

Vulnerable customer statement

At Heartland we are proud to have helped over 21,000 Australian seniors live a more comfortable retirement with our Reverse Mortgage. We aim to provide customers with peace of mind and have a culture that places significant importance on the duty of care we have for every customer.

One of the ways we do this is to ensure our staff are aware of potential vulnerability in our customers, and that they take steps to provide the appropriate support to ensure we are lending responsibly.

Heartland's approach

Heartland acknowledges that defining vulnerability is a complex challenge and very personal to our customers when presented. We understand that any person could become vulnerable at any time and are likely have already experienced periods of increased vulnerability at some point in their lives.

Vulnerabilities may be permanent, temporary (short or longer term) or sporadic. They can occur at any time.

Heartland is committed to responsible lending. We will always ensure the loan, and its purpose, is of benefit, and is suitable for the customer – this includes debt repayment, gifting, and asset purchases.

Reverse mortgage protections

At Heartland, we also recognise the trust each customer places in us when they take out a reverse mortgage. All Heartland Reverse Mortgages have protections built into both our product and thorough application process.

Our reverse mortgage protections video can be viewed [here](#), and provides an outline of these.

Who is a vulnerable person?

Vulnerable customers are not part of a segregated, defined group. Vulnerabilities are often not clear-cut and may lie on a spectrum, relating to a set of factors. At Heartland we treat every customer, and loan, individually and on a case-by-case basis. However, in general, vulnerabilities can often relate to one of these four classifications.

1. Accessibility

Barriers that prevent a person from interacting 'as normal' with Heartland or prevent them from acquiring information.

2. Comprehension

Problems with understanding, remembering, and assessing information.

3. Circumstance

Circumstances which may predispose an individual to a poorer outcome, or there is an inference of vulnerability.

4. Age

If a customer's age, combined with other circumstances, predisposes them to a potentially poorer outcome, we may take extra steps to ensure we are comfortable with competency.

Possible signs of vulnerability

- **Physical**

This includes hearing, sight, or limited mobility.

- **Intellectual**

This includes brain injury, mental health, living with dementia, or financial illiteracy.

- **Social**

This includes English as a second language, recent immigrant, isolated, recent bereavement, or financing the expenses of family members.

- **Addiction**

Addictions such as gambling, alcohol, drugs, shopping – whether by the customer directly or through a family member.

- **Financial**

Recent divorce, high level of debt, little income, or large number of dependents.

Loan purpose	<p>When dealing with Heartland, already vulnerable customers may experience challenges that make them even more susceptible to detriment.</p> <p>Any situation which is identified as vulnerable will be treated with an appropriate level of care to ensure that the customer is not being taken advantage of.</p> <p>Heartland will follow our Elder Abuse Guidelines if a red flag for abuse is identified.</p> <p>We will also assess loan use and ask further questions to ensure our lending is responsible. Examples of how we act are as follows.</p> <ul style="list-style-type: none"> • Gifting If a loan purpose is for gifting, our Gifting Guide will be followed. • Debt If the loan is to repay debt, or there are otherwise high levels of debt, suitability and benefit will be assessed. • Investment If the purpose of loan is for investment or business purposes, independent financial advice will be required. • Scam or fraud If, on assessment of an application, it appears that loan funds are being used to pay a scammer, or fraud is being committed, we will not lend until we have comfort funds are being used for the direct benefit of the borrower. • Addiction If the loan purpose appears likely to be used for an addiction, such as gambling, Heartland will not lend until we have comfort funds are being used for the direct benefit of the borrower and not to protract or support addictions.
Identification	<p>If a vulnerability presents itself, whether through self-disclosure, identification through customer dealings or via a sign of vulnerability, we will take action.</p>
Accessibility	<p>Heartland is committed to assisting customers, in the form that they are most comfortable with and in a way which is accessible.</p> <p>Communication channels include phone, email, webchat, and in person at our Melbourne office. If there is a language barrier during the application process, a translator is required, and we can review our network of mortgage brokers to identify and offer appropriate assistance if requested.</p>
Independent legal advice	<p>All customers must receive independent legal advice as part of the application process. This ensures that the customer understands the agreement they are making, and provides an independent check to ensure an unsuitable or misunderstood loan is not being provided. It is also a useful step to detect and prevent elder abuse.</p> <p>The solicitor should be able to communicate to the customer in their chosen language.</p>
Customer agents	<p>Heartland will only allow applications signed by an agent of the customer (power of attorney, guardian or administrator) when it is for financial matters, provides for lack of capacity, and:</p> <ul style="list-style-type: none"> • the customer is unable to sign for themselves; • the funds are for the benefit of the nominated borrower(s); and • the order has not been revoked. <p>When independent legal advice is provided, Heartland requires the solicitor to sign a letter of comfort confirming this information.</p> <p>Heartland also requires a certified copy of the documentation (or confirmation it has been lodged with the appropriate Land Title Office).</p> <p>Post-settlement, we will vet any new power of attorney requests, including a legal review and onboarding of any customer agent.</p>

