



Australian Government

Australian Financial Security Authority

OFFICIAL RECEIVER PRACTICE STATEMENT 17

SIX-MONTH ARREARS DEFAULT TERMINATION OF A DEBT AGREEMENT

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If you have any comments, suggestions or queries about an issue referred to in this practice statement, please contact the National Manager, Insolvency and Trustee Services, at registry@afsa.gov.au.

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1. PURPOSE

- 1.1. This practice statement is designed to provide guidance on when the Official Receiver is satisfied that a debt agreement is terminated by a six-month arrears default.

2. BACKGROUND

- 2.1. Six-month arrears default occurs when:
 - a debtor does not make any payment for six months after the date a payment is due
 - a debtor has not completed all payments and obligations within six months after the completion date of the agreement.
- 2.2. A six-month arrears default terminates a debt agreement and compliance checks are made to ensure that the debt agreement is validly terminated before it is recorded on the National Personal Insolvency Index.

3. PRACTICE

- 3.1. A debt agreement administrator must notify the Official Receiver on the approved form within 10 working days if there has been a six-month arrears default by the debtor.
- 3.2. An administrator must provide the completed form to Official Receiver with evidence of the six-month arrears default including:
 - details of amounts and dates due in relation to the payments to be paid by the debtor under the debt agreement
 - a list of payments by the debtor showing especially the amount of arrears and the date of the last payment by the debtor
 - the date of completion on the original or varied agreement.
- 3.3. This information is checked to confirm that a six-month arrears default has occurred.
- 3.4. The Official Receiver must be satisfied that a six-month arrears default has occurred before recording the termination on the NPII.
- 3.5. In determining a six-month arrears default there is no discretion if evidence of a default proves that a default has occurred. Termination occurs and the NPII must be updated.

- 3.6. If there is doubt or a dispute about whether default has occurred, a compliance telephone call is made to the debtor and/or administrator to verify it.
- 3.7. An agreement is terminated when the six-month arrears default is entered on the NPII.
- 3.8. The debtor and creditors are notified of the termination by the Official Receiver with a copy to the administrator.

4. REFERENCES

- [*Bankruptcy Act 1966*](#)
- Bankruptcy Act section [185QA](#)
- Bankruptcy Act subsection [185LC\(3\)](#)