



2023-24
Annual Review

Towards an Australia free from financial disputes



Acknowledgement of Country

The Australian Financial Complaints Authority (AFCA) acknowledges the Traditional Custodians of this land, and we pay our respects to Elders past, present and future – for they hold the song lines, the stories, the traditions, the culture and the hopes of First Nations Australia.

This land is, was, and always will be traditional First Nations Country.

We also acknowledge and pay our respects to the Traditional Custodians of the lands on which we work, including the Wurundjeri, Boon Wurrung, Wathaurung, Daungwurrung and Dja Dja Wurrung peoples of the Kulin Nation and the Gadigal people of the Eora Nation.

You can read about our work with First Nations peoples on page 32.



About this Annual Review

This Annual Review of AFCA details our operations and performance between 1 July 2023 and 30 June 2024.

The Review outlines how we have met our strategic priorities, purpose and vision, and our challenges over the financial year.

Unless otherwise stated, complaints data in this Review relates to complaints AFCA received during the 2023-24 financial year.

The percentages presented have been rounded for clarity and, as a result, may not equal 100%.

The Review meets the reporting requirements for external dispute resolution (EDR) schemes set out in Australian Securities and Investments Commission (ASIC) Regulatory Guide 267 and in AFCA's Rules A.19 and A.20.

The information presented in each case study is for educational purposes only. The case studies have been edited for clarity and brevity, and certain details may have been modified or omitted to ensure confidentiality and protect the privacy of the individuals involved.

The 2023-24 AFCA Datacube shows complaints data about AFCA members and provides some of the information required under ASIC Regulatory Guide 267. Find out more at data.afca.org.au.

You can read this Annual Review online at afca.org.au/annualreview.

Published October 2024.

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Year at a glance

Complaints



104,861

complaints received.
Up 8% on 2022-23



104,203

complaints closed.
Up 21% on 2022-23



The average
time to close a
complaint was

74 days¹



29,236²

open cases.
Up 1% on 2022-23



\$313,903,256

in compensation was awarded to consumers through
AFCA's dispute resolution processes

Complaints received by product line³



60,076

Banking and finance



29,335

General insurance



7,325

Superannuation



3,559

Investments and advice



1,449

Life insurance

Not yet determined: **1,042**

Complaints closed by product line³



59,156

Banking and finance



28,684

General insurance



7,701

Superannuation



4,118

Investments and advice



1,411

Life insurance

¹ Average number of days the complaint was active.

² As at 30 June 2024.

³ Complaints may belong to more than one product type.



5,715

complaints about financial difficulty received



4,466

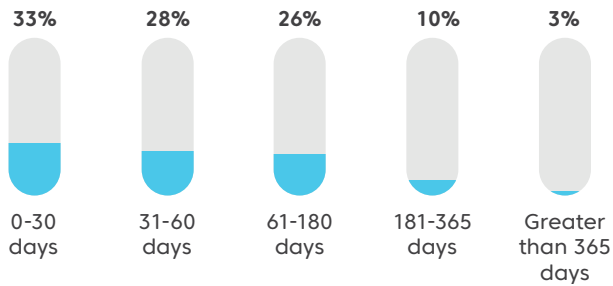
small business complaints received



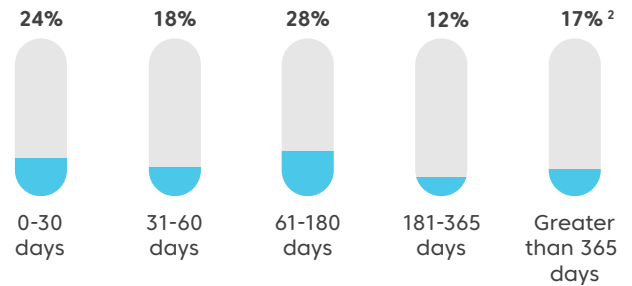
10,355

complaints excluded due to being outside AFCA's jurisdiction¹

Average time taken to close complaints



Open cases by age as at 30 June 2024



4,380

small business complaints closed



5,797

financial difficulty complaints closed

Complaints closed before determination

	Total
Total	99,853
Resolved by agreement or in favour of complainant ³	72%
Resolved in favour of financial firm	2%
Outside Rules/Terms of Reference	10%
Discontinued/withdrawn	15%

Determinations

	Total
Total	4,281
Found in favour of complainant	30%
Found in favour of financial firm	70%

¹ Includes 1,757 complaints found ineligible for the Compensation Scheme of Last Resort (CSLR) and 812 complaints excluded on merit under OTR A.8.3.

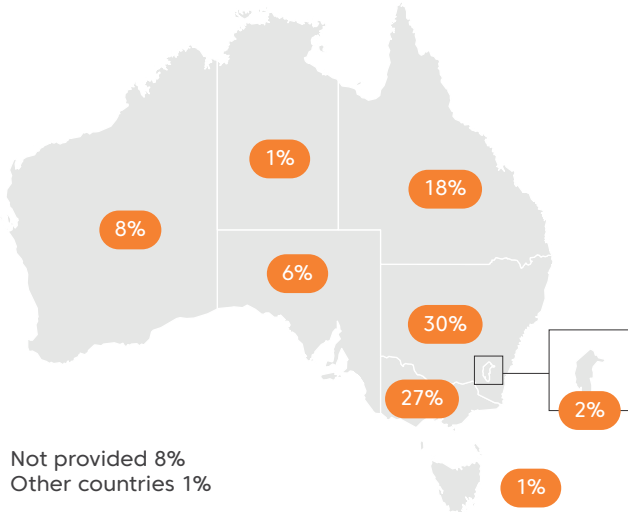
² Aged cases exclude paused complaints, complaints relating to test cases, batched complaints and cases subject to external litigation. 57% of cases over 365 days relate to the CSLR.

³ This includes complaints resolved through Conciliation, Negotiation, Preliminary Assessment, or resolved by the financial firm.

Year at a glance (continued)

Complainants

Complaints received by state and territory



Top 10 languages (other than English) in which interpreters were requested

Language
Mandarin
Korean
Arabic
Cantonese
Vietnamese
Spanish
Persian (Farsi)
Hindi
Punjabi
Taiwanese

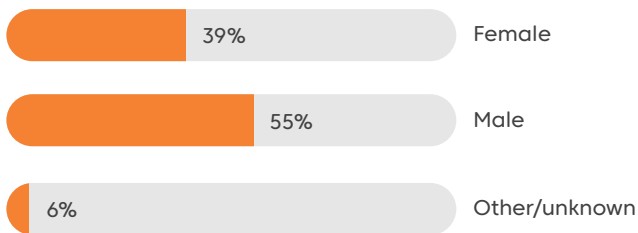


3,158 complainants identified as First Nations peoples



2% of complainants required an interpreter service

Gender of complainants



84% of complainants were self-represented



16% of complainants had a representative

Members

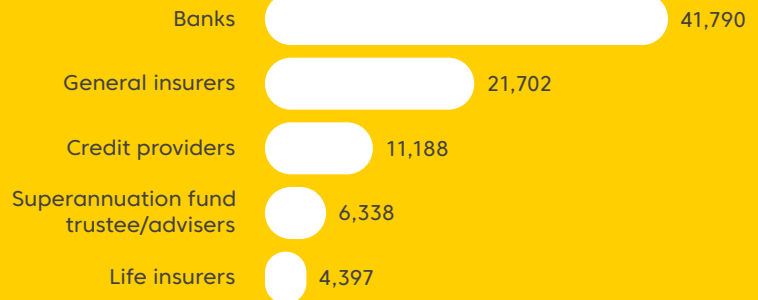


47,575
members



83% of members did not have a complaint lodged against them

Top five member types with the most complaints



Customer service



200,917 calls to our phone lines



Average wait time for calls

173 seconds

Calls to our phone lines

Consumer and small business 138,339

Membership 20,710

Significant event hotline 13,457



Our service was provided in **78** languages other than English



76% of complaints were lodged online



28,411 online live chats

Systemic issues



Identification and investigation of systemic issues resulted in financial remediation of **\$44,706,897** to **159,051** consumers.



1,574 potential systemic issues identified



225 systemic issue investigations referred to financial firms



97 systemic issues reported to regulators



77 systemic issues resolved with financial firms



137 serious contraventions of the law and other breaches¹



9 possible serious contraventions of the law reported to regulators

¹ Reported under section 1052E(1)-(3) of the *Corporations Act 2001* (Cth)

“From my first phone call, I found the people with whom I spoke very helpful, keen for detail and to have strong credibility. I could NOT have asked for any better.”

- Feedback from a consumer





Board Chair message

This has been a year of significant achievement and change at AFCA with the delivery of three major corporate projects, and the handling of record complaint numbers – all whilst responding to a dynamic regulatory and legislative landscape.

Our IT transformation

On 17 June 2024, our IT transformation, Project Fusion, was delivered. We launched three new, integrated IT systems – a case management system (CMS), an enhanced member portal and a consumer portal.

These new systems replaced the legacy systems we had been using since AFCA's establishment and deliver a significantly improved experience for member firms, consumers and our people.

The introduction of targeted automation is reducing the manual work required of firms, complainants and our people and giving them a greater degree of autonomy and visibility. Firms and complainants can now upload and access documents, view where they are in the process and access timeframes and due dates.

It's been a long journey to arrive at this point, as we worked with consumers and members to understand their needs and ensure the solution was fit-for-purpose. It was a challenge to design a system flexible enough to meet varying needs, from an individual user up to a large corporation.

Like any large-scale change it has not been without challenges. But consumers and members are already telling us that they are starting to see the tremendous benefits of these new and innovative ways of working with us.

This new technology allows for continuous improvement – not just through ongoing system enhancements but through new ways of working to improve the customer experience.

