

Travel Loan Debt for Convention Refugees

Most refugees sponsored by the Canadian government to resettle in Canada have to pay for their transportation to Canada and overseas medical exam. The government only pays these expenses in very exceptional circumstances. Refugees who have to pay, but can't afford it, are offered a loan by Citizenship and Immigration Canada that must be repaid with interest. This loan is known as a travel loan or transportation loan.

A single loan may be as much as \$10,000. Sometimes a family may have to repay more than \$10,000 since a separate loan can be issued to any children over 18 years old in a family. Travel loan debt can be a major financial burden for refugees starting a new life in Canada.

Repaying your travel loan

You may have to start repaying the loan as soon as 30 days after entering Canada. If you are receiving income support from the Resettlement Assistance Program, the government often extends the interest-free grace period to one year.

You are expected to repay the loan in monthly installments. The loan amount determines the amount of your installments and the time you have to pay the balance (between 12 to 72 months). Interest is charged on the unpaid balance.

You may have to make monthly payments even if you are receiving income assistance from the provincial government (welfare).

Consequences of default

Default means you have not made a required payment or are behind with your payments. Failing to pay a travel loan is NOT a reason for the government to remove you from Canada. If you are in default of your loan, to recover the money, the Canadian government can:

- keep your federal income tax refunds and other federal money;
- send your file to a private collection agency; or
- take you to court and seize your savings, income or even your home.

Also, if you are in default, you probably won't be able to sponsor a family member to come to Canada.

Your options

If you are having problems repaying your travel loan, the government may agree to reduce or defer (suspend) your payments, or extend the repayment period.

You will be expected to explain your personal circumstances and show it is a financial hardship for you to make the current payments. Perhaps you have a low income and high expenses, or a health condition that prevents you from working. You should make a list of your income and expenses.

In special cases, if you can show you have no realistic prospect of paying now or in the future, the government may agree to forgive or write-off the loan debt.

If you have other debt problems, such as credit card debt, the Credit Counselling Society offers free debt counselling. If you have a lot of debt and no way to pay, speak to a bankruptcy trustee about declaring bankruptcy.

Resources

Collection Services

This is the federal government department in charge of collecting travel loan debt.
Toll-free: 1 800 667-7301

Credit Counselling Society

This non-profit organization offers financial counselling.
1 888 527-8999
www.nomoredebts.org

Clicklaw

This website provides help and links to legal information in many languages.
www.clicklaw.bc.ca

Canadian Council for Refugees

This non-profit organization has a campaign urging the government to end the burden of transportation loans.
www.ccrweb.ca

Notes

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