

Responsible Lending FAQs

Requirements & Objectives

Responsible lending requires us to have detailed conversations with customers to understand their requirements and objectives (R&O) and financial situation, so that we can assess the suitability of a credit contract. Questions and declarations have been incorporated into ApplyOnline to help Brokers explore customers' requirements and objectives and record customers' responses. In February 2019 we made some minor changes to streamline the R&O questions.

What is Responsible Lending?

In order to satisfy responsible lending obligations, we need to:

1. make reasonable inquiries about the consumer's financial situation and their requirements and objectives (R&O);
2. take reasonable steps to verify the consumer's financial situation; and
3. make an assessment as to whether the credit contract is 'not unsuitable' for the consumer (based on the information obtained in the first two steps).

The purpose of the above three steps is to ensure that:

- a) the proposed credit contract meets the customer's requirements & objectives; and
- b) the customer will be able to meet their financial obligations under the contract without substantial hardship.

What changes have been made to the R&O questions in February 2019?

From mid-February 2019, the changes to the R&O questions and declarations include:

- Removal of the **Special Circumstances** and **Arrears** questions
- Additional question within **Refinance/Debt consolidation** about why the customer is refinancing if there is no apparent cost benefit to the customer
- Some changes to selectable dropdown options for **Purpose of Loan, Mature Age, Interest Only** and **Refinance/debt consolidation**
- New declarations added for **Refinance/Debt consolidation** and **Mixed Purpose** loans
- Minor rewording of some existing declarations and questions

When are these changes effective from?

ApplyOnline will show the revised R&O questions from Tuesday 19th February onwards. Aggregators will implement the changes to their CRMs in the 2 weeks post 19th February.

Why were changes made to the R&O questions?

Changes have been made to simplify and streamline the R&O question set across the St. George Group.

What happens to applications that are started prior to 19th February in ApplyOnline/CRM?

If the application is submitted prior to 19th February it will be assessed with the original R&O questions and declarations answered.

If the application is started prior to 19th February and then submitted from the 19th February onwards, you will be prompted to re-answer any R&O questions that have changed prior to being able to resubmit.

If the application is submitted prior to the 19th February and then resubmitted from 19th February onwards, you will need to re-answer R&O questions and declarations in the following scenarios:

1. If it's a new question that didn't exist in the original R&O
2. If the wording of the question, selectable option or declaration has changed
3. The answer options already selected to a question do now not exist in the new R&O
4. If a new R&O declaration is required relating to a previously answered R&O question

What happens to the Broker R&O Form?

For broker-introduced deals, you will continue to complete an R&O Form. The form is being updated with the revised R&O question set and will be available on the broker portals.

When do I start submitting on the new R&O Form?

You need to submit a completed version of the new R&O Form with a broker-introduced deal from Monday 11th February 2019 onwards. The form is named **Dynamic R&O Form – from 11th Feb 2019** on the broker portals.

The last date you can submit a new application using the old R&O Form is Friday 8th February 2019.

What if I need to make a change to an application I submitted on the old R&O Form?

If you need to make a change to an application you submitted on or before Friday 8th February 2019 using the old R&O Form, you can use the old R&O Form to update the R&O and resubmit from Monday 11th February 2019 in this scenario only. The old R&O Form is named **Dynamic R&O Form – pre 11th Feb 2019** on the broker portals. For all other applications submitted from Monday 11th February 2019 onwards, you must complete the new R&O Form (**Dynamic R&O Form – from 11th Feb 2019**).

What happens if the customer changes their mind about a product, feature or applicant?

This process is not changing. Any changes initiated from the customer (broker-initiated changes) must be updated in ApplyOnline and resubmitted (with the exception of certain fields).

If the Assessor identifies a change is required, you will be requested to make the change in ApplyOnline and resubmit the application. The requirements have been updated according to the changes to the R&O questions.

How do I complete the R&O fields if there are multiple applicants?

In the case of multiple applicants, R&O questions are answered jointly, except questions about foreseeable changes to circumstances and, if relevant, the mature age (retirement strategy) questions, which need to be completed for each individual applicant. Mandatory fields and declarations automatically display for completion.

When will I need to discuss retirement strategy?

The mature age (retirement strategy) questions are triggered by certain conditions:

- ApplyOnline performs a calculation using the date of birth provided and will display the **When do you plan to retire?** question if the customer is aged 45 years or older. This question is mandatory if the applicant is aged 45 years or older.
- If the customer will reach 75 years during the term of the loan OR will reach their planned retirement age during the loan term, please discuss and complete the **How is the applicant planning to pay off this loan once they retire?** question with the customer.

Why do I need to ask about foreseeable changes to the customer's circumstances?

Customers will be asked if they foresee any changes to their circumstances that may make it harder for them to make their repayments, and if so, the nature of the change(s) and expected time-frame(s) for the change(s). This is to ensure that we factor in these foreseeable changes when determining whether the product is not unsuitable and whether the customer will have capacity to service the loan.

What happens if I don't add enough information into any relevant R&O fields?

Applications with incomplete or unclear comments are more likely to be deferred or declined by the Assessment area. This will result in increased rework for Brokers, further delays and a poor overall customer experience.

Certain R&O fields, such as when "Other" has been selected and a free text comment entered, will be flagged for review by Broker Mortgage Services (BMS).

What happens where a Pre-Approval / Approval in Principle is about to expire?

If there has been a material change in the customer's circumstances and a new application will be created then you will need to redo the R&O as part of that subsequent conversation.

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