

Member e-Forums Day One

Plenary

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26 May 2020

Complaints into AFCA since November 2018

As of 30 April 2020, AFCA had received 111,230 complaints and awarded \$316M in compensation

Product	No. of complaints received	% of complaints received
Credit	48,920	44%
General Insurance	25,611	23%
Deposit Taking	10,484	9%
Superannuation	9,594	9%
Payment Systems	7,106	6%
Investments	6,122	5%
Life Insurance	2,621	2%
Not yet determined	785	1%
Non rules	276	0%
Traditional Trustee Services	59	0%



Welcome to AFCA Datacube

Our work generates a rich set of data about the issues, types and outcomes of financial complaints. The AFCA Datacube is part of our commitment to providing access to this data in a transparent and useful way.








The first edition of the Datacube houses a visualisation of the transitional comparative reporting data for financial firms with more than four complaints in the period from 1 November 2018 – 30 June 2019.

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AFCA Datacube

An open and accessible visual comparative report about financial complaints in Australia

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-  [Complaints by firm](#)
-  [Compare the firms](#)
-  [Complaints by product](#) ▾
-  [Historical comparison](#)

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At a glance

The AFCA Datacube displays data about financial firms with four or more complaints during the period, this includes the number progressed through the resolution process.

Enter financial firm or super fund you would like to search

Select period 01/07/2019 - 31/12/2019 ▾

All members selected

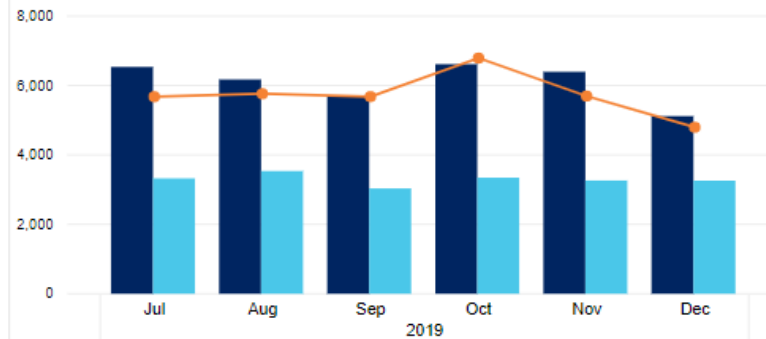
Legacy Complaints

All ▾

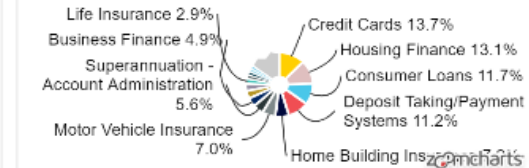


Complaints in the current period

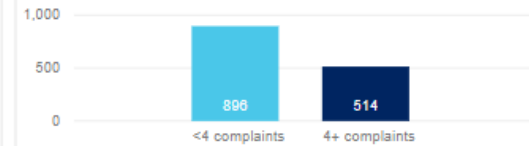
● Complaints received ● Complaints progressed ● Complaint closed at reg and case management



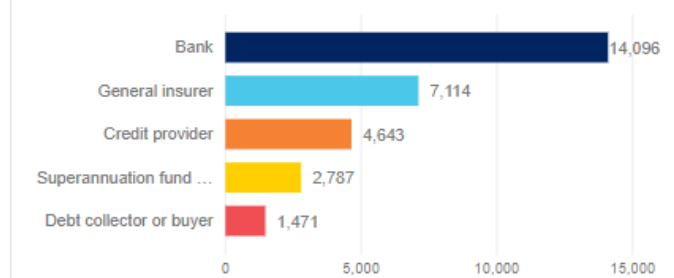
Complaints progressed by product group



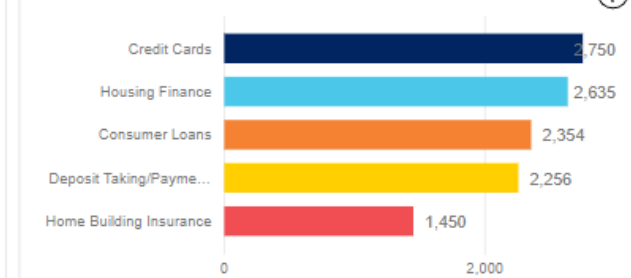
Number of firms for reporting threshold



Complaints received by top five financial firm type



Complaints progressed by top five product groups



COVID-19

Open and closed COVID-19 complaints by product

Product	Total	Open	Closed
Total	3189	2195	994
Banking and Finance (including Financial Difficulty)	1432	854	578
Financial Difficulty	687	374	313
General Insurance (including Travel insurance)	1079	809	270
Travel insurance	890	682	208
Superannuation	617	483	134
Life insurance	24	21	3
Investments and Advice	34	28	6
Other	3	0	3



