



Member forums

Banking and Finance

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Today's session includes



Overview and statistics



Debt management firms



Scams and unauthorised transactions



Financial difficulty insights

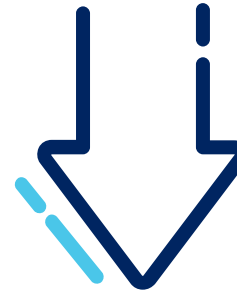
Year at a glance

Between 1 July 2020 to 30 June 2021



Complaints received

70,507
complaints received



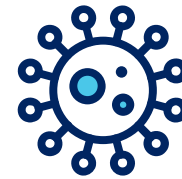
12.3%
decrease in complaints
compared to 2019-20



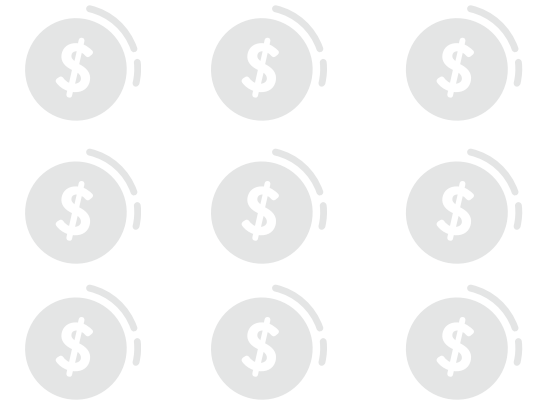
76%
of complaints
lodged online



3,535
complaints from
small businesses



8,303
complaints related
to COVID-19



7.31%
complaints involved
financial difficulty

Products complained about



42,261
Banking and
finance



16,912
General
insurance



5,246
Superannuation



3,888
Investments and
advice



1,623
Life insurance



Banking and finance complaints

Complaints received

42,261 complaints received

55% resolved at Registration and Referral stage

Top five banking and finance complaints received by product ¹

Product	Total
Credit Cards	9,903
Home Loans	6,400
Personal Transaction Accounts	5,758
Personal Loans	5,343
Electronic Banking	1,668

Top five banking and finance complaints received by issue ¹

Issue	Total
Default Listing	3,738
Financial firm failure to respond to request for assistance	2,678
Service quality	2,554
Unauthorised transactions	2,375
Incorrect fees/costs	1,894

Complaints closed

44,215 complaints closed ²

More than **\$81.26** million ³ in compensation was awarded or obtained through AFCA

76% of complaints resolved by agreement, or in favour of complainants

Average time to close a complaint
82 days

Stage at which banking and finance complaints closed

Stage	Total
At registration	24,361
At case management	11,770
Preliminary assessment	2,339
Decision	2,043

Average time taken to close banking and finance complaints

Time	Total
Closed 0–30 days	31%
Closed 31–60 days	31%
Closed 61–90 days	14%
Closed greater than 90 days	24%

¹ One complaint can have multiple products/issues.

² This includes 9,286 received before 1 July 2020, and 34,929 received from 1 July 2020 to 30 June 2021.

³ This includes matters previously received by AFCA's predecessor, Financial Ombudsman Service, and resolved by AFCA between 1 July 2020 to 30 June 2021.

Key insights



- > Complaints involving financial difficulty down 40% reflects positive response from industry and government to the impact of COVID
- > Complaints related to personal transaction accounts up by 48% with unauthorised transactions representing 29% of this volume
- > Complaints about electronic banking increased 76% with unauthorised transactions representing 28% and mistaken internet payment accounting for 19%

Debt management firms

- > New regulatory regime
 - debt management services prescribed as ‘credit activity’ under NCCP Act
 - licensing obligations apply from 1 July 2021 subject to transitional arrangements
 - Specific guidance on engaging efficiently, honestly and fairly ([Information sheet INFO254](#))
- > Implications for AFCA
 - debt management firms are required to become AFCA members from 1 July 2021
 - AFCA will be able to consider complaints by consumers against debt management firms



Our expectations of paid representatives



We expect paid representatives to:

- > act in the best interests of the complainant
- > raise all the issues in the complaint upon lodgement
- > provide all required supporting information and documentation (no templates) upon lodgement
- > engage respectfully and in a cooperative manner with our people and process (visit afca.org.au/about-afca/engagement-charter)
- > seek an outcome to a complaint which aligns with any AFCA approach

Where this does not occur, AFCA may exclude an individual complaint under Rule C2.2

Scams and unauthorised transactions



AFCA has experienced an increase in complaints involving unauthorised transactions and scams.

This has been exacerbated by the pandemic and is consistent with data collected by the ACCC ([Targeting scams - report of the ACCC on scams activity 2020](#)).

A wide variety of scams with the most common being:

- > investment scams.
- > romance scams.
- > payment redirection scams.

AFCA's approach to scam complaints



- > AFCA can only consider complaints against financial firms who are our members and in accordance with our Rules.
- > Scams can be carried out using a range of different methods.
- > AFCA will have regard to common law, statute, codes (such as the ePayments Code) and good industry practice. We apply the law and standards in force at the time of the relevant conduct.
- > Scam environment is ever changing as technology evolves and scams mature, change and shift over time.
- > AFCA's approach to scams is likely to be impacted by ASIC's review of the ePayments Code.
- > AFCA is proactively engaged with industry and the regulator in efforts to prevent scams.



