

# Member forums

Banking and Finance  
16 November 2020

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# Welcome

## Session presenters

Evelyn Halls – Lead Ombudsman, Banking and Finance

Diana Ennis – Executive General Manager, Resolution



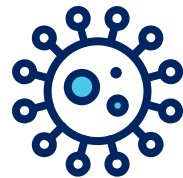
# Today's session includes



2019-20 complaints



Current issues



COVID-19



Questions



# Banking and Finance complaints 2019-20



## Complaints received

**46,820** complaints received

**51%** resolved at Registration and Referral stage

### Top five banking and finance complaints received by product <sup>1</sup>

Product	Total
Credit cards	11,628
Home loans	7,608
Personal loans	5,722
Personal transaction accounts	3,815
Business loans	1,570

### Top five banking and finance complaints received by issue <sup>1</sup>

Issue	Total
Credit reporting	6,366
Unauthorised transactions	4,915
Responsible or appropriate lending <sup>2</sup>	3,616
Service quality	3,193
Financial firm failure to respond to request for assistance	3,123

## Complaints closed

**45,558** complaints closed <sup>3</sup>

More than **\$100** million <sup>4</sup> in compensation and refunds was awarded or obtained through AFCA's dispute resolution work

**75%** of complaints resolved by agreement, or in favour of complainants

Average time to close a complaint

**62 days**

### Stage at which banking and finance complaints closed

Stage	Total
At Registration	23,439
At Case Management	17,678
Preliminary Assessment	2,503
Decision	1,938

### Average time taken to close banking and finance complaints

Time	Total
Closed 0–30 days	33%
Closed 31–60 days	34%
Closed 61–180 days	28%
Closed greater than 180 days	5%

<sup>1</sup> One complaint can have multiple products/issues.

<sup>2</sup> This includes responsible lending complaints from consumers and appropriate lending from small business.

<sup>3</sup> This includes 7,178 complaints received before 1 July 2019, and 38,380 received from 1 July 2019 to 30 June 2020.

<sup>4</sup> This includes matters previously received by AFCA's predecessor, Financial Ombudsman Service, and resolved by AFCA between 1 July 2019 and 30 June 2020.

# Banking and Finance



- > Complaint volumes, products and issues remain broadly consistent with prior periods, subject to the impact of COVID-19
- > After an initial spike, financial difficulty complaints have declined during the COVID-19 pandemic due to repayment deferrals and Government support measures
  - we are engaging with external stakeholders and monitoring complaint inflows to identify future trends as deferral periods expire
- > Credit reporting complaints continue in significant volumes, influenced by factors including COVID-19, refinancing activity and consumer anxiety
  - we are proactively engaging with paid credit reps to clarify our expectations
  - we are reviewing our processes for dealing with credit reporting complaints
- > Disputed transaction complaints have been impacted by chargeback related to COVID-19 cancellations
- > Complaints about scams reflect an increase in scale and sophistication

COVID-19



# COVID-19 complaints

Between 5 March 2020 and 31 October 2020

## Banking and Finance (including Financial Difficulty)

Product	Total	Open	Closed
Total	9386	1926	7460
Banking and Finance (including Financial Difficulty)	4369	1009	3360
Financial Difficulty	1846	391	1455



# COVID-19 approach

- > AFCA is working closely with the Government, regulators, peak bodies, consumer groups and our members to respond proactively to the ongoing challenges of COVID-19
- > **We will review the firm's conduct in the context of the COVID-19 pandemic – all our COVID-19 complaints are 'date stamped'**
- > Where appropriate, we will modify our existing approaches and outcomes (e.g. to extend time for property sales)
- > We have developed fact sheets on COVID-19 hot topics - access via our Banking and Finance Pandemic Support Hub here: [afca.org.au/coronavirus-covid-19-pandemic-support-hub/banking-and-finance](https://afca.org.au/coronavirus-covid-19-pandemic-support-hub/banking-and-finance)





# COVID-19 common themes and future trends



## Banking and finance

- > Delays in refinancing and property settlements
- > Break costs for fixed rate loans
- > Credit card chargebacks
- > Disputed transactions (scams)
- > Fees and charges / credit reporting

## Financial difficulty

- > Inability to get in touch with financial firm
- > Response times and inadequate IDR responses
- > Misunderstanding of deferral packages
- > Response to repayment deferral requests
- > Transition from repayment deferral arrangements

# Current issues



# Responsible lending

## Proposed regulatory changes

- > We acknowledge the Government's recognition of AFCA's role
- > We are reviewing the details of the proposed reforms and their implementation
- > We are required by our Rules
  - to do what is fair in all the circumstances
  - to have regard to legal principles, applicable industry codes or guidance, good industry practice and previous relevant determinations
- > We apply the law and regulatory guidance in force at the time of the lending decision. We will adapt our approach to take into account changes in the law and regulatory guidance



# COVID-19 financial difficulty assistance



## Key challenges

- > Evolving landscape impacted by many moving parts (Vic lockdown, border closures)
- > High volumes, resource constraints and need to upskill staff create challenges
- > Consumers dealing with multiple credit providers with wide range of approaches
- > New cohort of consumer unused to financial assistance processes
- > Media coverage can lead to confusion about assistance available ('repayment holidays')
- > Impact varies significantly depending on borrower's situation (industry, geography, timing etc)
- > Significant differences within & between lenders & portfolios

# COVID-19 financial difficulty assistance



## AFCA approach

- > Our approach is aligned with ASIC's expectations of lenders
- > AFCA's financial difficulty approach documents (available [here](#)) provide further information
  - principles, codes and good practice
  - working together to find solutions
  - our power to vary credit contracts
  - dealing with common issues
  - early release of super (non-COVID)
- > We will monitor complaint inflows and consider need for further guidance
  - previous AFCA complaints – when is there a 'new event'?

# Scams

- > Changing nature of scams
- > Impact of COVID-19
- > Enhanced data capture & reporting
- > Approach document under development
  - different types of scams
  - role of financial firm
  - how AFCA considers complaints about scams

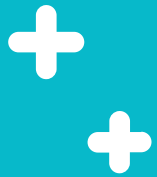


# Special circumstances

- > Procedural fairness usually requires information to be exchanged if it is relied on to make a decision
- > We will not rely on adverse information if it hasn't been exchanged – unless special circumstances apply
- > We consider that special circumstances only apply in a limited number of cases
- > We expect financial firms to consider how the substance of a document can be shared with the complainant so they can respond (rather than withholding the document)
- > See our [Approach Document to Assessing Special Circumstances](#) for more information



# Questions





**Thank you**