COVID-19 complaints

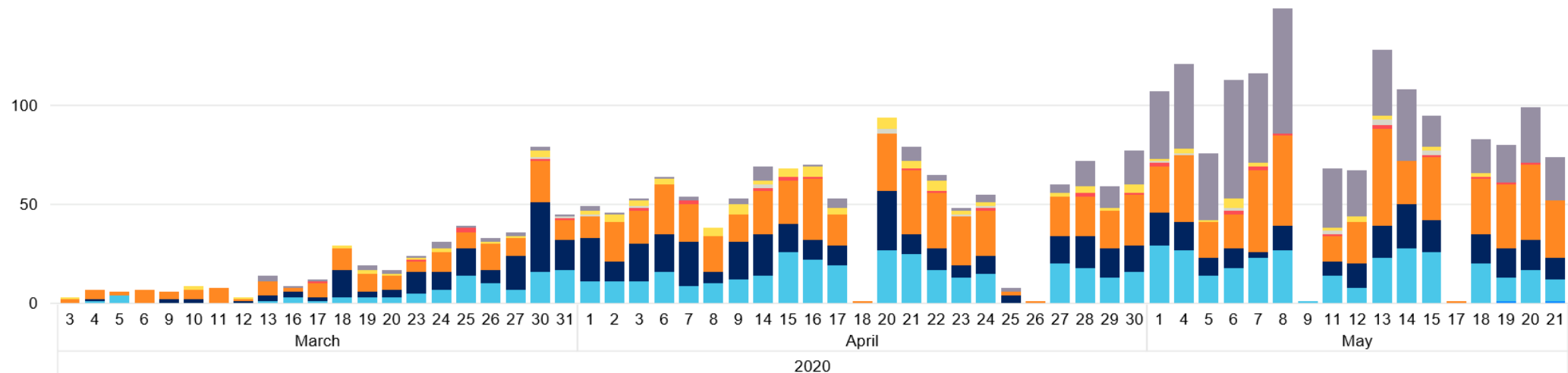
Over 3180 complaints received



Initial complaints involved travel insurance, then financial difficulty and most recently, early release of super. The graph below shows the evolution of AFCA's COVID-19 complaints types over time.

Daily inflows by product/issue group - based on complaint received date (previous 12 weeks)

(Blank) BF FD GI I&A Life Rules Super



COVID-19 complaints – General insurance



Over 1070 complaints received

- > Cancellation/change of travel plans
 - > Complainants coming to AFCA first (bypassing IDR)
 - > A number of denial-of-claims matters are from people seeking advice from the insurer whether to cancel trip/flights and were unhappy with the response
 - > Claims insurers didn't warn of possible pandemic exclusions at policy inception or started the pandemic date earlier than WHO declared date
- > Refunds of premiums following cancellation of travel
 - > 'Delay' related complaints:
 - Motor Vehicle: parts availability from overseas
 - Home Building/Contents: trades attending properties
 - > Small business/commercial complaints:
 - Hibernating businesses being required to continue paying premiums when they have no cashflow
 - Business Interruption claims declined as COVID-19 is not an insurable event

COVID-19 complaints – Banking and financial difficulty

Over 1430 complaints received: over 680 Financial Difficulty complaints received

Banking complaints

- > Loan break costs
- > Disputed transactions
- > Late fees
- > Delays in refinancing, settlements and requests for help
- > Reversion of home loans to minimum monthly repayment

Financial difficulty

- > Requests to extend payment terms due to slowdown of complainant's work
- > Inability to get in touch with their bank
- > Complainants dissatisfied with decisions inconsistent with what they believe was advertised
- > Non-COVID-19 Financial Difficulty complaints impacted as well re: Statements of Financial Position outdated given large numbers of newly-unemployed
- > Complainants in hardship with car loans facing problems selling their vehicles - as will banks - relating to time to sell

COVID-19 complaints – Superannuation



Over 610 complaints received

- > Complainants needing funds immediately
- > Service/speed and resolution of early release of superannuation requests, including
 - identification of discrepancies in ID data
 - need for original documents to prove ID (when the postal service is slow)
 - need to coordinate with the ATO
- > Service/speed and
- > Account balance drops due to investment performance
- > Premium relief
- > Income protection claim decline



