

## Media release

# Gordon Legal secures Landmark Settlement in Robodebt Class Action

**16 November 2020** - Gordon Legal announces today the settlement of the Robodebt Class Action, subject to the approval of the Federal Court of Australia.

The settlement reached with the Commonwealth of Australia means that if approved by the Court, since the commencement of the Robodebt Class Action, more than \$1.2 billion in financial benefit will have been provided to approximately 400,000 group members.

In settling the class action, the Commonwealth has not admitted that it was legally liable to Group Members.

### KEY POINTS:

The total financial outcome achieved is made up as follows:

- The Commonwealth has today agreed to pay \$112 million in compensation to approximately 400,000 eligible individual Group Members, including legal costs;
- The Commonwealth is repaying more than \$720 million in debts collected from Group Members invalidly and will continue to provide refunds;
- The Commonwealth has agreed to drop claims for approximately \$398 million in debts it had invalidly asserted against group members of the class action;
- Subject to Court Approval, a Settlement Distribution Scheme will provide that eligible individual Group Members' entitlements will be assessed and all amounts due to them be paid in 2021.

**Subject to approval by the Court, a notice setting out the details of the proposed Settlement Distribution Scheme and the Court approval process will be provided to all Group Members.**

Gordon Legal Partner, Andrew Grech said:

*"We want to acknowledge the courage of the lead applicants; Katherine, Elyane, Steven, Felicity, Shannon and Devon, who led these proceedings on behalf of all Robodebt victims in pursuit of this class action, which has allowed this outcome to be achieved today.*

*Our clients have asked us to especially thank Bill Shorten for his relentless pursuit of this issue, for his compassion over the last four years for vulnerable Australians hurt by Robodebt and for bringing the case to Gordon Legal's attention when it seemed that all other options had been exhausted and only resorting to the legal system would help.*

*Once again we would like to acknowledge the work of the legal team at Victoria Legal Aid, who worked tirelessly to bring a number of individual claims before the Federal Court before the Class Action was commenced as well as the efforts of many community legal services in the Welfare Rights Network, such as Social Security Rights Victoria who have been advocating for victims of Robodebt for the last few years.*

*Our clients would also like us to acknowledge the Federal Court of Australia for its preparedness to schedule frequent case management hearings and to facilitate a trial of the proceedings so quickly, notwithstanding the difficult circumstances of the Melbourne Covid-19 lockdown."*

**– ENDS –**

For more information visit [here](#).

**About Gordon Legal:**

Gordon Legal was founded in Melbourne in 2010 by Peter Gordon and consists of a team with more than 200 years of combined legal experience.

In November 2019, Gordon Legal launched the Robodebt Class Action on behalf of five representative applicants and on behalf of hundreds of thousands of people who are included in the case as 'Group Members'.

The essence of the Robodebt Class Action was that money of the debts raised by Centrelink's Robodebt System were unlawful, and that people who had invalid debts raised against them should be compensated.

**About Robodebt:**

Robodebts are a type of Centrelink debt that the Representative Applicants in the class action argued were unlawful.

The key element of a Robodebt is the evidence used by Centrelink to calculate the overpayment and establish that a debt is owed. Robodebts are calculated by Centrelink applying averaged ATO PAYG income data across either part or all of the fortnights in which the recipient received payments and by treating those averaged amounts as the recipient's actual earnings in the relevant debt period. Therefore, the Robodebt system often ignored what the person actually earned at the relevant time.

The Representative Applicants argued that Robodebts were invalid because the amount of social security payments a person is entitled to is based on how much the person actually earned when receiving payments – not the averaged ATO amounts. Because of this flaw, our clients argued that Centrelink has no lawful basis for raising Robodebt calculated on this basis.

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