

Home Loan repayment changes

Broker - Frequently Asked Questions

Version 2 – 28 April 2021



My customer wants to know more about the recast process

We periodically review eligible Principal & Interest Variable Rate Home and Investment Home Loans on the last business day of every month and perform a recast to ensure the Contracted Repayment Amount (CRA) and the Required Monthly Repayment Amount (RMRA) are set at an amount to keep the customer on track to repay their loan within the remaining contracted loan term.

In most cases, changes in RMRA are due to:

- Customers accessing their redraw.
- The end of an introductory or fixed rate loan period; or
- Adding or removing a Wealth Package/ Mortgage Advantage Package discount; or
- Changes in our variable interest rates; or
- Changes in repayment type (e.g. Interest Only to Principle and Interest)

Alternatively, Broker Assist will be able to support with any further enquiries relating to the recast process.

What is changing with the recast process?

From 31 May 2021, we are enhancing our auto recast process and increasing the number of customers in our automated monthly repayments recast process, which will result in either:

- More frequent repayment reductions, where the recast results in lower required repayments
- More frequent repayment recasts, where the recast results in higher required repayments to meet their Contractual Loan Term (CLT).

How will this affect customers?

If **the loan's repayments have been recast**, customers will receive written notice outlining the increase to the required monthly repayment amount prior to the changes taking effect.

My customer is currently on a payment arrangement or hardship solution; will the loan still be recast?

No, customers who are currently in arrears and/or on a payment arrangement or hardship solution will continue to remain excluded from the auto recast process.

How will my customer be notified about the changes to their repayments?

Increases to the Repayments

Customers will receive a system generated letter advising their repayment will increase on the effective date outlined in the letter and it will also be reflected on their statement. The letter provides a minimum 32 days written notice so they can meet their new repayment amount.

For Home Loan Customers who are digitally active, we will notify customers of their new minimum repayment amount via:

- Email
- NetBank
- CommBank app

For minimum DD payers, the DDRA will automatically increase in line with the new RMRA. For customers whose DDRA is sufficient to meet the new RMRA, the DDRA will remain unchanged. The customer can always choose to reduce their DDRA to become a minimum payer.

Reduction in Repayments

From 31 May 2021, customers will enjoy the reduced repayments immediately after recast and will be notified via a Statement Message. For customers whose repayments are reducing, the DDRA will remain unchanged. Digitally active Home Loan customers will receive an email notifying them of the reduction to RMRA and inviting them to reduce their DDRA to the minimum. Alternatively, customers can log into NetBank to reduce the DDRA or contact us to adjust their DDRA down to the minimum if desired. Any changes will also be reflected in their statement.

My customer cannot afford the new RMRA

If the increase in RMRA is potentially going to cause the customer repayment difficulties, follow the existing [Financial Hardship](#) process to discuss the financial assistance options available to the customer.

How can I request financial assistance for my customer?

Refer your customer to our FAS teams or where possible direct your customers to [request for financial assistance online through NetBank](#).

Important: please assist customers in navigating to the digital form however under no circumstances can you assist the customer to complete the digital form request. It is important that the customer takes time to independently assess what best suits their needs and read in full the terms to make the decision to request assistance. If they have any questions or concerns they must contact FAS on **1300 720 814 (8:00am – 9:00pm Monday – Friday and 9:00am – 2:00pm Saturday AEST)**.

How is the minimum repayment amount calculated?

The minimum repayment amount will vary depending on loan balance, interest rate, and remaining Contracted Loan Term, as per the terms and conditions. If customers would like to understand how the repayments work in more detail, please refer them to clause HL6.1 of the [Consumer Mortgage Lending Products](#), on page 47.

Why has my customer's repayment increased by so much?

A recent review has identified that the previous minimum repayment amount would not be sufficient to repay their Home Loan within the agreed Contracted Loan Term. An increase in repayments was required to put them back on track to repay their outstanding balance by the end of the agreed term.

What do I do if my customer is disputing the new repayment amount?

If the customer is disputing the repayment amount and wants a review please refer to your Relationship Manager or contact Broker Support Hub on 132588 (option 3).

Why has the Home Loan repayments increased suddenly after being the same for so long?

During a recent review, we have identified that your **customer's** Home Loan repayments required an adjustment to the correct amount, in order to repay their Home Loan within the contracted loan term they entered into. **We've now** adjusted the repayment amount to the amount required to repay the outstanding loan balance within the remaining loan term.

We will continue to **conduct periodic reviews of our customers' loan repayments**, to make sure they are up to date. When we determine that repayments need to increase, we are advising customers of the new repayment amount.

My customer has a Direct Debit and their Required Minimum Required Amount is increasing. What do they need to do?

The **customer's direct debit** amount will be automatically adjusted to match the new minimum repayment amount **according to the customers' weekly, fortnightly or monthly DDRA**. The customer must make sure they have sufficient funds in their nominated account to meet the new repayments.

My customer has an Automatic Funds Transfer (AFT) setup and their Required Minimum Required Amount is increasing. What do they need to do?

The customer needs to ensure that the AFT amount covers the new minimum repayment amount and make the necessary changes accordingly if this is not the case. The customer must make sure they have sufficient funds in their nominated account to meet the new repayments.

My customer has requested financial assistance online but **hasn't had a response** / needs more information.

You can support your customer by offering to transfer their call to FAS or to call FAS directly on 1300 720 814 (8:00am – 9:00pm Monday – Friday and 9:00am – 2:00pm Saturday AEST) to provide them with the information they need.

My customer wants to lodge a complaint.

Customers can lodge their feedback about the Home Loan repayment changes [here](#).

What do I do if the customer advises they want to raise this issue with AFCA?

Advise the customer we have a complaints resolution channel and encourage them to use this to address their complaint. They can lodge a complaint by visiting their local Commonwealth Bank branch, calling us 24/7 from within Australia on 1800 805 605 or by going to <https://www.commbank.com.au/support/compliments-and-complaints.html>.

We take all complaints from our customers seriously and our team will work with the customer to address their concerns quickly, in a fair and transparent way.

Do not discourage the customer from raising any concerns with AFCA (formerly known as Financial Ombudsman Service). Advise the customer that we cannot lodge a complaint with AFCA on their behalf.