COVID-19 common themes and future complaints

Common themes

- > Service related such as inability to make meaningful contact with a financial firm
- > Delays in responding to customers or actioning requests
- > Overwhelmed IDR processes bypassed by complainants coming straight to AFCA

For the future

- > More financial difficulty complaints (in 6 to 18 months' time)
- > Possible increases in responsible lending complaints (more likely in 12-24 month's time)
- > Potential increases in complaints involving scams and disputed transactions
- > Second wave of access to early release of superannuation in July – September
- > Rise in insurance complaints around business interruptions, but also more widely

Advice for financial firms to minimise COVID-19 related disputes

- > Effective communication with customers
 - Communicate early
 - Communicate regularly
 - Use plain English
- > Proactively set customer expectations if you are experiencing delays
- > Review your IDR processes
- > Early and ongoing engagement with to AFCA





COVID-19 – We are adapting

- > AFCA has remained fully operational through COVID-19
- > We have successfully transitioned to 100% of staff working from home
- > All staff are meeting frequently using technology to maintain consistency of approach
- > We are focused on clearing our current complaint volumes to prepare for anticipated inflows
- > We are meeting regularly with peak bodies and associations to have a joined up approach
- > We are working directly with firms experiencing challenges
- > AFCA has established a support hotline for COVID-19 related complaints

COVID-19 – AFCA approach

- > AFCA is working closely with the Government, regulators, peak bodies, consumer groups and our members to respond proactively to the challenges of COVID-19
- > Where appropriate, we will modify our existing approaches and outcomes (e.g. to extend time for property sales)
- > We have extended some of our timeframes
- > We are providing factsheets and information on emerging issues



AFCA's fairness jurisdiction





What is the
fairness project?

