

Loan Officer interview questions

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What to expect

Interviews for Loan Officer roles test whether you can read a financial picture accurately, follow lending policy and compliance requirements under the NCCP Act, and still deal with clients in a way that's clear and fair. Expect a mix of process questions, judgement scenarios and behavioural questions about past decisions, often with at least one question probing your understanding of responsible lending obligations.

- **Process / technical:** Questions checking you understand the mechanics of assessing an application, from document verification through to committee submission.
- **Compliance and regulatory:** Questions on responsible lending obligations, due diligence requirements and how you apply them in practice, not just recite them.
- **Scenario / judgement:** A borderline or ambiguous case designed to see how you weigh policy against risk and commercial pressure.
- **Client-facing:** How you communicate loan terms, conditions and decisions to clients with different levels of financial literacy.
- **Behavioural:** Past examples of catching a red flag, handling a repayment problem, or managing a difficult client conversation.

Most interviews open with background and motivation questions, move into one or two technical or process questions to check your credit assessment knowledge, then present a scenario or compliance question to test judgement. Behavioural questions about past decisions usually come next, and the interview closes with your questions about the lending book, targets, or team structure.

1. Walk me through how you'd assess a loan application from the point it lands on your desk to the point it goes to committee.

Why they ask

This checks whether you actually understand the end-to-end lending process, not just the parts you personally enjoy.

How to structure your answer

Answer as a clear step-by-step walkthrough: initial document check, financial analysis, due diligence, risk assessment, and how you package the recommendation for approval.

Example answer

"I start by checking the application is complete: identity documents, income evidence and consent forms. Then I go through the financial statements and credit history to work out serviceability, looking closely at existing debt and any irregular income. If something doesn't add up, I follow up with the client directly rather than guessing. Once I'm satisfied the numbers are sound, I run the due diligence checks and note anything that needs a policy exception. I then write up the proposal for the approval committee, setting out the risk factors plainly rather than glossing over them, because a clean recommendation only helps if it's accurate."

2. Tell me about a time you spotted a discrepancy or red flag in an applicant's documentation.

Why they ask

Due diligence is core to the role, and this shows whether you actually dig into the detail or take documents at face value.

How to structure your answer

STAR: describe the situation, the specific task or trigger, the action you took to investigate, and the result or outcome.

Example answer

"I was reviewing a self-employed applicant's bank statements and noticed a large deposit that didn't match their declared income sources. Rather than assume it was fine, I asked the client for a written explanation and supporting documents. It turned out to be a one-off asset sale, but until I had that in writing I couldn't treat it as ongoing income for serviceability purposes. I adjusted the assessment to exclude it and noted the reasoning in the file. The application still proceeded, but on a more accurate basis, and the file held up cleanly when it was later reviewed."

3. How do you explain loan terms and conditions to a client who doesn't have a strong grasp of financial concepts like interest rate structures or LVR?

Why they ask

Loan officers deal directly with clients who rely on them to understand what they're signing up for, so clarity and patience matter as much as accuracy.

How to structure your answer

Describe your general approach or technique, then give a concrete example of applying it.

Example answer

"I avoid jargon and explain terms in relation to the client's own numbers rather than in the abstract, so instead of talking about LVR as a concept I'll say what it means for their deposit and their repayments. I check understanding by asking the client to summarise it back to me in their own words, which usually reveals if something didn't land. With one client who was anxious about a variable rate, I walked through what a rate rise of a realistic size would mean for their monthly repayment, so the risk felt concrete rather than theoretical."

4. A long-standing client's application looks strong on paper, but their recent bank statements show irregular income and rising short-term debt. What do you do?

Why they ask

This tests whether commercial pressure or an existing relationship will push you to soften a risk assessment.

How to structure your answer

Judgement-under-pressure structure: state what you'd investigate first, how you'd weigh policy against the relationship, and what decision or escalation you'd make.

Example answer

"I'd go back to the statements and separate out one-off items from a genuine pattern, and ask the client directly about the debt and the income changes rather than assuming the worst. If the pattern holds up as a real change in their financial position, I'd apply the same serviceability standard I would for any applicant, because the relationship doesn't change the underlying risk. If the numbers are borderline, I'd rather flag it in my proposal to the committee, with any mitigating factors noted, than shape the assessment to get an easy approval. A client relationship is worth more long-term if it's built on decisions that were properly assessed."

5. What are your obligations under the National Consumer Credit Protection Act when you're assessing an application?

Why they ask

Responsible lending obligations sit under everything a loan officer does, and this checks you understand them in practice, not just by name.

How to structure your answer

Knowledge check with practical application: state the obligation, then explain how it shows up in your day-to-day decisions.

Example answer

"Under the NCCP Act I need to make reasonable inquiries into the applicant's financial situation, verify that information rather than take it at face value, and assess whether the loan is not unsuitable for their needs and capacity to repay. In practice that means I don't rely purely on a credit score or a single payslip. I look at actual living expenses, existing commitments and the stability of income, and I document why I'm satisfied a loan is suitable, not just that it's approvable. If a client wants a loan that stretches their repayment capacity, my job is to raise that clearly, even if it means the application doesn't proceed as they'd hoped."

6. Tell me about a time a loan you'd recommended started showing repayment problems. How did you handle it?

Why they ask

This tests how you handle the monitoring and follow-up side of the role, which matters as much as getting the original assessment right.

How to structure your answer

STAR: set the scene, describe your specific role in identifying and responding to the issue, the action taken, and the outcome.

Example answer

"A client I'd approved for a business loan missed a repayment for the first time in over a year. Instead of waiting for it to escalate through standard collections, I called them directly to understand what had changed, since a first missed payment after a clean history usually means something specific happened rather than a broader problem. It turned out a major customer had delayed payment to them, which was temporary. We agreed a short-term adjusted repayment plan and I documented it in the file with a review date. The loan returned to normal repayments within the agreed period, and catching it early meant it never needed to go to formal collections."