



Member forum

Superannuation

Heather Gray – Lead Ombudsman

Ben Taylor - Ombudsman

Today's session includes



Statistics



Current issues



Themes in superannuation
complaints



Case study

Year at a glance

Between 1 July 2020 to 30 June 2021



Complaints received

70,510

complaints received



12%

decrease in complaints compared to 2019-20



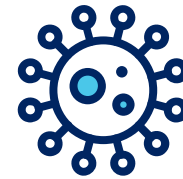
76%

of complaints lodged online



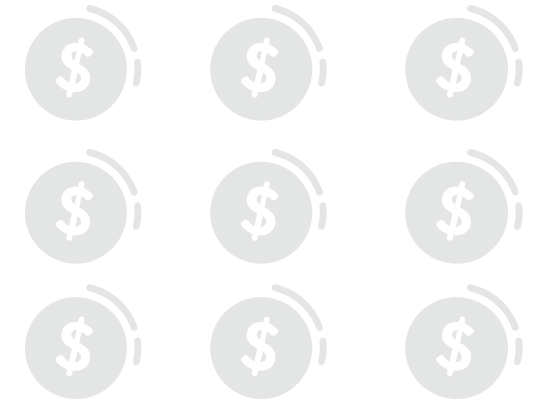
3,562

complaints from small businesses



8,303

complaints related to COVID-19



7.35%

complaints involved financial difficulty

Products complained about



42,261

Banking and finance



16,912

General insurance



5,249

Superannuation



3,888

Investments and advice



1,623

Life insurance

Superannuation complaints



Complaints received

5,249 complaints received

33% resolved at Registration and Referral stage

Top five superannuation complaints received by product¹

Product	Total
Superannuation Account	2,717
Total & Permanent Disability	978
Income Protection	833
Death Benefit	453
Pension	52

Top five superannuation complaints received by issue¹

Issue	Total
Delay in claim handling	856
Denial of claim	517
Service quality	517
Account administration error	487
Incorrect fees/costs	419

Complaints closed

6,214 complaints closed²

Average time to close a complaint
116 days

Stage at which superannuation complaints closed

Stage	Total
At registration	2,052
At case management	2,466
Preliminary assessment	909
Decision	619

Average time taken to close superannuation complaints

Time	Total
Closed 0–30 days	12%
Closed 31–60 days	22%
Closed 61–180 days	49%
Closed greater than 180 days	16%

¹One complaint can have multiple products/issues.

²This includes 2,403 received before 1 July 2020, and 3,811 received from 1 July 2020 to 30 June 2021.



Current issues

Forthcoming guidance



- > Review of Approach to superannuation fees and charges
- > Review of Approach to superannuation death benefit complaints
- > Spousal relationship information request form
- > EDR Response Guides
 - Death benefit distribution
 - Claim decline
 - Claim delay

Wind-up of the SCT



- > SCT Annual Report for the year ended 30 June 2021 tabled in Parliament – focuses on period to 31 December 2020
- > Amendments to the Putting Consumers First – Establishment of the Australian Financial Complaints Authority Act 2018 (Treasury Laws Amendment (2021 Measures No. 7) Bill 2021) are currently before Parliament. This legislation will:
 - Facilitate closure of the SCT
 - Transfer SCT records to ASIC, and allow ASIC to maintain and deal with these records (this will include the SCT Deeds library)
 - Allow the Federal Court to remit cases to AFCA
 - Provide a rule-making power for the responsible Minister to address transitional matters
- > 1 case remitted by Federal Court – awaiting legislation to pass
- > 1 case dealt with by Federal Court, remitted to SCT, parties consent to it being dealt with by AFCA

Systemic Issues – Year at a glance



AFCA Annual Review financial year 2020–21

Identified **1086** potential systemic issues

Reported **36** possible serious contraventions to regulators

Referred **147** systemic issue investigations to financial firms

Identified and investigated systemic issues resulting in the remediation of **357,959** consumers

Reported **55** definite systemic issues to regulators

Resolved **59** definite systemic issues with financial firms

Ensured more than **\$31 million** in refunds were made to consumers

Systemic Issues in Superannuation



AFCA Annual Review financial year 2020–21

Identified **184** potential systemic issues

Reported **6** possible serious contraventions to regulators

Referred **15** systemic issue investigations to financial firms

Superannuation account administration errors was the top complaint theme linked to Definite Systemic issues sent to regulators