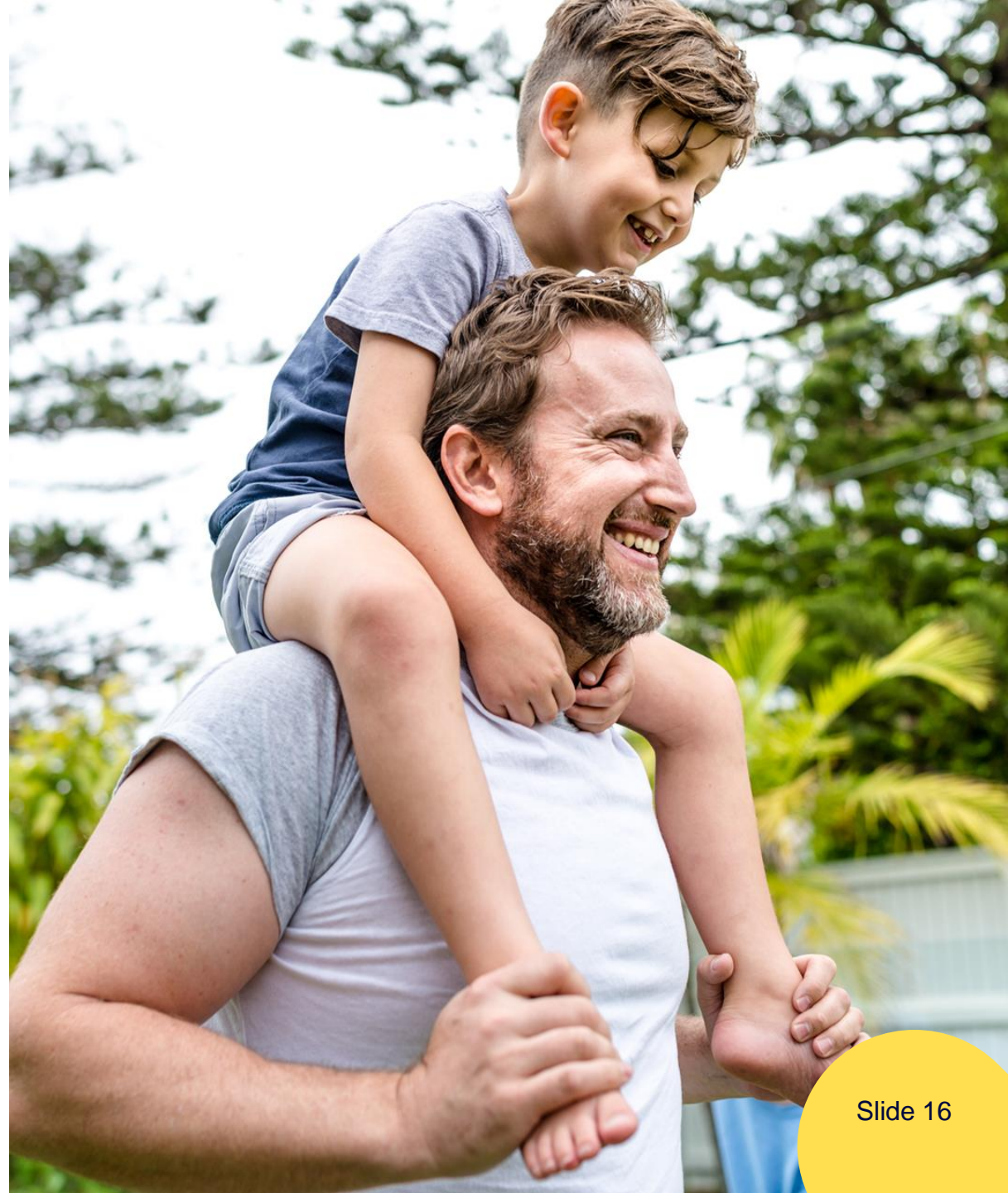
AFCA's decision making jurisdiction

Is not new and recent court cases have confirmed the scope of our jurisdiction

Previous EDR schemes have had a similar jurisdiction

The objective of the Fairness Project is:

- > to clearly articulate what we are already doing
- > to obtain feedback from our key stakeholders to improve how we work



The QSuper decision and AFCA's superannuation jurisdiction

- > AFCA does not exercise judicial power
- > When making a decision about the fairness and reasonableness of a Trustee's decision, AFCA can make decisions about legal rights, such as compliance with the law or a trust deed
- > AFCA can assess the fairness and reasonableness of a Trustee's decision



The IEL decision and AFCA's general jurisdiction

AFCA's determination was reasonable and open to it on the facts

The principles set out in the case law about the Financial Ombudsman Service are equally applicable to AFCA

AFCA's primary duty is to do what is fair in all of the circumstances

It is possible that having had regard to legal principles, the decision maker decides not to apply them because their strict application would lead to an outcome which is unfair

Where are we up to?

The public release of our formal consultation paper is currently on hold due to the COVID-19 challenges

AFCA has already undertaken extensive informal consultation and stakeholder roundtables with peak bodies, members, consumer advocates and regulators

The feedback received indicates strong support for AFCA's work and the development of the engagement charter



Where are we up to: procedural fairness



AFCA's Proposed Engagement Charter

To clearly articulate AFCA's expectations of parties and third parties.

To set the standard of conduct expected

To explain the consequences of non-compliance

Our approach to COVID 19 complaints

Banking and Finance

- Disputed transactions
- Rules amendments to reflect small business relief measures

Insurance

- COVID 19 Travel Insurance complaints
- Business Interruption
- FSC announcement on TPD insurance

Superannuation

- Income Protection benefits in insurance
- Early access release

Investments and Advice

- ASIC relief measures to facilitate advice on early access to super



COVID-19 How AFCA can help

Financial Difficulty

What to do if you are unable to make payments on loans and credit cards

Insurance

Information and next steps for making an insurance claim due to disruption caused by the coronavirus pandemic

Superannuation

Information about how the coronavirus may have affected your superannuation balance and how to apply for early release of funds