Financial difficulty complaints at a glance

1 July to 30 June (12 months)

5,175 complaints received

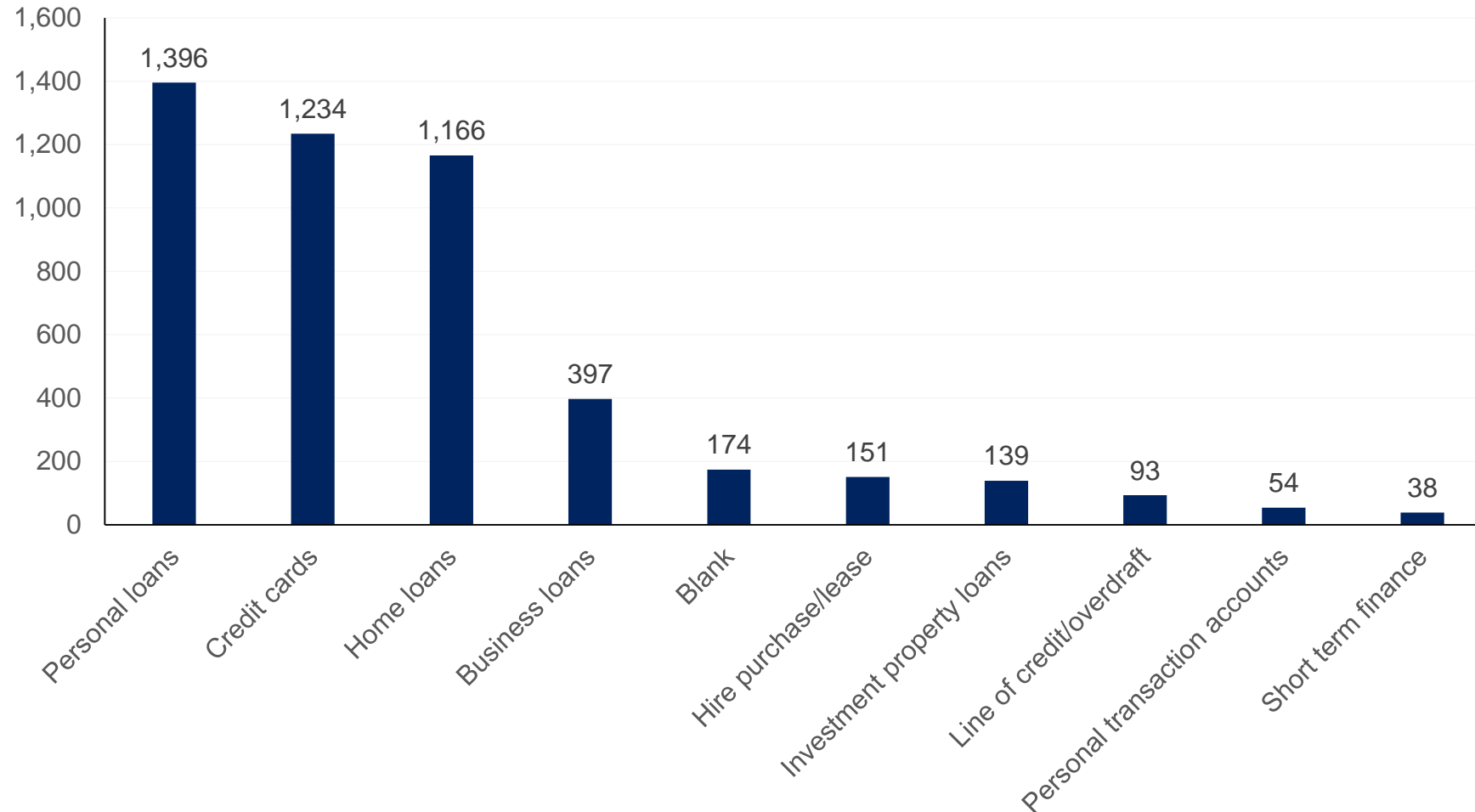
676 complaints about loan deferrals

600 small business complaints

5,427 complaints closed

The last 12 months

July 2020 to June 2021 (12 months)



COVID-19 – complaint themes and issues



Financial difficulty

Initial influx of complaints

- > High volumes of service complaints
- > Monitoring of complaint distribution among financial firms
 - proactive engagement with firms to understand reasons
- > Focus on areas of concern
 - failure to consider requests for hardship relief
- > Recent decline in financial difficulty complaints due to automatic hardship arrangements
- > Expect increased volumes when COVID-19 relief measures expire

COVID-19 – complaint themes and issues



Financial difficulty

In the initial stages of the pandemic, we saw an increase in financial difficult complaints. But most of those were resolved in the early stages as financial firms introduced measures to address the disruptions. Also, statistics show that credit card debt was paid down significantly during initial lockdown.

However, there has been a gradual increase in financial difficulty complaints following the end of repayment deferrals and government support programs.

COVID-19 – complaint themes and issues



Complaint theme include:

- > issues relating to incorrect or unfair application of hardship assistance (RHI)
- > long term financial difficulty commencing before the pandemic
- > ongoing COVID-related financial difficulty
- > re-negotiating of existing arrangements breaking down
- > lenders declining to capitalise arrears that accumulated during COVID assistance
- > financial difficulty due to interest only periods ending.

Current initiatives

- > Proactive engagement with financial firms
- > Agile and adaptable ways of working
- > Particularly where equity being eroded through significant arrears and long term hardship and there is no prospect of a complainant recovering their financial position
- > This has resulted in a reduction in resolution time from 53 to 30 days for pure financial difficulty disputes
- > Pure financial difficulty disputes continue to be allocated to a decision maker in at near real time



Thank you