Independent Review

Our three-year program to implement the recommendations of the Treasury-led Independent Review of AFCA is now all but complete. By the end of 2023-24 we had addressed 11 of the 13 recommendations in the final report, with the remaining two on schedule for completion by the end of calendar year 2024.

A notable achievement in the past year was the publication of our updated Rules and Operational Guidelines, which apply to all complaints lodged from 1 July 2024.

Approved by the Australian Securities and Investments Commission (ASIC), these revised rules and guidelines are designed to enhance transparency and efficiency in our operations. The improvements include better management of unreasonable conduct, clearer guidance on excluded complaints, and enhanced transparency in our decision-making processes.

The changes reflect our commitment not only to implementing the Review's recommendations but also to continuous improvement. It was gratifying to receive the results of an Independent Decision Review we sought from Federal Court Judge, Julie Dodds-Streeton KC, and barrister, Ahmed Terzic, which assessed a randomly selected sample of complaint case files.

The reviewers were 'impressed with the overall quality and standard of decision writing, AFCA's ability to deliver fair process and outcomes' and our overall service delivery to the parties, including people living in vulnerable circumstances.

Compensation Scheme of Last Resort

We were pleased to see the CSLR start work in April 2024. At the Federal Government's request, AFCA assisted with practical steps to get this up and running, though it now stands on its own feet as a separate, independent organisation. The CSLR is an important consumer protection and supports trust and confidence in the financial services sector.

First Nations Reconciliation

We are deeply committed to advancing Reconciliation and addressing the needs of First Nations peoples. This resolve is reflected in our Reflect Reconciliation Action Plan (RAP) and in our ongoing work to provide culturally respectful and accessible services. Our goal is to ensure that First Nations voices are heard and that First Nations peoples concerns are addressed effectively within our complaint resolution processes.

We expanded our community outreach in 2023-24, with a highlight being the AFCA Board holding on of its regular meetings in Cairns. This visit was a valuable opportunity for Board members to hear first-hand the challenges faced by Aboriginal and Torres Strait Islander peoples as well as non-Indigenous communities in far north Queensland. We learnt about the consumer detriment caused by issues such as insurance claim delays, mis-selling, aggressive debt collection, poor product design, scams and unethical practices.

The visit brought together over 20 consumer advocates from organisations such as Tenants Queensland, Good Shepherd, The Salvation Army, Cairns Community Legal Centre, First Nations Foundation, Shelter Housing Action Cairns, and the Indigenous Consumer Assistance Network (ICAN). I thank them all for their time, and their generosity in sharing their experience and stories. Their insights have contributed to our approach to providing culturally safe and effective services.

As we continue AFCA's Reconciliation journey, our goal is to contribute to a fairer financial services system for all.

Record complaints volume

In his Chief Executive Officer and Chief Ombudsman message, David Locke sets out the extraordinary volume of complaints that AFCA has handled this year and some of the main drivers. It has been important to engage with the major financial institutions throughout the year, to explore how AFCA can work in partnership with them to mitigate the issues that give rise to these complaints. I am confident that much more can be done in the next three years towards this aim.

Looking ahead and thank you

As we look to the future, our focus remains firmly on our mission to deliver fair, efficient and effective dispute resolution.

I want to thank the staff at AFCA, for all their hard work, their commitment to customer service and the positive workplace culture they have maintained. It was wonderful to see the AFCA culture recognised in multiple workplace awards this year, including in the 2024 Australian Financial Review BOSS Best Places to Work.

I extend my gratitude to our CEO David Locke for his outstanding leadership. David was also a deserving winner of awards this year, including CEO Diversity Equity & Inclusion Champion at the Australian HR Institute Awards.

Lastly, thank you to the members of the AFCA Board for their invaluable guidance and support. It was a year in which we farewelled some of the founding directors who played a critical role in the establishment of AFCA.

I want to thank Jennifer Darbyshire, Andrew Fairley, Carmel Franklin and Claire Mackay for their outstanding contributions. In August, we also farewelled Gerard Brody who joined our Board in May 2023. We wish Gerard all the best in his new role as Chairperson of the Essential Services Commission.

In turn, we welcomed new directors, Raylene Bellottie, Swati Dave, Yien Hong and Dr Heron Loban, who bring a diverse range of experiences and skills to the table.

This year has been the final year of AFCA's current three-year Strategic Plan. During this time, it has firmly established itself as a world-class Ombudsman service with a record of delivery. AFCA now has the systems, processes and people to be able to embark on the next stage of its development, where the focus will be firmly on how it can continue to improve its services to all.



Professor John Pollaers OAM
Chair of the AFCA Board

A man with a grey beard and a dark hat is leaning on a wooden fence. He is wearing a blue and green plaid shirt over a grey t-shirt. The background shows a farm with green fields, a large building, and a cloudy sky.

“I felt I was really listened to by my case manager, and he explained everything with diplomacy and respect. He also ensured that I understood how the process works.

- Feedback from a consumer



Chief Executive Officer and Chief Ombudsman message

The 2023-24 year has been a period of change and growth for AFCA, with complaints rising above 100,000 for the first time, with scams, financial hardship and general insurance complaints handling being significant drivers.

Scams

One of the most concerning trends this year has been a dramatic increase in scam-related complaints, reaching nearly 11,000.

In 2023, Australian consumers lost a staggering \$2.7 billion to scams, according to the Targeting Scams report by the National Anti-Scam Centre (NASC). That was down from \$3.1 billion in value the previous year, but the volume of scam reports was up 19% to 601,000.

AFCA itself saw a surge in scam-related complaints in 2023-24, with a rise of 81%.

We have welcomed the work of the NASC, Australian Competition and Consumer Commission (ACCC), ASIC, Australian Communications and Media Authority (ACMA) and industry initiatives to address this, including the Banking Accord.

We welcome the Government's announced Scams Prevention Framework and look forward to its passage through Parliament. AFCA is well placed to deliver external dispute resolution (EDR) services across the Banking, Telecommunications and Digital Platform sectors, if the Government and Parliament endorse that approach.

We continue to work with Government, industry and others to find ways to identify, disrupt and report this insidious criminal activity, which causes so much human misery.

Financial hardship

Another significant issue of concern this year has been the rise in complaints related to financial hardship.

ASIC's recent review, *Hardship, hard to get help – Lenders fall short in financial hardship support*, identified significant challenges in accessing financial assistance and revealed that a third of hardship applicants faced so many obstacles that they abandoned their applications.

This mirrors trends in AFCA's own complaints data, which shows insufficient support by industry for many individuals in financial difficulty. Complaints in this area were up 18% over the past year, with a substantial portion relating to home loans.

Many complaints were about failures by lenders to properly respond to, or adequately address, hardship requests. This was more pronounced among smaller lenders and buy now pay later (BNPL) providers, though there were also issues among larger lenders where, for instance, automated processes can fail to account for individual circumstances.

We also observed troubling practices such as issuing default notices to consumers who had reached new repayment arrangements.

We welcome the steps some lenders have taken, such as investing in specialist hardship teams and improving processes, but the increased number of complaints suggests further work is needed.

General insurance complaints handling

AFCA has been actively engaging the Insurance Council of Australia (ICA) and individual insurers to address the factors driving the high volumes of general insurance complaints. A few insurers have made progress, but for many we have yet to see significant momentum towards sustained improvements.

One significant observation is the causal link between delays in claim handling following natural disasters and the conclusion that there are capacity or resourcing issues at play.

Motor vehicle complaints remain a primary driver of complaint volumes, with delays in claim handling cited as the number one issue. Insurers have the power to improve resolution rates in this area, which is also an obligation under the reforms to claim handling and settling services that came into effect on 1 January 2022.

Over the past two years, consumers have faced a record level of premium growth in both car and home insurance. Despite this, we remain disappointed with the lack of action regarding appropriate resourcing, product design and the adoption of a resolution mindset.

Wider engagement

Meaningful interactions with industry, community, government, regulators and global partners in the past year allowed us to tap into critical insights from others and make our own contributions to important discussions and consultations.

Our contributions addressed initiatives for tackling the harm from scams, regulatory reform for BNPL services, proposed amendments to the Banking Code of Practice, and insurers' responses to the 2022 major floods claims, among other topics.

We accepted invitations to appear before Senate Estimates (AFCA is not a Federal Government agency, so was not required to attend) and a number of other Parliamentary committees.

Globally, we engaged with delegates from the Monetary Authority of Singapore, the Indonesian Banking Development Institute, the Financial Services Authority of Indonesia, dispute resolution experts from China, the Financial Ombudsman Service in the UK, and the Financial Industry Disputes Resolution Centre in Singapore.

Thank you

I wish to extend my sincere gratitude to AFCA's Chair and Board for their steadfast support and diligent governance. Their dedication ensures we remain focused on our mission to serve the Australian community with integrity and accountability. I congratulate AFCA's Chair, Professor John Pollaers OAM, on his reappointment as Independent Chair for a second term and greatly look forward to continuing to work with him and the Board on the next stage of AFCA's development.

To AFCA's exceptional staff: your unwavering commitment to fairness and justice is the bedrock of our service. In what was a challenging year, with record complaints meaning an increased workload, you showed resilience and dedication in ensuring complainants and firms received the best service possible. You have focused your efforts on fairness, helpfulness and kindness and I am profoundly thankful.

As we embark on our work in 2024-25, I am invigorated by the professionalism and passion that characterise the AFCA team and Board. Together, we remain resolute in our mission, prepared to meet challenges head on and continue our essential work.



David Locke

Chief Executive Officer and Chief Ombudsman

Organisational overview



About AFCA

AFCA's purpose is to provide fair, independent and effective solutions for financial disputes.

We are Australia's financial industry ombudsman. Our service is offered as an alternative to tribunals and courts. It is a one-stop shop for consumers and small businesses to resolve disputes over issues such as banking, credit, general insurance, financial advice, investments, life insurance and superannuation.

Our role is to assist consumers and small businesses to reach agreements with financial firms about how to resolve their complaints. We are impartial and independent. We do not act for either party or advocate for their position.

