

BUY NOW PAY LATER

BUY NOW PAY LATER: SUMMARY



Key messages about Buy Now Pay Later (BNPL) Services:

- There are risks
- It can be difficult to track your spending
- Your credit rating can be affected

- Buy Now Pay Later services (BNPL) offer you a loan to purchase goods and services and repay the loan in instalments.
- BNPL might seem like an easy way to get things you need, but they can trap people into a cycle of debt.
- Some examples are Afterpay, Zip Pay, Payright, OpenPay, Humm and Make it Mine. Some credit card networks and major banks are also now offering BNPL.
- BNPL should be treated like any other credit: know the costs before you sign up!
- Think about alternatives, such as saving up, a No Interest Loan, emergency relief or lay-by.

Community Support Services

If you are having trouble paying existing BNPL accounts, contact your BNPL provider and ask to speak to the hardship or complaints area.

If you are not happy with the outcome of the call, contact a financial counsellor via the [National Debt Helpline](#) on [1800 007 007](#).

Useful Resources

Tips for using BNPL

Risk of using BPNL



BNPL Factsheet including:

- Risks
- Consequences
- Complaints



Barwon Community Legal Centre can provide guidance around buy now pay later services

BUY NOW PAY LATER: DEEP DIVE

This section on Buy Now Pay Later (BNPL) services provides an overview of how BNPL works, and how to support a client who may be experiencing financial stress as a result of using these products.



Key messages about buy Now Pay Later Services:

- **Like any credit, there are risks** – such as fees that add up quickly, and spending more than one can afford.
- **It can be difficult to track spending** – if one has multiple purchases in multiple accounts it can be hard to keep track of what is being spent.
- **Using BNPL can affect one's credit rating** – late and default payments can appear on credit reports affecting future ability to borrow.

Beware of the risk

- **Debt can build quickly:** splitting a larger cost into smaller amounts over time can make the amount seem smaller, so there may be a temptation to make multiple purchases via BNPL – this can make it hard to keep track.
- **There are multiple types of fees:**
 - Late payment and collection fees are not always capped and vary from provider to provider
 - Banks may charge dishonour fees if there wasn't enough money to make the scheduled payment
 - Using a credit card to make BNPL repayments can result in interest being charged if the credit card can't be paid off in time
 - BNPL providers may also charge monthly account keeping fees, establishment fees and payment processing fees

There are alternatives

- **Save now, buy later:** when considering a purchase through BNPL, one should think about whether they really need the item, and if so can they save up instead. If they save for it over the same amount of time – there is no risk of any fees. See some savings tips [here](#)

- **No interest loans (NILs) for essentials:** loans of between \$800 – \$1500 are available for people on low incomes to purchase essential goods and services. This includes services such as car repairs or pet bills, and household goods such as a washing machine or a fridge. Borrowers need to be able to prove they can afford the repayments to ensure no further financial hardship. Find out about eligibility [here](#)
- **Emergency relief for everyday living expenses:** if clients are using BNPL to pay for food, transport, accommodation or essential clothing, there are local [emergency assistance programs](#) providing support

Tips for keeping BNPL habits under control

- Only have 1 account at a time
- Reduce account limits
- BNPL providers can place a block on accounts

There is help available

Some BNPL providers are members of the Australian Financial Complaints Authority (AFCA). Find out if they are by calling 1800 931 678, or checking [here](#). If one has a dispute and the provider is a member, a complaint can be lodged [here](#). If they are not a member, there is help available through a local financial counsellor or National Debt Helpline on 1800 007 007 or [online](#)