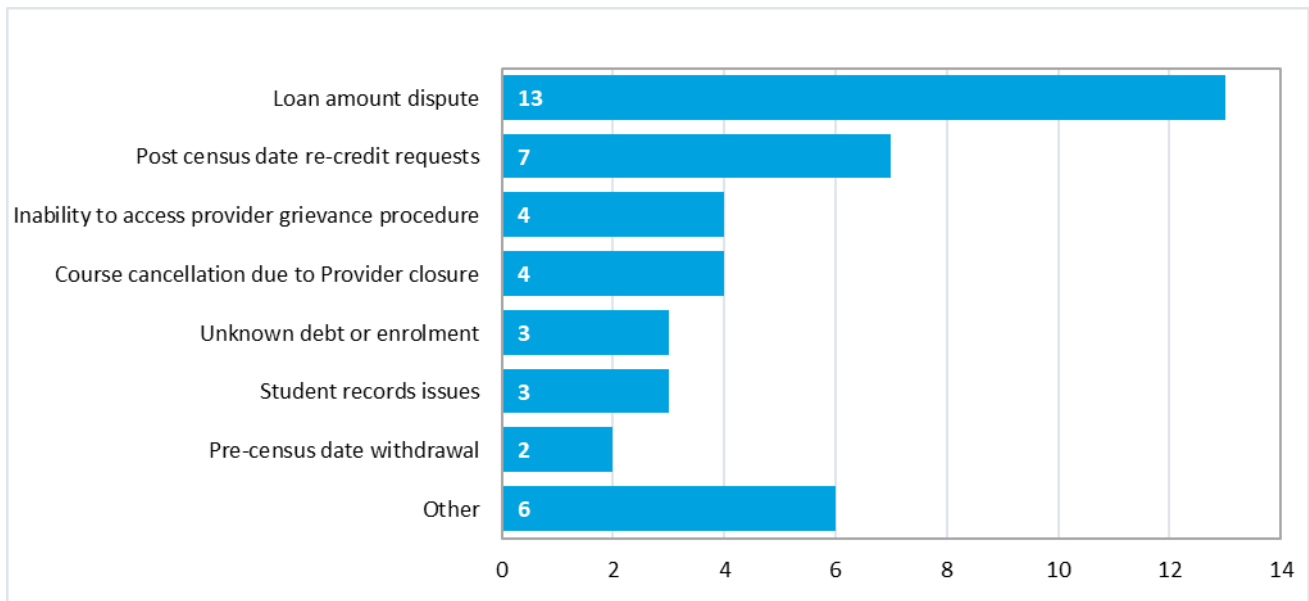
To date, we have not investigated many complaints regarding VET Student Loan providers who are still operating because, in the majority of complaints received about these providers, the complainant had not yet followed the provider’s complaint handling or grievance procedure.

VET Student Loan complaint issues

Figure 8 on page 9 shows the issues identified in VET Student Loan complaints received and assessed during 1 October–31 December 2020. From the complaints received that have been assessed, there were 42 issues identified.

The most common issues raised in complaints about the VET Student Loan program relate to loan amount disputes (31 per cent) and post census date re-credit requests (17 per cent).

Figure 8—Issues in VET Student Loan complaints received and assessed during 1 October–31 December 2020



VET Student Loan Preliminary inquiries

We conduct preliminary inquiries to establish whether a complaint warrants an investigation. We do this by asking providers some simple questions to assist in our assessment of a complaint.

As at 31 December 2020, the Office has made 29 preliminary inquiries of providers under s 7A of the *Ombudsman Act 1976*, including one during 1 October–31 December 2020. Table 2 provides the outcomes of our preliminary inquiries as at 31 December 2020.

Table 2—Preliminary inquiry outcomes as at 31 December 2020

Outcome of preliminary inquiry	Total
No investigation required following preliminary inquiry response. This is due to the provider confirming the student had not complained to them in the first instance or providing evidence that suggests our Office does not need to investigate.	18
Investigation commenced following preliminary inquiry response. This is due to the provider’s response confirming the student has complained to them already or we deem that circumstances of the complaint warrants investigation by our Office.	6
Still being assessed as at 31 December 2020.	5

VET Student Loan complaint investigations

As at 31 December 2020, the Office had sent 22 notices under s 8 of the *Ombudsman Act 1976* to providers or liquidators/administrators to notify them of our intention to investigate and ask questions about the complaint circumstances. As at 31 December 2020, we had finalised 16 complaints following investigation, with two investigations resulting in full or partial re-credit of a student’s VET Student Loan debt. Six investigations were open as at 31 December 2020.

Actions taken to finalise VET Student Loan complaints

Table 3 below includes data for actions taken for 85 issues of the 63 complaints finalised during 1 October–31 December 2020. It shows that the Office finalised 23 per cent of complaints because complainants had

not exhausted their provider’s internal grievance process or internal review process. We consider that providers are best placed to handle complaints in the first instance for the following reasons:

- providers have access to student information which may result in a timelier outcome
- providers should be aware of students’ academic progress and specific student circumstances
- in order to be a registered training organisation, providers are required to have a complaints process—it is important that this process is exhausted before we investigate.

If a complainant returns to our Office because they are dissatisfied with the outcome given by their provider, we will register a new complaint for assessment.

Table 3—Actions taken in relation to the issues of complaints finalised during 1 October–31 December 2020

Actions taken in relation to 85 issues of 63 complaints finalised	Total number of issues	% of finalised complaints
The Office finalised complaints when: <ul style="list-style-type: none"> • the issue of a complaint was referred to a tuition assurance operator to seek redress • a provider agreed to re-credit a complainant’s student loan • a provider provided an appropriate remedy • an investigation would not lead to a different result • an action was reasonably open to a provider to take. 	20	26.6%
The complainant could not be contacted, did not respond to requests for information or did not wish to pursue the issue of their complaint.	11	15.6%
The complainant had not yet followed the provider’s complaint handling or grievance procedures in relation to the issue, and as a result we decided not to investigate.	15	23.4%
After commencing an investigation or further assessment of a complaint, we decided that further investigation was not warranted, including if the provider had provided an appropriate remedy or the issue could be referred to the department for consideration for a re-credit.	36	29.7%
The issue of a complaint could be better dealt with by another oversight body, and as a result we decided not to investigate.	3	4.7%
Total	85	100%

Data and glossary of terms

This update provides data for the period 1 July 2017 to 31 December 2020. Our data is dynamic and may be updated as new information comes to light. For this reason, there may be minor differences in data when compared to what was reported in annual reports, previous quarterly updates or our other publications. Previous quarterly updates are available on our [website](#).

An explanation of the data presented in this update and a glossary of terms can also be found on our [website](#).

More information is available at <https://vet.ombudsman.gov.au/how-we-can-help>