Structured as a not-for-profit and non-government organisation, AFCA is a company limited by guarantee and governed by an independent Board of Directors. The Board of Directors consists of an independent Chair, and an equal number of Directors with consumer and industry expertise.

“Your staff from the start were understanding, supportive and very informative of the process. They listened and acted so efficiently. We were both very grateful.”

- Feedback from a consumer

Our strategy

Purpose

To provide fair, independent and effective solutions for financial disputes.

Vision

To be a world-class ombudsman service:

- improving practices and minimising disputes
- meeting diverse community needs
- trusted by all.

Strategy statement

Working with consumers, small business and industry we will resolve and reduce financial disputes through innovative solutions, education and communication. We will deliver services to the Australian community that are easy to use, free for complainants, efficient, timely and impartial.

Goals

Australian community and government

A fair, ethical and trusted service that influences reform in the financial services sector.

Consumers and small business

An excellent customer experience that meets diverse needs and delivers fair outcomes.

Members

A valued member experience that helps members improve internal practices to avoid or resolve disputes.

Our people

Highly skilled and engaged people with the tools they need to deliver high-quality outcomes.

Values

- Fair and independent
- Transparent and accountable
- Honest and respectful
- Proactive and customer-focused

What our values mean

Fair and independent

- We make fair, balanced and considered decisions.
- We are evidence-based.
- Impartiality underpins all our work.
- We ensure all parties are properly heard.

Transparent and accountable

- We do what we say and what is right.
- We are clear and transparent.
- We explain the reasons for our actions.
- We are timely, efficient and flexible.
- We are trusted and supported to do our jobs and take responsibility for what we do.

Honest and respectful

- People are at the heart of everything we do.
- We respectfully listen to all views.
- We show integrity in all our dealings.
- We are professional and treat everyone with dignity.

Proactive and customer-focused

- We are outward-facing and proactive.
- We use data and experience to influence, inform and look ahead.
- We help businesses to improve their customer service and minimise disputes.
- Our services are accessible to all.
- We actively engage with diverse audiences, including those who may need extra help.

Our strategic focus

Our strategy provides the guiding framework for all our operations, programs and initiatives. It clarifies our purpose and describes our vision of becoming a world-class ombudsman service, improving practices and minimising disputes, meeting diverse community needs and trusted by all.

In line with our purpose, we have designed five strategic themes to help us focus on what matters most and ensure we successfully deliver on our strategy.

AFCA's five strategic themes



Customer service



Efficiency



External engagement



Data and technology



People experience

Delivering on our strategy

This past year saw the successful completion of our three-year strategic plan, which concluded on 30 June 2024.

As we conclude this chapter of our strategic plan, there is clear recognition of the significant achievements made across all five strategic themes. The strategy has strengthened our organisation, making us more resilient and prepared for the future.

Customer service

Our goal has been to make interactions with AFCA as seamless as possible, ensuring fair outcomes for both consumers and small businesses.

The significantly increased volumes of complaints received by AFCA have impacted timeliness, but we have still managed to resolve record levels of complaints and work with members to address the root causes of these.

- Achieved a 72% overall customer satisfaction rate, a 3% increase from last year, attributed to faster resolutions and streamlined processes.
- Maintained a strong 81% member satisfaction rate, consistent with the previous year.
- Facilitated 1,786 interpreter service requests – a 30% increase from last year – providing support in 78 languages to ensure accessibility for diverse communities.

Efficiency

Despite record-high complaint volumes our focus remained on delivering a positive experience for both customers and members by improving resolution times, maintaining quality and removing unnecessary barriers.

- Implemented targeted strategies that significantly reduced the number of complaints older than 365 days, ensuring quicker resolutions for consumers.
- Completed a detailed assessment of our funding model one year after its launch, confirming it is fit-for-purpose, promotes fairness and supports long-term sustainability.

External engagement

We have continued to build our relationships with key stakeholders—consumers, members, industry bodies, regulators and government.

- Increased overall awareness¹ of AFCA to 36%, marking an 11% rise since 2020 (25% in 2020).
- Conducted the inaugural AFCA stakeholder engagement survey which found overall satisfaction with AFCA's engagement was 76%.
- Developed new consultation methods as part of our Independent Review Program, received ASIC approval for significant changes to AFCA's Rules and Operational Guidelines effective from 1 July 2024, and clarified AFCA's role in systemic issues with new tools and resources for stakeholders.

Data and technology

This year, we completed major upgrades to our IT infrastructure and data analytics capabilities to significantly improve AFCA's services to consumers and members and deliver efficiencies in our processes.

These enhancements have enabled us to leverage data more effectively, resulting in improved decision-making, enhanced customer experiences, and increased innovation. Our focus on cyber security has also fortified our technological foundation, ensuring robust protection.

- Successfully rolled out our IT transformation project, including a new case management system, a member portal, and for the very first time a consumer portal.
- Improved data and reporting processes through our systemic issues transformation initiative, leading to better identification and investigation of systemic issues.
- Upgraded our IT security to even better safeguard our data, systems, networks and digital assets from cyber threats.

¹ In 2020, AFCA research revealed 25% of consumers were aware of our role. In July 2023, we conducted similar research and found total awareness of AFCA's role increased from 25% to 34%. In June 2024, we again conducted research, with total awareness rising to 36%.

People experience

Our people are crucial to achieving our organisational goals, and AFCA's success depends upon the attraction and retention of skilled and highly engaged people.

We have continued to focus on initiatives that support this, including professional development, flexible working arrangements and an unwavering commitment to diversity and inclusion. These efforts have led to increased employee engagement, reduced turnover and a workforce closely aligned with our values and goals.

- Achieved our highest-ever employee engagement score of 87%.
- Expanded our wellbeing programs to include enhanced mental health resources, flexible working options, and additional wellness initiatives.
- Continued to invest in training and development to help staff build skills, advance their careers, and stay current with industry trends.
- Launched initiatives to promote inclusivity, such as tailored training programs, support networks, and Employee Resource Groups (ERGs).

AFCA and our people received several awards this year:

- **Australian Financial Review (AFR) Best Places to Work:** Recognised as the best place to work across the government, education, not-for-profit and utilities sectors; highlighting our exceptional workplace culture and employee satisfaction.
- **Australian Workplace Equality Index (AWEI):** Achieved Bronze Tier status, scoring above the benchmark in all categories of this national standard for LGBTQ+ inclusion; reflecting our commitment to a supportive and inclusive environment.
- **Australian HR Awards 2023:** Awarded Employer of Choice (Public Sector & NFP sector); recognising our dedication to fostering an outstanding workplace.
- **CEO Achievements:** David Locke was honoured as the CEO Diversity Equity & Inclusion Champion and named CEO of the Year at the 2024 Australian LGBTQ+ Inclusion Awards; acknowledging his leadership in advancing LGBTQ+ inclusion.
- **2024 Australian HR Institute (AHRI) Awards:** Nominated for the Most Inclusive Workplace award; showcasing our commitment to creating a valued and supported environment for every employee.

Our members

About AFCA membership

AFCA members consist of Australian Financial Services (AFS) licensees, Australian credit licensees, authorised credit representatives (ACRs) and superannuation trustees required, under their licence conditions, to be a member of AFCA. Other firms join voluntarily as part of a commitment to accountability in their dispute resolution.

Our members include banks, insurers, credit providers, stockbrokers, financial advisers, debt collection agencies, superannuation trustees, mortgage or finance brokers and accountants. Most members are small and medium enterprises.

AFCA receives complaints about members' products and services from consumers and small businesses.

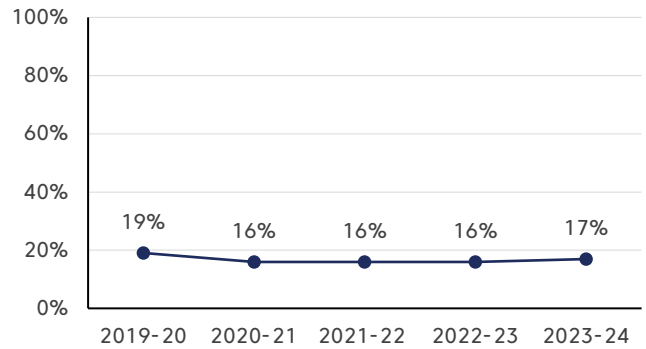
Pleasingly, most of these complaints are resolved early on between the member and the consumer or small business. However, where a complaint cannot be resolved, AFCA steps in and helps the parties to work together to resolve financial complaints efficiently and fairly.

At AFCA, we want to reduce complaints and positively influence industry to reduce the need for complaints to be lodged. AFCA keeps our members up to date with the latest information they need to reduce and manage complaints. This year we have engaged our members through regular Member News and Bulletins, forums, webinars and our website.

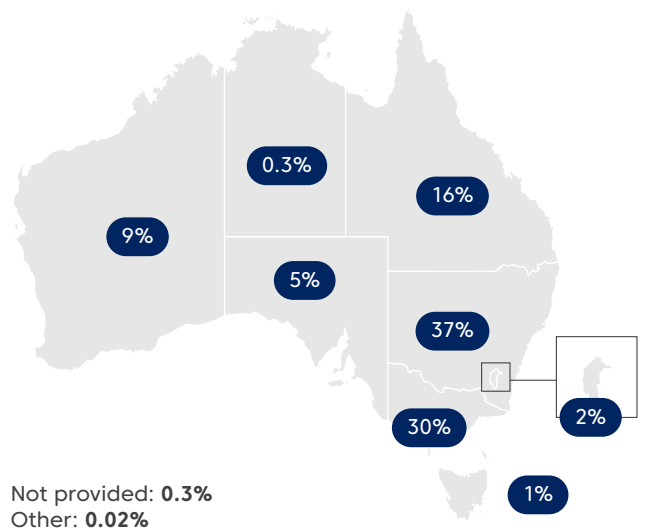
At year's end, AFCA had 47,575 members.

