

Bankruptcy hits early

Christopher Gillett

Young Victorians falling deep into debt trap

HUNDREDS of young Victorians are going bankrupt before their 25th birthday, new figures reveal.

Debt has destroyed more than 1000 young lives in the past four years, leaving a permanent stain on their credit.

A *Herald Sun* investigation found 1196 Victorians aged 18 to 24 have gone bankrupt since 2008-09.

Extreme cases include: ONE 23-year-old went bankrupt after receiving a \$7000 phone bill when his mate

borrowed his mobile phone and repeatedly called an adult chat line;

ANOTHER young tradie racked up \$50,000 in debt after buying a work car and tools then could not find employment; and

A UNIVERSITY student helped his parents pay for house renovations then crashed his uninsured car, resulting in \$50,000 worth of debt.

Bankruptcy lasts for three

years and makes entry into some professions, such as finance, unachievable.

During this time it can prevent people getting access to home loans and from leaving Australia.

Tom, who asked for his surname not to be used, went bankrupt shortly after turning 21.

"I was working full-time as a security guard earning good money and I was offered credit and thought,

'Of course I want money,'" Tom said.

"I booked a trip to America (on credit) and when I got back, basically everything just fell apart."

Tom was made redundant then struggled to find work. Faced with mounting bills and debt collectors, he "just gave up and signed the bankruptcy forms".

He said he applied to be a prison officer, parking attendant and join the

police force but was rejected by all three employers.

"I think they thought because I was bankrupt I would let people out of a ticket because I know what it's like to have nothing," he said.

Unemployment followed by excessive use of credit is the main cause for bankruptcy, according to Insolvency and Trustee Service Australia documents.

Good Shepherd financial councillor Anna Dooland

said jobless teens were getting access to \$5000 worth of credit, leaving them open to financial woes.

Bernadette Pasco of the Financial and Consumer Rights Council said predatory debt collectors pushed some cash-strapped Victorians into bankruptcy.

"It can be pretty nasty, debt collectors stalk their Facebook accounts and talk to their friends to track them down," Ms Pasco said.

She said the regulatory framework was still trying to keep up with social media.

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