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Queensland Mother Overcomes Afterpay Debt Cycle Amid New Credit Regulations

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A Queensland mother has shared how she overcame years of financial stress caused by mounting Afterpay debt, offering a personal glimpse into the risks associated with Buy Now, Pay Later (BNPL) services. Fran Close, 38, from the Sunshine Coast, described the experience as “sick and embarrassing,” admitting she kept the debt hidden from her husband for years.

Speaking with Yahoo Finance, Close revealed she was caught in a four-year cycle of online shopping using Afterpay, a BNPL platform that allows consumers to make purchases and repay them in interest-free installments. She frequently used the service to buy clothes, skincare products, homeware, and items for her two children. What began as manageable \$30 fortnightly payments quickly snowballed into overwhelming debt.

Close recalled being shocked when she was hit with a \$500 payment reminder, noting, “It doesn’t feel like real money.”

Over time, her Afterpay limit increased to \$3,000, and she admitted to frequently maxing it out. “There was never a time my balance was at zero,” she said. The turning point came when she received two childcare subsidy bills totaling \$34,000. Faced with a serious financial reckoning, Close committed to breaking the cycle.

In a TikTok video, she shared how she paid off the debt by implementing strict cost-cutting measures. She cancelled entertainment subscriptions such as Disney and Stan, downgraded her Netflix plan, and stopped buying takeaway food and coffee. She also sold unused items on Facebook Marketplace and redirected funds from ShopBack cashback offers and Medicare rebates.

“When I made that final payment I closed the account,” she said, adding that she printed out the confirmation and placed it on her desk as a daily reminder. “No more payment reminders, no more guilt, just peace of mind and freedom from the constant buy now, pay later cycle.”

Close’s story comes at a time when BNPL services in Australia are facing increased scrutiny. As of June 10, providers such as Afterpay, Zip, and Hum are now regulated under national credit laws, following reforms announced in 2023. These changes require BNPL firms to hold an Australian credit licence and comply with the same rules that govern traditional lenders.

Under the new regulations, customers must undergo credit checks and disclose any outstanding debts before accessing BNPL services. Previously, customers could access up to \$600 in credit without such checks, contributing to concerns about irresponsible lending and consumer overextension.

The changes mark a significant shift in how BNPL services operate in Australia, aligning them more closely with traditional credit providers. Consumer advocates have long warned about the risks of unchecked BNPL usage, particularly for younger Australians and low-income households.

Close’s experience highlights the ease with which digital credit services can lead to hidden debt and emotional strain, even for individuals who believe they are making small, manageable purchases. Her story underscores the importance of transparency, financial literacy, and the role of regulation in protecting consumers from potentially harmful financial habits.