- 78% were ACRs (also known as brokers)
- 22% were financial firms
- 17% of members had complaints made against them in 2023-24, up 1% on last year.

Percentage of financial firms that had a complaint about them



Percentage of members by state and territory



	2019-20	2020-21	2021-22	2022-23	2023-24
Number of members at 30 June	40,493	40,760	42,488	44,958	47,575
Percentage of members who were ACRs	74%	74%	75%	77%	78%
Percentage of members who were financial service providers (FSPs)	26%	26%	25%	23%	22%

Member types with the most complaints (top five)

2019-20	2020-21	2021-22	2022-23	2023-24
Bank (28,411)	Bank (26,281)	Bank (28,339)	Bank (36,688)	Bank (41,790)
General insurer (15,748)	General insurer (13,896)	General insurer (15,487)	General insurer (22,113)	General insurer (21,702)
Credit provider (9,857)	Credit provider (8,216)	Credit provider (7,811)	Credit provider (9,837)	Credit provider (11,188)
Superannuation fund trustee/ adviser (4,734)	Superannuation fund trustee/ adviser (3,643)	Superannuation fund trustee/ adviser (3,765)	Superannuation fund trustee/ adviser (5,680)	Superannuation fund trustee / adviser (6,338)
Debt collector or buyer (2,607)	Underwriting agency (2,115)	Life insurer (1,962)	Underwriting agency (3,567)	Underwriting agency (4,397)

“We really appreciate all of your work, effort and detailed communication in assisting us to resolve this issue. It has not been a nice process for us at all and one that we didn’t expect to have to engage in at all, however hopefully we can move forward now.”

- Feedback from a member

Member fees and charges

AFCA has experienced a significant rise in complaints. In contrast, our complaint fees and charges have not increased at the same rate, placing considerable pressure on our service.

To continue operating efficiently and meet our obligations to both consumers and members, we needed to increase our resources. These additional costs were initially absorbed by AFCA to minimise the impact on members, as we anticipated a return to historical complaint levels. However, with the sustained growth in complaints and rising business costs, AFCA can no longer absorb these operational expenses.

As a result, the AFCA Board approved a 27.7% increase in member fees and charges, effective from 1 July 2024. This increase is weighted towards individual complaint and systemic issues fees, ensuring that those who use our services more frequently contribute proportionally.

Ultimately, members have the ability to manage the costs of external dispute resolution by reducing the volume of complaints reaching AFCA. This can be achieved by strengthening their internal dispute resolution processes and resolving complaints earlier in AFCA's process, where fees are lower.

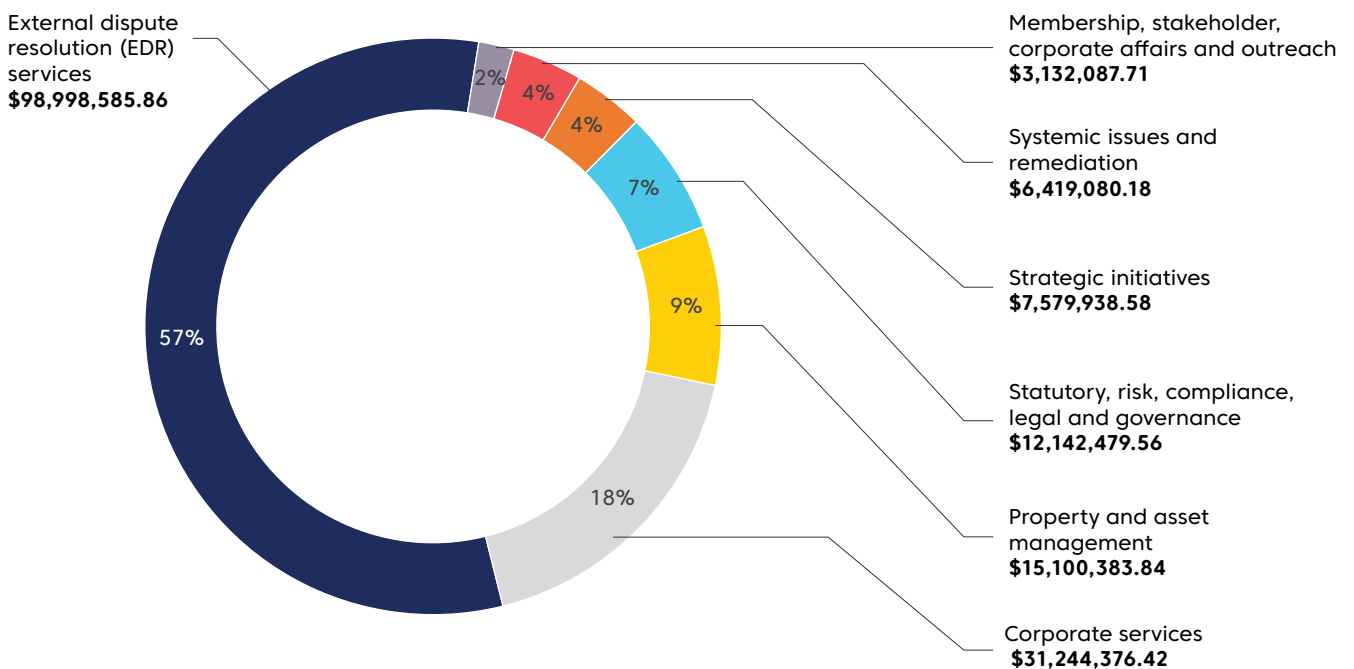
All financial firm members pay one annual registration fee. In 2023-24 this fee was \$375.55.

Members do not pay extra fees for their first five complaints closed in a financial year. This allows time to identify and address issues before paying more. It is particularly helpful for smaller members who are more affected by costs.

In 2023-24, 96% of members only paid the annual registration fee and did not receive any other fees or charges.

Use of members' funds

The following chart shows how we used our funds in 2023-24.



Response to Treasury's Independent Review of AFCA

In 2021, AFCA was pleased to take part in the Independent Review of its functions and performance.

The Independent Review recommendations – and the areas for improvement identified in the report – provided AFCA with the opportunity to not only progress important existing work but to also commence additional projects that would support our goals.

With the project now coming to an end, all recommendations will be finalised by the end of 2024.

We are delighted with the outcomes of this project.

Key achievements

- Published new versions of AFCA's Rules and Operational Guidelines on 1 July 2024, marking one of the most significant updates in our history.
- Developed a new consultation format to ensure we receive comprehensive and actionable feedback.
- Created enhanced guidance for managing additional issues that arise during a complaint.
- Adjusted AFCA's compensation caps and monetary limits in line with Consumer Price Index and wage indexation.
- Reviewed and confirmed the introduction of a new funding model.
- Implemented a new case management system that offers improved visibility into timeframes at various stages of a case.
- Updated the AFCA website to provide clearer information on the expected duration of cases at different stages of the process.
- Commissioned a report to review 30 cases that proceeded to determination, which confirmed AFCA's procedures ensure fairness and uphold impartiality in all circumstances.

New Approaches and consultation process

In January 2024, AFCA released its final Lending to Small Business Approach document (formerly known as Appropriate Lending to Small Business), accompanied by a consultation feedback report detailing our responses to formal submissions and stakeholder input.

We published all non-confidential submissions in November 2023. Additionally, we unveiled the final Responsible Lending Approach document in December 2023.

The Approaches were developed in response to stakeholder requests for clearer guidance on AFCA's practices and to ensure consistent outcomes in these complex areas.

To ensure they effectively address stakeholder needs and do not lead to unintended consequences, we plan to review both Approaches in 2024.

New member resources on systemic issues

AFCA introduced new tools and resources to help members manage and address systemic issues more effectively. Available on the AFCA member resources webpage, these include insights into AFCA's process for identifying, reporting and resolving systemic issues.

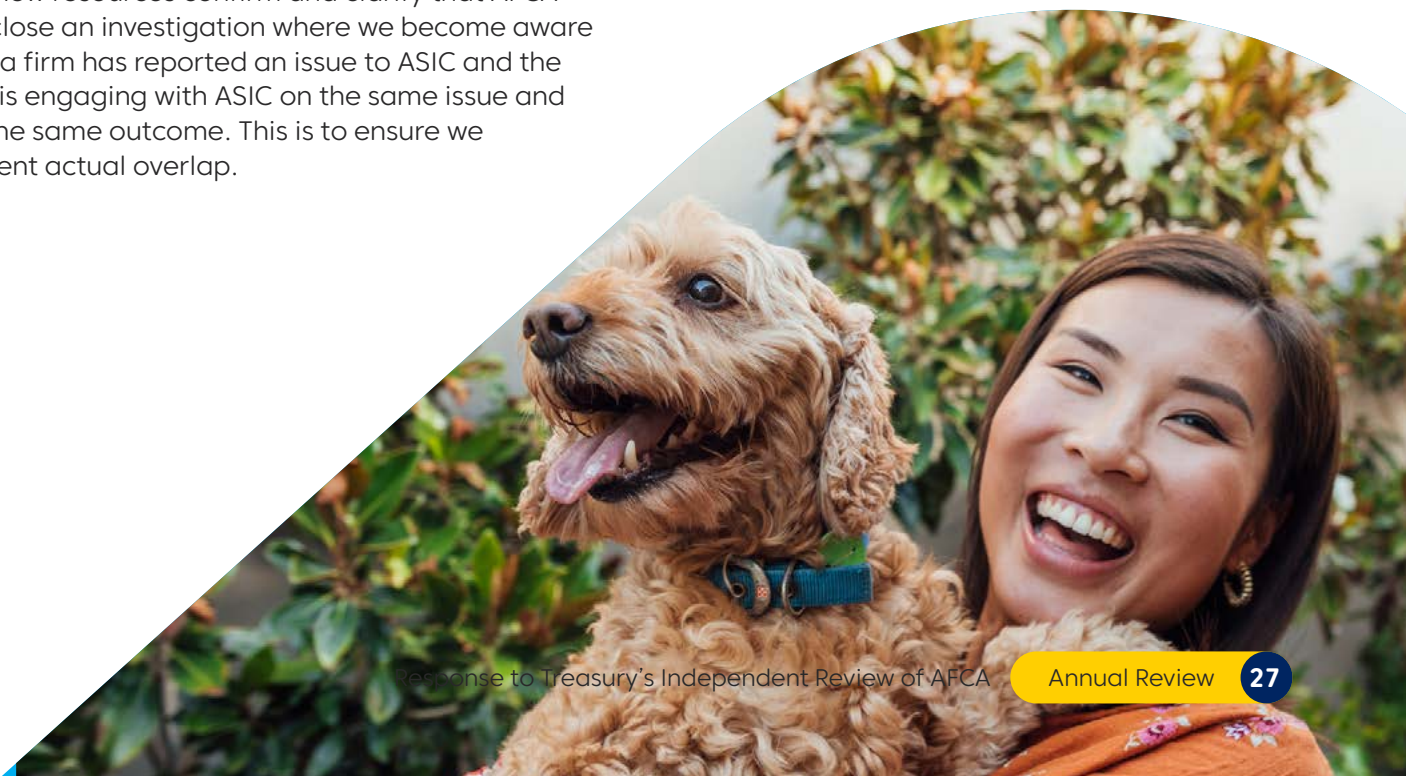
The resources, along with AFCA's Systemic Issues Insights Reports, form a central hub for learning about our approach and response to systemic issues.

