

**MEMORANDUM OF UNDERSTANDING**  
**BETWEEN**  
**COMPENSATION SCHEME OF LAST RESORT LIMITED (ACN 669 477 052)**  
**(CSLR)**  
**AND**  
**AUSTRALIAN FINANCIAL COMPLAINTS AUTHORITY LIMITED (ACN 620 494 340)**  
**(AFCA)**

**1. Introduction**

1.1. Supporting a fair and efficient Australian financial services sector is a key focus of both the CSLR and AFCA (together, the parties). The parties recognise that a well-regulated and stable financial services sector is important for promoting consumer confidence.

**2. Purpose**

2.1. This Memorandum of Understanding (**MoU**) sets out the agreed basis for engagement, including coordination, cooperation, and information sharing, between CSLR and AFCA.

2.2. This MoU reflects the parties' intention to maintain a proactive, open and collaborative relationship to perform their respective functions effectively within the terms of the applicable law and other governing documentation.

2.3. The parties acknowledge that this MoU is to govern the administrative arrangements between them and is not intended to create legally binding obligations.

2.4. The parties may, by mutual agreement, establish supplementary protocols and guidelines to operate under this MoU.

**3. Responsibilities**

3.1. Although CSLR and AFCA have distinct mandates and responsibilities, they both have a common role in delivering consumer protection benefits within the financial services sector in Australia, and in particular, assisting affected consumers be fairly compensated.

3.2. CSLR is authorised by the Minister for Financial Services as the operator of the CSLR scheme. Its role is to provide compensation to eligible consumers, where the consumer has a determination issued by AFCA as the operator of the AFCA scheme, the financial firm has not paid the consumer in full in accordance with the determination, and the consumer has otherwise been unable to recover the compensation. CSLR has certain obligations under Part 7.10B of the *Corporations Act 2001* (Cth), and is bound by its constitution.

3.3. AFCA is authorised by the Minister for Financial Services as the operator of the AFCA scheme. AFCA is responsible for assisting consumers and small businesses to resolve their complaints with their financial firm. It does this by acting as an independent external dispute resolution scheme for certain

complaints relating to financial services, including in connection with credit, finance and loans; insurance; banking deposits and payments; investments and financial advice; and superannuation. AFCA has certain obligations under Part 7.10A of the Corporations Act 2001, and is bound by its Complaint Resolution Scheme Rules (which have contractual force) and its constitution.

#### **4. Agreement to engage**

- 4.1. The parties recognise the importance of mutual consultation and cooperation in the effective discharge of their respective responsibilities.
- 4.2. Each party commits to developing and maintaining effective arrangements for engagement and, in accordance with legislative and contractual obligations and agreed protocols, having regard to each other's mandate and broader regulatory objectives.
- 4.3. Under the arrangements, each party will:
  - 4.3.1. inform – proactively provide appropriate information and documents that are relevant to the other party and respond promptly to information and document requests;
  - 4.3.2. consult – where one party is considering or undertaking an activity that has an impact on the other party's responsibilities;
  - 4.3.3. collaborate – seek input from, or collaboration with, the other party to achieve or improve regulatory outcomes, including in policy development and consultation with industry and statistical collections and regulatory reporting; and
  - 4.3.4. engage effectively – seek to improve the efficiency of its interaction with other party and, in areas of common interest, the efficiency and effectiveness of interaction with industry participants.
- 4.4. The parties agree to a proactive approach to engagement, which will include senior-level liaison meetings; and mechanisms to share perspectives and expertise on relevant issues.

#### **5. Information Sharing**

- 5.1. The parties acknowledge that this MoU does not alter or affect any existing statutory obligations applicable to disclosure of information by one party to the other.
- 5.2. The parties acknowledge the benefits of sharing information that will assist each other in performing their respective functions and exercising their respective powers.
- 5.3. The parties may share, to the extent possible and appropriate, information relevant to complaint parties, with each other. This is subject to any statutory secrecy and non-disclosure obligations, other confidentiality and information-sharing obligations including under the Complaint Resolution Scheme Rules, or any other constraints including, privacy legislation obligations. The parties agree to adhere to any conditions imposed by the disclosing party or any other terms required.

- 5.4. The party (**the recipient**) in receipt of confidential information from the other (the **discloser**) agrees not to disclose that information to a third party unless:
- 5.4.1. the disclosure is required by law or is in response to a request or requirement from an Australian parliamentary committee, or
  - 5.4.2. the disclosure is permitted under a binding written agreement between the parties, or the discloser has provided its prior consent in writing to the disclosure, or
  - 5.4.3. the disclosure is otherwise permitted by law.
- 5.5. In the case of a proposed disclosure to a third party under clauses 5.4.1 or 5.4.3, the recipient agrees to advise the discloser in advance, where possible.

## **6. Administration of MoU**

- 6.1. The parties may review the operation of the MoU (including any supplementary protocols and guidelines) on a periodic basis and consult with each other about improving the operation of the MoU where necessary. Any part of this MoU may be amended at any time with the mutual agreement of both parties in writing.
- 6.2. The parties agree that this MoU may be published on each party's website.

## **7. Termination**

- 7.1. This MoU may be terminated by either party giving not less than 30 days' written notice of the intention to terminate to the other party.
- 7.2. In the event of the termination of this MoU, the parties agree that any information obtained under this MoU will continue to be treated confidentially in the manner set out in clause 5.4 of this MoU.

This Memorandum of Understanding is dated 23 of April 2024.

David Berry  
Chief Executive Officer  
Compensation Scheme of Last Resort Limited

David Locke  
Chief Ombudsman and Chief Executive  
Officer  
Australian Financial Complaints Authority  
Limited