



FINANCIAL SERVICES FEDERATION

## **MEDIA RELEASE**

1 July 2025

# **Financial hardship cases up in June, what does it mean? New Zealand's specialist lenders break it down**

Consumer credit insights released today by Centrix include a decrease in arrears, in line with what Financial Services Federation (FSF) members are seeing on the ground.

The FSF membership comprises specialist lenders such as UDC Finance, Turners, Avanti, American Express, and MTF, with a combined New Zealand customer base of 1.7 million consumers and businesses, representing 49% of personal consumer loans in New Zealand.

The latest Credit Indicator Report from New Zealand credit bureau Centrix (which combines data from both non-bank and bank customers) also reports an increase of financial hardship cases for June, up 300 from the previous month.

What qualifies for financial hardship generally refers to a situation where an individual or household is experiencing significant difficulty meeting essential financial obligations due to a sudden or unexpected change in circumstances.

Almost half of those cases, 46%, were due to difficulties paying mortgages, 28% related to credit card debt, and 18% related to personal loan repayments.

“It is no surprise that lenders – specialist or traditional – would prefer to see the opposite trend when it comes to hardships, but to avoid oversimplifying what this means in a broader context we need to consider several contributing factors, and where borrowers can go for help,” says FSF Executive Director, Lyn McMorran (pictured).



### **Complexity of financial situations:**

Borrowers' financial situations can be complex, and financial hardship is often multifaceted, stemming from an unforeseen change in personal circumstances such as job loss, health issues or disruptions to whanau and living situations. These factors can also be exacerbated by wider economic conditions.

### **Economic factors:**

An increase in arrears indicates that consumers are still struggling against economic headwinds that picked up in 2021-2022, bringing inflation, challenging job market conditions, consumer uncertainty, and global supply chain disruptions which can impact an individual's ability to repay a loan.

**Proactive Lender-Borrower Engagement:**

FSF members are actively engaging with borrowers whose financial situations may have changed to ensure options are discussed early on. This proactive approach could include offering repayment plans, refinancing options, or other forms of assistance to avoid defaults and a plan forward which may or may not result in a hardship application.

**Awareness and Education:**

We are seeing an increased awareness among consumers about the importance of communication with their lender, which we see as a good thing. Seeking help early on could mitigate the severity of financial hardship cases by addressing issues before they escalate.

**What to do if things go wrong:**

"What is important is to talk to your lender at the first sign that there may be difficulty in making loan repayments," says McMorran.

"FSF members genuinely want to help their customers, both consumer and small business, and the earlier the conversation is had the earlier it can be worked through together."

Consumers can also discuss concerns with a financial mentor by contacting the free financial helpline MoneyTalks on [0800 345 123](tel:0800345123) or by visiting [moneytalks.co.nz](https://moneytalks.co.nz).

For more information or an interview request please [get in touch](#).

---

**About the [Financial Services Federation](#):**

The (FSF) is the non-profit industry association for specialist financial services providers who are not registered banks. Its members collectively reach 1.7million New Zealanders, and support both businesses and consumers across the country with competitive and innovative options from traditional finance providers.

FSF's 99 members include finance, leasing and credit-related insurance providers, and include the likes of Turners, UDC, MTF, several credit unions and building societies, and the finance arms of global motor vehicle brands including Toyota, Nissan, Honda, BMW, and Mercedes-Benz (see the full member list [here](#)).

With 60 years of history, FSF has stringent membership criteria and enforces a Code of Conduct to maintain high standards in responsible non-bank lending. FSF members prioritise compliance, support consumer protection enforcement, and advocate for balanced regulations that ensure New Zealanders have access to responsibly-provided credit.