They were developed in response to stakeholder feedback and Recommendations 12 and 13 of the Independent Review.

The Independent Review Recommendations came about due to feedback from stakeholders who were concerned about a perceived overlap in role between AFCA and ASIC in an external environment where new breach reporting obligations are expected of financial firms.

Firms were concerned that there was a duplication in work by reporting to ASIC and working with AFCA on systemic issues.

The new resources confirm and clarify that AFCA will close an investigation where we become aware that a firm has reported an issue to ASIC and the firm is engaging with ASIC on the same issue and for the same outcome. This is to ensure we prevent actual overlap.



Compensation Scheme of Last Resort

The Australian Parliament passed legislation in June 2023 to establish the Compensation Scheme of Last Resort (CSLR) for commencement on 2 April 2024.

The CSLR is an important piece of the consumer protection framework in Australia. It was recommended by the Ramsay Review¹ to 'promote trust and confidence in the external dispute resolution (EDR) framework and the financial services sector more broadly' and was supported by the Financial Services Royal Commission.²

The scheme is funded by industry. Maximum individual compensation claims of \$150,000 are available for eligible AFCA determinations of financial misconduct relating to personal financial advice, credit intermediation, securities dealing or credit provision.

At the Federal Government's request, AFCA set up the scheme. This included ensuring the CSLR had the processes, systems, people and funding to receive and process claims for compensation.

The CSLR is now fully operational and a separate, independent organisation with its own CEO, Board and staff.

AFCA paused complaints processed

While establishing the CSLR, AFCA also addressed a backlog of approximately 5,000 complaints that had been on hold pending CSLR legislation. This effort involved updating AFCA's processes and case management systems to integrate the CSLR framework.

Recognising the need to provide timely resolutions, we increased staffing numbers and appointed a Senior CSLR Ombudsman to expedite case investigations.

¹ Full report available on the Treasury website: Review of the financial system EDR and complaints framework (treasury.gov.au/sites/default/files/2019-03/R2016-002_EDR-Review-Final-report.pdf)

² More information available on the Royal Commissions website: Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (royalcommission.gov.au/banking)

Complaints



Who complained to AFCA in 2023-24?

AFCA is a free service for consumers and small businesses. We aim to provide an excellent customer experience that meets diverse needs and delivers fair and timely outcomes.

Complaints by state and territory

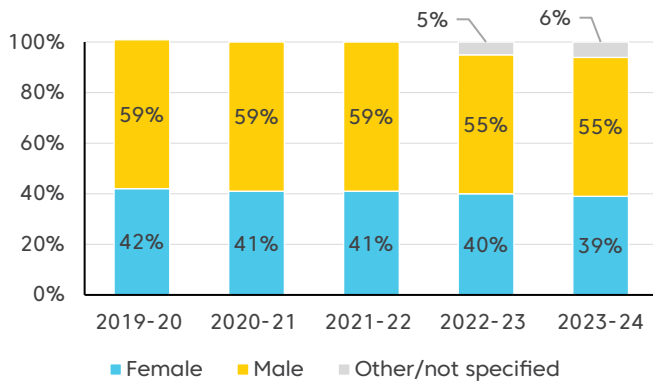
	2019-20	2020-21	2021-22	2022-23	2023-24
New South Wales	30%	30%	30%	31%	30%
Victoria	27%	28%	28%	27%	27%
Queensland	18%	18%	18%	18%	18%
Western Australia	10%	9%	8%	8%	8%
South Australia	5%	5%	6%	6%	6%
ACT	2%	2%	2%	2%	2%
Tasmania	1%	1%	1%	1%	1%
Northern Territory	1%	1%	1%	1%	1%
Not provided	7%	8%	7%	7%	8%
Other countries	1%	1%	1%	1%	1%

Age of complainants¹

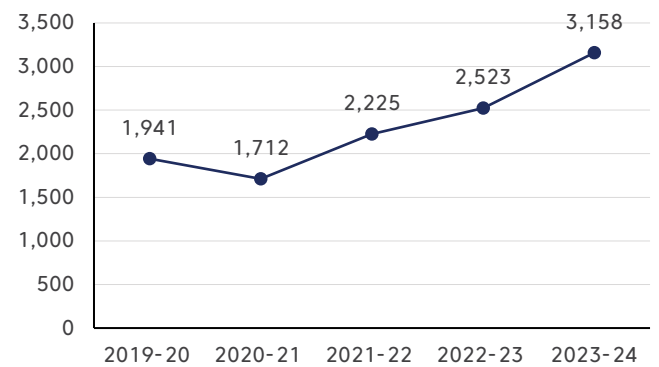
	2019-20	2020-21	2021-22	2022-23	2023-24
0-17	1%	1%	1%	1%	1%
18-24	1%	2%	2%	2%	3%
25-29	5%	5%	6%	5%	6%
30-39	21%	22%	22%	21%	20%
40-59	44%	43%	44%	42%	40%
60+	24%	23%	21%	24%	21%
Not provided	12%	13%	12%	12%	13%

¹ Age of complainants does not represent all complaints as AFCA does not require complainants to provide a date of birth and some complaints are submitted by small businesses.

Gender of complainants



Complainants self-identified as First Nations peoples



Top 10 languages (other than English) in which interpreters were requested

	2019-20	2020-21	2021-22	2022-23	2023-24
Mandarin	283	269	258	447	654
Korean	24	23	19	44	153
Arabic	99	76	73	124	123
Cantonese	44	45	63	56	102
Vietnamese	62	42	42	55	71
Spanish	25	17	16	30	61
Persian (Farsi)	57	38	38	38	56
Hindi	32	13	19	38	51
Punjabi	18	19	23	30	33
Taiwanese	26	27	55	165	28

AFCA engagement with First Nations peoples

Uluru Statement from the Heart

AFCA accepts the invitation of the Uluru Statement from the Heart.

The Uluru Statement is a gift, an invitation for all Australians to walk alongside Aboriginal and Torres Strait Islander peoples toward a better future. It calls for recognition of the sovereignty of Aboriginal and Torres Strait Islander peoples and the opportunity for their voices to be heard.

We are steadfast in our support for substantive constitutional change, to drive a fair and truthful relationship between our first sovereign Nations and the people of Australia.

We make this commitment through our Reconciliation Action Plan (RAP) and encourage our people and our community to do the same, based on the principles of Voice, Treaty and Truth.

Reflect Reconciliation Action Plan (RAP)

As a national ombudsman scheme serving communities across Australia, AFCA aims to deliver its services to First Nations peoples in a culturally informed, respectful and accessible manner. We are committed to transforming our operations to better serve First Nations customers and address their diverse needs effectively.

AFCA's Reflect RAP was finalised in 2024 and outlined the initial steps for engaging with First Nations stakeholders, exploring AFCA's sphere of influence and refining the organisation's Reconciliation vision.

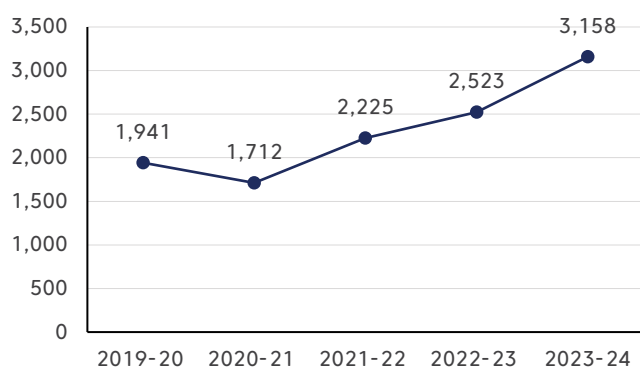
As AFCA's Reconciliation journey continues, we are committed to tailoring our service delivery to provide cultural safety for our people and our customers and use our influence to advocate for a fairer financial services system.

AFCA is now forming a new Reconciliation Network to draft the Innovate RAP – AFCA's strategic plan for the next two to three years.