Reported **7** definite systemic issues to regulators

Resolved **5** definite systemic issues with financial firms

It also formed the basis of most possible systemic referrals requiring investigation

Case Study – Superannuation

Potential Processing Errors

- > This matter related to concerns regarding the design of a financial firm’s online withdrawal form being misleading to consumers
- > One of the firm’s investment options did not allow direct withdrawal. Consumers wanting to withdraw from this option needed to first switch their investment into a separate investment option
- > However, the financial firm’s withdrawal form confusingly appeared to allow withdrawal from the option being investigated. Owing to the way in which withdrawal requests are processed, this created scenarios where consumers could lodge withdrawal requests expecting to withdraw from a specific option, but instead have funds unexpectedly withdrawn from a different option
- > As a result of our enquiries and the communication between AFCA and the firm, it is updating its webforms to eliminate any further potential confusion





Themes in superannuation complaints

Cancellation of insurance



- > Around 700 cancellation of policy complaints since AFCA's inception on 1 November 2018
- > Average of 17 complaints per month for cancellation
- > Average of 4 complaints per month for claim denial because no cover in place
- > Causes: PYS, PMIF, insufficient funds in account to pay premiums
- > We consider disclosure – statutory requirements – proof of despatch

>

Delay



- > Largest category of super complaints received last financial year
- > See our Approach to delayed insurance claims in superannuation
- > We expect trustees to:
 - Keep close oversight of the process followed by the insurer
 - Consider whether information requests by the insurer are reasonable
 - Watch for requests from the insurer where information has already been provided

Death benefits



- > Disputes about who is a dependant – de facto spouses and financial dependants – trustees can assist during IDR by providing guidance to complainants about factors to be addressed
- > Claimants can misunderstand the role of State legislation
- > Claims by financially independent adult children – applying our Approach, these will rarely be successful where there is a spouse and/or financial dependants
- > Weight given to the Will – being named as a beneficiary in the Will is not determinative but can assist in identifying the deceased's intentions



Case study

Allocation of a death benefit (802210)



Facts

- > Decision of trustee to pay death benefit to de facto spouse of 32 years (joined party)
- > Complainant was adult daughter of deceased and LPR – did not dispute de facto relationship, said benefit should be paid to her as she was financially dependent and this was deceased's intention
- > Complainant working full time as a travel agent at date of death
- > Joined party living in a home he and the deceased owned and was named in a recent Will as her partner
- > Joined party said deceased tried to withdraw her superannuation as a terminal illness payment, however, her health deteriorated before she could do this
- > Deceased died in February 2020
- > Determination considers whether the complainant was financially dependent upon the deceased

Allocation of a death benefit (802210)



Facts (continued)

- > Complainant submitted the following in support of her claim:
 - declarations and statements to indicate a close relationship and recollections the deceased wanted the complainant taken care of financially
 - recent Will providing joint party with life tenancy in deceased's share of their property with rest of the estate to the complainant (no specific mention of superannuation)
 - bank statements to show deceased would transfer money to the complainant on an ad hoc basis to:
 - assist her travel overseas as it was a requirement of employment (these trips primarily occurred between 2013 and 2017 with one in 2019)
 - assist her move in September and October 2019
 - Submission saying deceased provided her with funds to visit her while she was ill and cover her costs while there

Allocation of a death benefit (802210)



Findings and outcome

- > Determination affirmed the trustee's proposed decision
- > Dependants were complainant and joined party
- > Complainant not financially dependent
- > Transfers not being made immediately prior to the deceased's death and was no indication they would have been ongoing
- > Travel expenses were not considered to relate to day to day living expenses
- > Deceased was a caring and generous parent, transfers to complainant were similar to ad hoc gifts
- > Only joined party had an expectation of financial support from deceased – superannuation would have formed part of shared resources in retirement – consistent with purpose of superannuation
- > Trustee's decision was fair and reasonable in its operation in relation to the complainant and the joined parties in all the circumstances

Thank you