Annual questionnaires	<p>Each year, Heartland requires the completion of an annual questionnaire. Its purpose is to confirm the residents of the home, that rates and insurance payments are up to date, and that the property is being maintained.</p> <p>If we do not receive the annual questionnaire, Heartland will take additional steps to ensure that our customers are safe and contactable. This may include sending an agent to visit the customers.</p>
Payment of loan funds	<p>Loan proceeds are only paid to authorised recipients. These are a bank account in the name of the customer, their solicitor's trust account, an existing debt in the customer's name, or a bill (government, local, or body corporate agency) payable by the customer.</p>
Reluctance to discuss	<p>When vulnerable, the customer may:</p> <ul style="list-style-type: none"> • fear that telling someone about their vulnerability will lead to losing a family relationship, possible retaliation, or further loss of independence; • be reluctant to believe that someone they trust is exploiting them; • want to protect any perpetrators, if they are being taken advantage of, from legal repercussions; • fear they will not be believed, or that their situation will be taken seriously with an appropriate response; • not realise their vulnerability if information is being withheld from them, or account statements and other mail have been redirected. <p>Due to this, an independent discussion directly with the customer is of vital importance when there is a sign of vulnerability.</p>
Actions to take if a vulnerability is identified	<ol style="list-style-type: none"> 1. Privacy <p>At all times, privacy procedures are followed. If a child or friend of a customer calls, no information will be released unless there is permission provided (an authority letter, privacy release, power of attorney, administration or guardianship order in place).</p> 2. Customer discussion <p>Frontline staff should listen to the customer. If there are concerns raised directly by the customer, they should always be taken seriously and documented on the lending system.</p> <p>Criticism or negative responses to customer situations are to be avoided. A supportive and understanding approach which aligns with Heartland's duty of care is crucial in a red flag investigation.</p> <p>If there are red flags, and third parties have included themselves into the financial transaction without due cause, the customer should be contacted without the third-party present for an independent conversation.</p> 3. Escalation <p>All concerns and suspicions are escalated to management immediately if financial abuse is suspected or confirmed. Heartland may:</p> <ol style="list-style-type: none"> a. not offer a loan; b. not provide additional funds; c. delay the release of funds until investigations can be made; d. report fraud to the police; e. notify protective agencies (such as the public advocate) if there has been an abuse of power of attorney, or administration/guardianship order; f. speak to any additional account holder(s), attorneys, or signatories; g. request permission to speak to other family members to assist; h. as part of the application, require a medical certificate to confirm capacity of the borrower; i. if there is an immediate fear of safety, contact the police; and/or j. if the customer cannot be contacted directly, request a police welfare visit. <p>If an ongoing vulnerability is identified, staff will note a 'care flag' on our lending system to ensure that any person who deals with the customer is aware that extra care should be taken in our approach.</p>

Review	<p>Heartland will always take due diligence in relation to identifying vulnerability.</p> <p>It is important that questions are asked to determine the customer's true situation. Depending on this situation, and the customer's requirements and objectives, they may or may not be vulnerable.</p>
Doing the right thing	<p>Heartland is committed to doing the right thing by our staff, shareholders, customers, and community.</p> <p>Banking and Finance Oath</p> <p>Heartland is 100% committed to the Banking and Finance Oath. Each of our staff are signatories of this oath and have committed to treating each and every one of our customers in a fair and ethical manner.</p> <p>Dementia Australia</p> <p>Heartland is proud to be partnering with Dementia Australia. We support the great work that they do in raising dementia awareness and promoting healthy ageing.</p> <p>Industry guidelines</p> <p>Heartland is not a bank, however we ensure our approach to elder financial abuse aligns with the Australian Banking Association's industry work towards stopping Elder Financial Abuse. Protecting vulnerable customers from potential financial abuse.</p>
Support services	<p>Financial abuse</p> <p>If a customer advises of abuse, they will be referred to the national Elder abuse phone line at 1800 ELDERHelp (1800 353 374).</p> <p>Memory loss</p> <p>If a family member or friend believes that the customer is experiencing memory loss or confusion, or the customer has asked for help, they will be referred to Dementia Australia at 1800 100 500.</p> <p>Hardship</p> <p>If a customer is experiencing financial difficulty, Heartland will follow its hardship procedures. They may also be referred to the National Debt Helpline at 1800 007 007. Further information on financial assistance can be found on the financial tools page of our website.</p> <p>Crisis support</p> <p>If a customer requires crisis or emotional support, they are referred to Lifeline's 24-hour support line at 13 11 14.</p>

Information provided is accurate as at 19 April 2021 and may change from time to time.

Every situation is different - this information has been prepared without taking into account your needs, objectives, or financial situation. If you are considering a reverse mortgage, we encourage you to understand how it may affect your personal circumstances - talk to friends and family, speak to professionals, and use the resources and tools Heartland has available.

Loans are subject to loan approval criteria. Terms, conditions, fees and charges apply. Credit provided by ASF Custodians Pty Ltd (ACN 106 822 780 / Australian Credit Licence No. 386781).