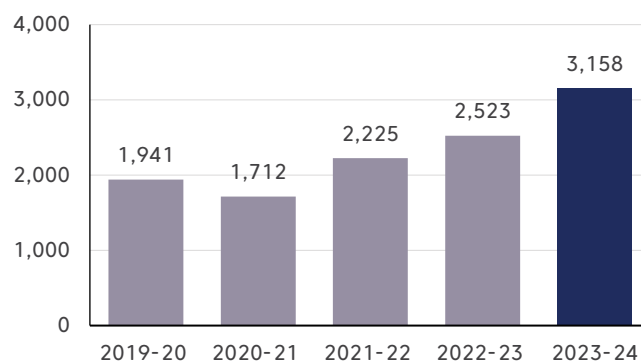
Complaints received from First Nations consumers

Between 1 July 2023 and 30 June 2024

Complainants self-identified as First Nations peoples



Complaints received



In 2023-24, **6%** of people in financial difficulty self-identified as Aboriginal or Torres Strait Islander peoples.

Top five complaints received by product

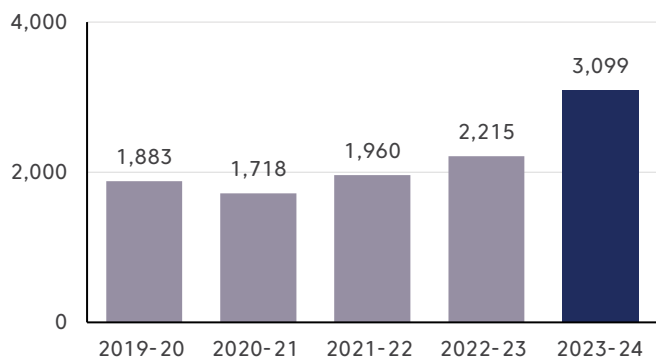
Product	2019-20	2020-21	2021-22	2022-23	2023-24
Personal transaction accounts	130	164	187	440	579
Personal loans	285	231	292	339	417
Motor vehicle – comprehensive	90	94	165	216	317
Credit cards	257	215	201	281	279
Home loans	197	150	152	180	205

Top five complaints received by issue

Issue	2019-20	2020-21	2021-22	2022-23	2023-24
Unauthorised transactions	151	125	179	332	382
Delay in claim handling	126	107	195	254	316
Financial firm failure to respond to request for assistance	97	96	102	175	190
Service quality	122	144	213	206	179
Claim amount	93	55	104	166	178



Complaints closed



Stage at which complaints closed

Stage	2019-20	2020-21	2021-22	2022-23	2023-24
At registration	942	921	986	1,218	1,704
Case management	657	513	566	713	1,032
Rules review	197	144	179	165	247
Decision	87	140	229	119	116

Time taken to close complaints

Time	2019-20	2020-21	2021-22	2022-23	2023-24
Closed in 0-30 days	511	484	595	611	919
Closed in 31-60 days	687	533	592	758	964
Closed in 61-180 days	552	537	546	677	915
Closed in 181-365 days	111	103	158	134	260
Closed in more than 365 days	22	61	69	35	41



Key complaint trends

AFCA has observed a significant increase in complaints from Aboriginal and Torres Strait Islander peoples. This year, we received 3,161 complaints from these communities, marking a 25% rise from the previous year.

We are particularly concerned by the disproportionately high rate of financial hardship complaints among First Nations peoples, with complaints growing by 17% over the last year.

Many financial firms are slow to address the systemic barriers that disproportionately impact First Nations consumers. Consumer representatives have told us these challenges include widespread digital access issues, especially in remote areas where reliable internet connectivity is limited or non-existent. The closure of regional and remote bank branches which further restrict access to financial services, leaving many without the in-person support they rely on. Cultural misunderstandings between service providers and First Nations communities often lead to miscommunication and mistrust, while inadequate responses to consumer concerns exacerbate financial hardship and contribute to long-term dissatisfaction.

Additionally, the process of obtaining and verifying identity documentation presents another significant hurdle. Many First Nations individuals, particularly those in remote communities, face difficulties in meeting standard identification requirements due to a lack of formal documentation, which is compounded by the distance from government service centres. This creates further barriers to accessing essential financial services, such as opening accounts.

These barriers not only hinder financial inclusion but also contribute to a cycle of disadvantage, leaving many First Nations consumers feeling excluded and underserved. Addressing these issues requires a deeper understanding of the unique challenges faced by First Nations communities and a commitment to implementing tailored solutions that promote equitable access to financial services.

We urge financial institutions to address these disparities by consulting with First Nations communities. This includes not only addressing financial hardship but also respecting cultural differences. Financial firms should invest in cultural competency training, create targeted outreach programs, and ensure their products and services are accessible and relevant to First Nations customers.

By implementing these measures, financial firms can better support First Nations peoples, fostering economic independence and trust.

Celebrating dates of significance

AFCA recognises and celebrates these important dates in a range of ways including digital signage in our offices, internal communications, and organisation-wide events and activities. Participating in National Reconciliation Week and NAIDOC Week are examples of how we honour community and culture and reflect on our role as an ally to First Nations people walking in two worlds.

During NAIDOC Week 2023, we had the privilege of welcoming Kuku Yalanji Elder and ICAN Director Daphne Naden to speak with AFCA staff. Daphne, who possesses deep knowledge of Indigenous issues and a strong commitment to advancing First Nations peoples, shared her perspective on working with First Nations communities and her thoughts on the Voice.

More than 400 AFCA colleagues joined the session, where Daphne imparted her wisdom, personal stories, family history, and experiences. To commemorate the occasion, all staff received a small gift featuring our artwork story. AFCA also encouraged participation in external NAIDOC Week events held across NSW and Victoria.

National Reconciliation Week commemorates two significant milestones: the successful 1967 referendum and the High Court Mabo decision. Using First Nations artwork, including our artwork story Ngalimba, AFCA encouraged its people to have reflective conversations with their families and friends about Reconciliation.

The 2023 Referendum

In 2023, AFCA publicly supported the recognition of First Nations peoples in the Australian Constitution and the establishment of a Voice to Parliament. We were (and remain) dedicated to enhancing our community's understanding of the Uluru Statement from the Heart and the importance of constitutional recognition.

We encouraged our staff to vote mindfully in the Referendum, which aimed to provide First Nations people with a permanent seat at the table. To facilitate access to information, we created a dedicated intranet page that outlined details about the Referendum. This page included AFCA's position on the Uluru Statement from the Heart and provided links to key resources, such as The Voice, Reconciliation Australia and the First Nations Foundation.

AFCA also hosted three informative webinars for our people that explored the mechanics of referendums and their historical context in Australia, along with a panel of First Nations consumer advocates who shared their perspectives on the significance of the Voice.

Outreach

In 2023-24, we strengthened our community outreach efforts through partnerships with the WA Ombudsman, Financial Counselling Australia's Financial Capability Community of Practice, and the First Nations Foundation.

Alongside our commitment to outreach in regional, rural, and remote communities, the Community Engagement Team facilitated a visit by the AFCA Board to Cairns for one of its regular meetings. Over 20 consumer advocates participated in discussions with our directors and leaders, representing organisations such as Tenants Queensland, Good Shepherd, The Salvation Army, Cairns Community Legal Centre, First Nations Foundation, Shelter Housing Action Cairns, and the ICAN (our hosts).

This visit provided invaluable insights into the challenges faced by Aboriginal and Torres Strait Islander peoples, as well as non-Indigenous communities in far north Queensland. We heard first-hand about consumer detriment related to insurance claim delays, mis-selling, aggressive debt collection, poor product design, scams, and unethical conduct. The cultural wisdom and perspectives of consumer advocates working in community and on Country have helped shape our ongoing commitment to delivering culturally safe and responsive services.

Overview of complaints

AFCA experienced another record year in 2023-24, with complaints rising 8% to 104,861. We resolved 104,203 complaints, 21% more than in 2022-23. Complainants secured \$313,903,256 million in compensation and refunds.

Despite a less dramatic increase than the previous year's 34% surge, we are still very concerned about the continued high numbers of complaints coming to AFCA.

Complaints are particularly high in banking and finance where they rose 12% to 60,076. For the second year in a row, there were more complaints about personal transactions (16%) than credit cards (11%). This was largely driven by scam related complaints which grew 81% to 10,928.

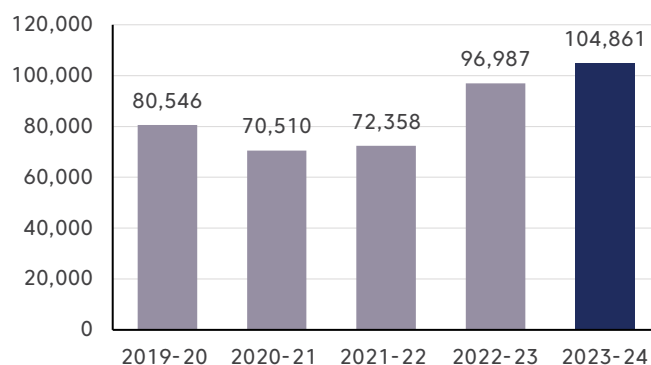
With higher interest rates and increased costs of living pressure, complaints involving financial difficulty rose 18% to 5,715 in 2023-24. Home loan complaints accounted for one in three of those complaints (1,887).

As even more consumers turned to alternative forms of credit, buy now pay later (BNPL) complaints rose 16%.