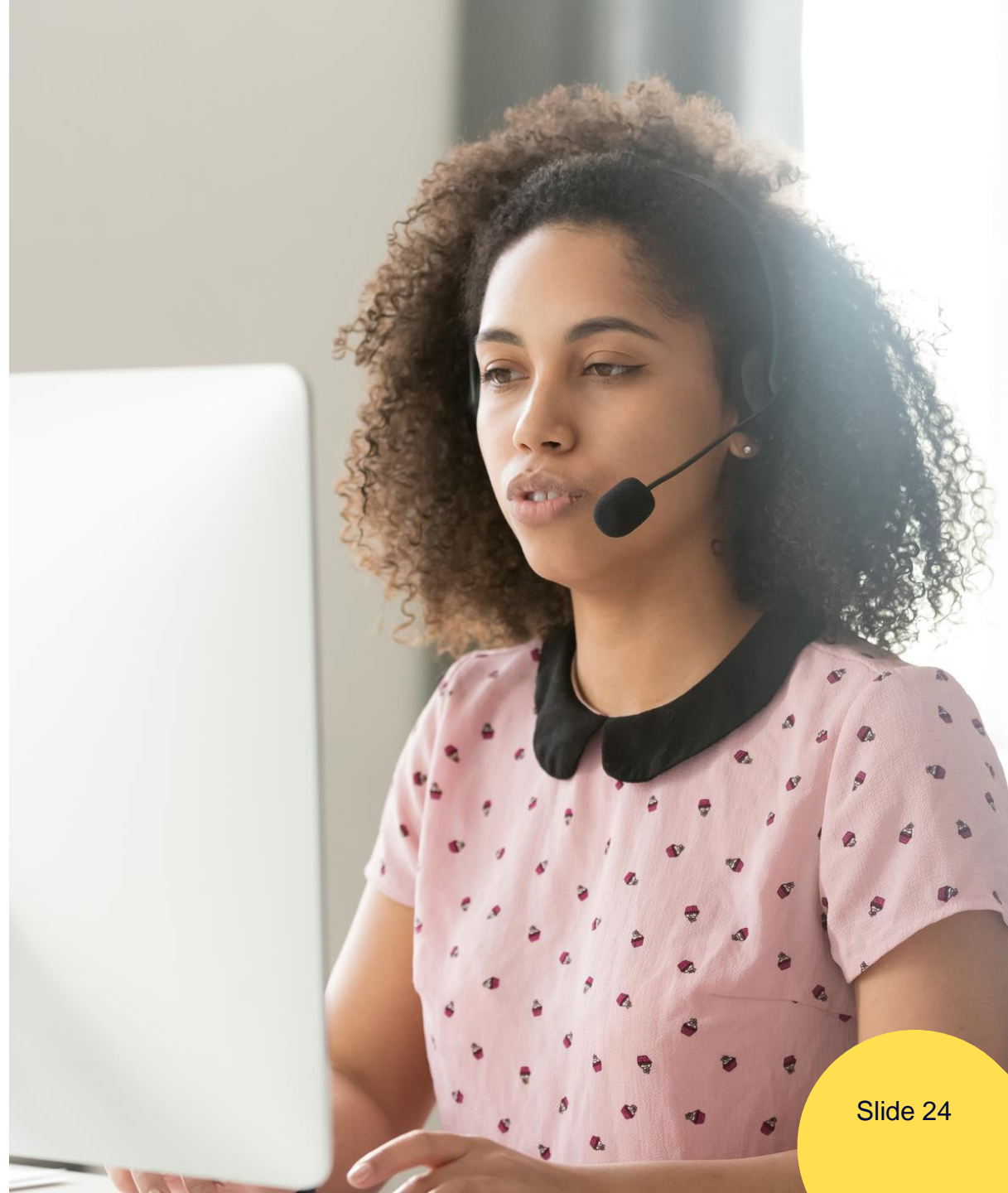
Small Business

Information for small businesses impacted by the coronavirus pandemic

Coronavirus (COVID-19)

Significant event hotline: 1800 337 444

AFCA may be able to offer support and information to individuals financially impacted by the coronavirus (COVID-19) pandemic





COVID-19 Refining our Systemic Issues program

- > In line with the regulator, AFCA is prioritising issues that represent:
 - Significant consumer harm
 - Serious breaches of law
 - Risks to market integrity
 - Time critical matters
 - Possible serious contraventions
- > If we find this conduct, AFCA will progress investigations, in particular possible serious contraventions or definite systemic issues
- > We are mindful that financial firms are shifting priorities as they mobilise their staff to front-line complaints handling and working from home. As a result, we understand that BAU PSI investigations will not be your focus
- > We will work with firms where possible if they require extended timeframes to respond or review a matter

Our Member Forums: Banking and Finance

Tuesday 26 May 2020 at 10.45am



Complaint stats

- > Trends in Banking and Finance complaints
- > Current initiatives

COVID-19

- > Challenges for Financial Firms
- > COVID-19 Complaints and themes

Super and Life insurance session

Thursday 28 May 2020 commencing 9.30am



Life Insurance

- > Trends in Life Insurance complaints

Superannuation

- > New Lead Ombudsman
- > Superannuation Statistics
- > Superannuation Update
- > COVID-19 – AFCA initiatives

Investment and Advice session

Thursday 28 May 2020 at 10.45am



Investment and Advice

- > Complaints
- > Top five issues – Investments and advice
- > Trends – SMSF financial advice complaints

COVID-19

- > Complaints for Investment and Advice
- > Complaint trends for Investment and Advice

Case studies

- > Retail/ wholesale clients
- > AFCA's fairness approach to financial firm's conduct with complainants in relation to CFD trading

General Insurance session

Thursday 28 May at 12 noon

Insurance performance year to date

COVID-19 complaints across AFCA

- > Travel insurance
- > Landlord tenant insurance
- > Business interruption

Approach to ride sharing disputes

Non – disclosure/misrepresentation

Cash Settlements/proximate cause



More information

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 Australian Financial Complaints Authority

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Thank you