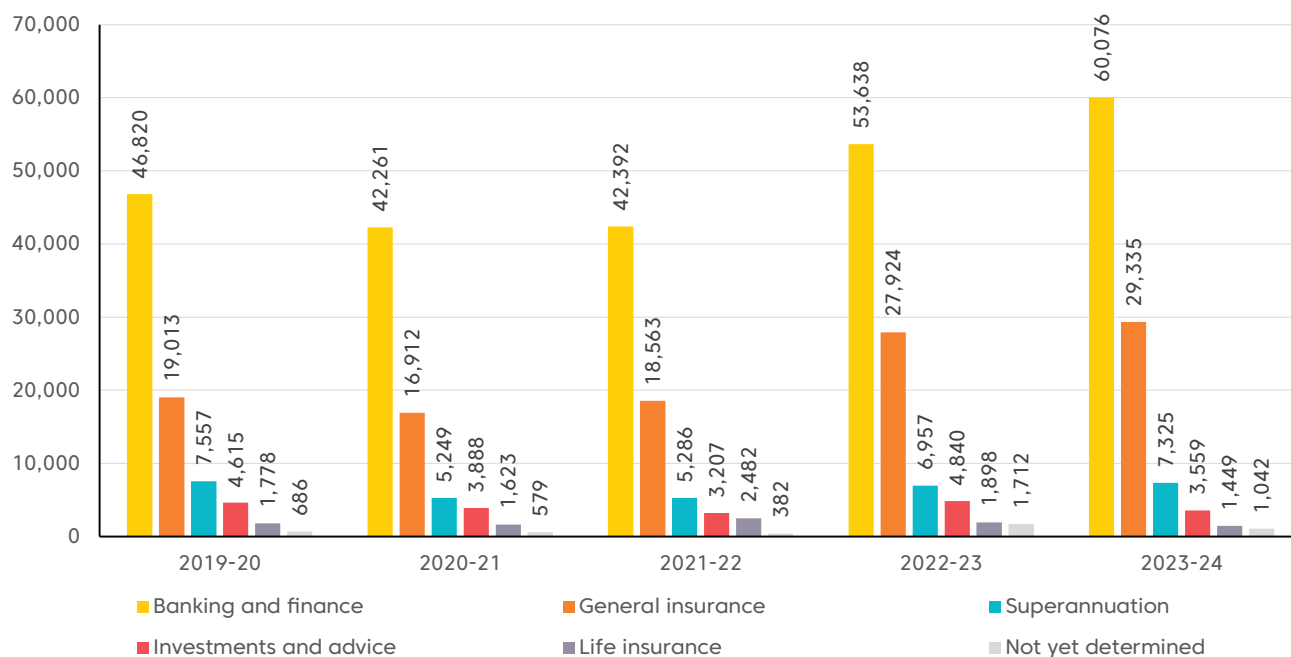
General insurance complaints rose 5% from 27,924 to 29,335 – much less than the 50% increase between FY22 and FY23, but total numbers remain extremely high. Delays in claim handling were again the largest source of complaints (25%) albeit that there was a slight reduction of 6% from 2022-23.

AFCA's services should be reserved for intractable disputes that cannot be resolved between the parties, rather than us handling high volumes of issues around delay and poor service, which financial firms should be resolving themselves.

Complaints received



Complaints received by product line



Top five complaints received by product and number of complaints

Product	2019-20	2020-21	2021-22	2022-23	2023-24
Personal transaction accounts	3,815	5,758	7,416	13,781	16,551
Credit cards	11,628	9,903	9,153	10,555	11,913
Motor vehicle – comprehensive	4,104	4,386	5,791	8,296	10,204
Personal loans	5,722	5,343	5,679	6,524	7,737
Home building	3,616	3,527	6,120	9,592	7,358

Top five complaints received by issue and number of complaints

Issue	2019-20	2020-21	2021-22	2022-23	2023-24
Unauthorised transactions	5,081	5,048	6,398	10,840	12,696
Delay in claim handling	5,169	4,773	6,259	10,996	10,156
Claim amount	3,774	3,693	4,419	6,266	6,193
Service quality	5,685	6,880	8,744	8,374	6,062
Other type of scam ¹	-	-	-	-	5,906

¹ This is a new complaint category. It includes other financial scams which do not form part of unauthorised transactions figures where many scam cases are seen.

Open cases

As of 30 June 2024, AFCA had 29,236 open cases, reflecting a 1% increase from the 28,824 open cases reported on 30 June 2023. The distribution of open cases was as follows:

Banking and Finance: 12,013 complaints

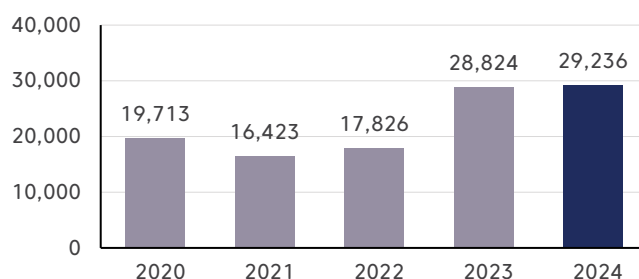
General Insurance: 8,718 complaints

Superannuation: 2,167 complaints

Investments and Advice: 4,667 complaints

Life Insurance: 1,712 complaints

Open cases at the end of the last five financial years



Open cases by age

Age	As at 30 June 2020	As at 30 June 2021	As at 30 June 2022	As at 30 June 2023	As at 30 June 2024
0-30 days	7,619	5,277	6,139	7,514	7,027
31-60 days	3,982	3,110	3,501	4,800	5,294
61-180 days	4,568	4,530	4,099	8,565	8,270
181-365 days	1,926	2,014	2,027	4,696	3,605
More than 365 days	1,618	1,492	2,060	3,249	5,040

Open cases by stage of process

Stage	As at 30 June 2020	As at 30 June 2021	As at 30 June 2022	As at 30 June 2023	As at 30 June 2024
Registration and referral	8,968	5,904	7,567	11,638	6,226
Case management	8,705	8,082	8,261	14,263	17,521
Rules review	632	646	712	1,593	3,151
Decision	1,408	1,791	1,286	1,330	2,338

Closed cases

This year AFCA closed 104,203 cases, a substantial 21% increase from the previous year.

The distribution of closed cases was as follows:

Banking and Finance: 59,156 complaints

General Insurance: 28,684 complaints

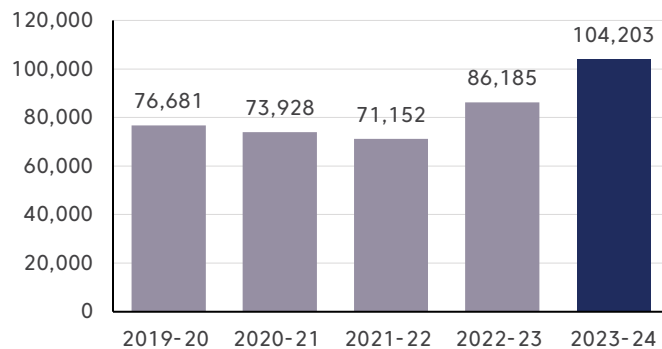
Superannuation: 7,701 complaints

Investments and Advice: 4,118 complaints

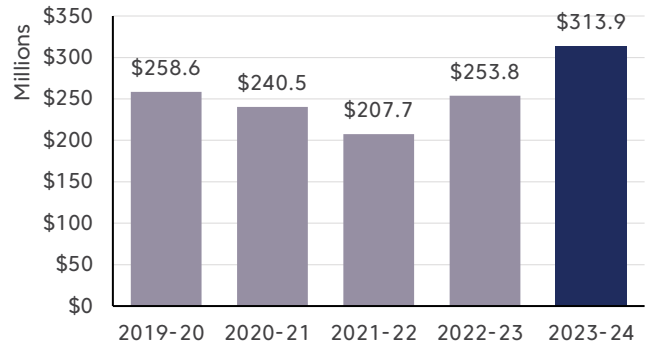
Life Insurance: 1,411 complaints

Total compensation and refunds awarded amounted to \$313,903,256, up 24% on the previous year, but in line with the increase in complaints we received.

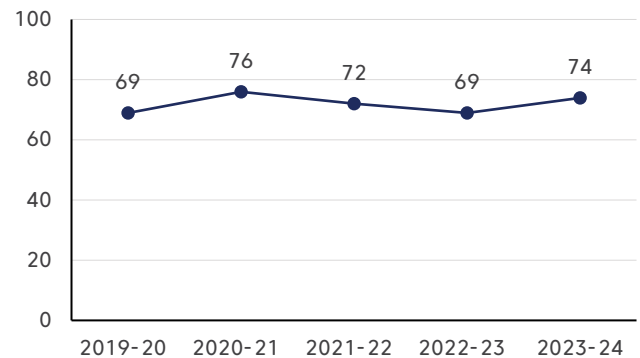
Complaints closed



Compensation awarded or obtained through AFCA in dollars



Average time to close a complaint in days¹



¹ This excludes complaints that were inactive for an extended period, for example, complaints that were paused because the financial firm was insolvent or due to court proceedings, and complaints that were previously closed and then re-opened.

Complaints closed before determination

	2019-20	2020-21	2021-22	2022-23	2023-24
Total	72,145	68,911	66,303	81,953	99,853
Resolved by agreement or in favour of complainant	73%	75%	73%	76%	72%
Resolved in favour of financial firm	3%	3%	3%	2%	2%
Outside rules/Terms of Reference ¹	12%	10%	12%	9%	10%
Discontinued/withdrawn	12%	12%	11%	12%	15%
By assessment	1%	1%	1%	1%	0.2%

Determinations

	2019-20	2020-21	2021-22	2022-23	2023-24
Total	4,912	5,017	4,849	4,232	4,281
Found in favour of complainant	30%	23%	24%	28%	30%
Found in favour of financial firm	70%	77%	76%	72%	70%

Time taken to close complaints

Age	2019-20	2020-21	2021-22	2022-23	2023-24
0-30 days	21,510	19,874	22,747	27,203	34,162
31-60 days	24,189	21,511	21,462	27,573	29,047
61-180 days	24,658	24,821	20,607	24,062	27,301
181-365 days	5,590	5,352	4,436	5,982	10,214
More than 365 days	734	2,370	1,900	1,365	3,479

Stage at which complaints closed

Stage	2019-20	2020-21	2021-22	2022-23	2023-24
Registration and referral	36,564	37,049	36,568	48,996	56,900
Case management	27,085	25,419	22,406	26,664	32,927
Rules review	7,997	5,945	6,904	5,899	9,609
Decision	5,035	5,515	5,274	4,626	4,767

¹ Complaints that were closed because they were outside AFCA's Rules/Terms of Reference and were, therefore, excluded.

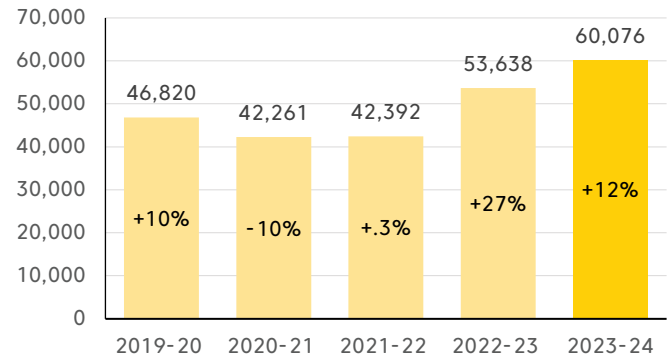


Banking and finance complaints

Between 1 July 2023 and 30 June 2024

60,076 complaints received

Banking and finance complaints received



Top five banking and finance complaints received by product

Product	2019-20	2020-21	2021-22	2022-23	2023-24
Personal transaction accounts	3,815	5,758	7,416	13,781	16,551
Credit cards	11,628	9,903	9,153	10,555	11,913
Personal loans	5,722	5,343	5,679	6,524	7,737
Home loans	7,608	6,400	6,439	7,096	6,963
Online accounts	523	943	1,937	1,910	2,605

Top five banking and finance complaints received by issue

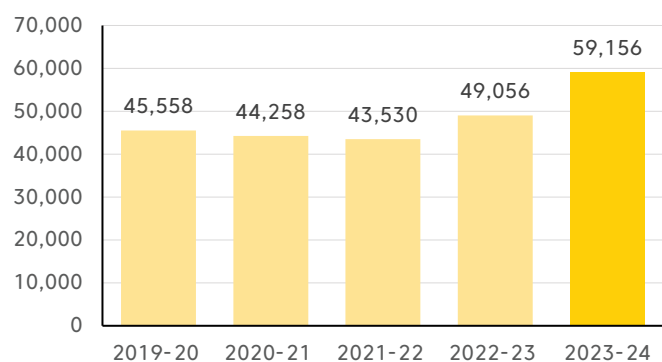
Issue	2019-20	2020-21	2021-22	2022-23	2023-24
Unauthorised transactions	4,915	4,878	6,174	10,614	12,505
Other type of scam ¹	-	-	-	-	5,823
Interpretation of product terms and conditions	978	1,425	2,440	2,075	3,876
Service quality	3,193	4,373	5,677	5,222	3,469
Incorrect fees costs	2,686	2,480	2,488	2,561	2,561

¹ This is a new complaint category. It includes other financial scams which do not form part of unauthorised transactions figures where many scam cases are seen.

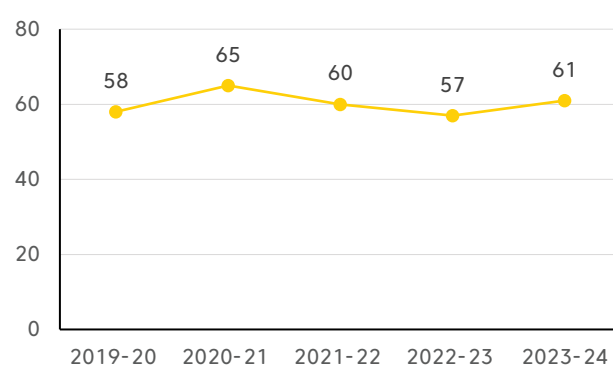
59,156 complaints closed

Average time to close a complaint
61 days

Banking and finance complaints closed



Average time to close a banking and finance complaint in days¹



Stage at which banking and finance complaints closed

Stage	2019-20	2020-21	2021-22	2022-23	2023-24
At registration	23,439	24,388	25,293	31,751	36,057
At case management	15,394	14,120	12,373	12,464	16,956
At rules review	4,787	3,707	4,146	3,521	4,811
Decision	1,938	2,043	1,718	1,320	1,332

Time taken to close banking and finance complaints

Time	2019-20	2020-21	2021-22	2022-23	2023-24
Closed in 0-30 days	14,837	14,018	16,759	19,021	22,925
Closed in 31-60 days	15,347	13,678	13,398	16,192	17,047
Closed in 61-180 days	12,943	12,848	10,925	11,390	14,911
Closed in 181-365 days	2,080	2,037	1,634	1,951	3,763
Closed in more than 365 days	351	1,677	814	502	510

¹ This excludes complaints that were inactive for an extended period, for example, complaints that were paused because the financial firm was insolvent or due to court proceedings, and complaints that were previously closed and then re-opened.

Key complaint trends

Rising complaint numbers are a growing concern

AFCA saw a significant increase in complaints related to banking and finance (up 12% overall), with notable rises in online accounts (up 36%), personal transaction accounts (up 20%), credit cards (up 13%) and personal loans (up 19%).

Scams and unauthorised transactions are key drivers of complaints

Scams continue to be a major issue in the financial sector, accounting for a significant portion of the complaints.

Unauthorised transactions led the complaints, with 12,505 reported cases, indicating an ongoing challenge for both financial firms and consumers.

Hardship complaints reflect growing financial pressures

AFCA noted an 18% rise in hardship complaints, reflecting economic challenges facing many Australians. Complaints often relate to lenders' failure to adequately respond to hardship requests, and AFCA is working with the industry to improve processes and reduce the number of avoidable complaints. You can read more about hardship complaints on page 54.

Resolution and timeframes

AFCA managed higher volumes efficiently

Despite a significant increase in complaints, AFCA closed 21% more banking and finance complaints (59,156) compared to last year.

Complaint closure timeframes remain steady

The time taken to resolve complaints remained stable, with a 21% increase in cases closed within 0-30 days (39% of total closures) and a significant 93% increase in cases closed within 181-365 days.

Early resolution rates remain strong

61% of banking and finance complaints were resolved at the registration and referral stage, indicating a continued commitment from financial firms to resolve issues early.

“From the very beginning I had nothing but the best assistance, from every AFCA staff member, and there has been about 8 different people who I have dealt with, each one of them talking, and guiding me through the process. I could not have managed without your assistance.”

- Feedback from a consumer

Industry trends and challenges

Scams

Scams remain a major issue for consumers and financial firms. Many firms, in partnership with the government, have strengthened detection and prevention measures, resulting in a reported decrease in scams. However more needs to be done to prevent scams from happening in the first instance, including the responsiveness of the industry to implement new protections and technology early before further harm is done.

More to be done in early complaint resolution

While financial firms are making progress in resolving complaints early, more work is needed to prevent disputes from escalating to external resolution. Addressing the root causes of complaints is crucial for long-term improvement.

Terms and conditions

There has been a significant rise in problems related to product terms and conditions. Many consumers report confusion and frustration due to unclear or overly complex language, leading to misunderstandings about what their policies or financial products actually cover.

Increase in systemic issues related to hardship requests

There has been an increase in the number of systemic issues being referred in the banking and finance space. Issues include failing to identify and respond to hardship notices, not considering the individual's circumstances or vulnerability, taking debt collection action despite a complaint being lodged with AFCA and generally making the process too hard to complete. AFCA is working with the industry to address this and reduce avoidable complaints. You can read more about our systemic issues work on page 101.

Responsible lending

We are encouraged by the slight reduction in responsible lending complaints following the introduction of AFCA's Responsible Lending Approach in December 2023. We appreciate the active participation of industry and consumer advocates in AFCA's training sessions.

Recognising the significance of responsible lending obligations, AFCA has made a concerted effort to engage directly with industry to address any identified issues, helping improve practices and foster broader industry learnings. AFCA remains dedicated to sharing our expertise and collaborating constructively on these important matters.



Case study

Background

A mother, 56, on a disability pension for over a decade, and her 21-year-old daughter, employed part-time, secured an investment loan from a bank. The loan was backed by the investment property and a mortgage on the mother's home. They faced financial hardship soon after obtaining the loan and eventually sold the property at a significant loss of \$140,000. This left them with an outstanding debt they could not manage and put the mother's home at risk.

Complaint

The mother and daughter argued that the bank should not have approved the loan. They claimed the bank encouraged them to apply for an investment loan, even though the bank knew they intended to live in the property. They contended that the bank should have recognised the loan as unaffordable and unsuitable for their needs.

Outcome

The Ombudsman found that the bank breached its obligations in several ways. Firstly, the bank did not make reasonable inquiries or take necessary verification steps when assessing the joint loan, even though it was classified as an investment loan. If proper inquiries had been made, the bank would have determined the loan to be unaffordable. Secondly, the loan failed to meet the objectives and requirements of both complainants, particularly as the bank did not ensure that the mother understood the implications and risks associated with the joint loan. Additionally, despite the complainants indicating that the loan was for investment purposes, the bank either knew or should have known that the property was not being purchased for this reason.

As a result, the Ombudsman determined that the bank should compensate both financial and non-financial losses, including the capital loss from the property sale. This case highlights the importance for banks to strictly adhere to responsible lending laws, thoroughly assess the risks and benefits, and carefully consider the individual circumstances of all parties involved.

Case study

Ensuring fairness and compassion in hardship assistance

Background

The complainant, a survivor of family violence with significant mental health challenges, held a home loan secured by a mortgage on her home. For over a decade, she endured difficult family circumstances due to her abusive ex-partner, which impacted her and her children's well-being. Facing long-term financial hardship and needing time to sell her home, she requested the bank's assistance. Specifically, the time to sell the property.

Complaint

Despite the bank's knowledge of her situation and its commitment to the Banking Code of Practice, the complainant experienced inadequate support. The bank's 'special assistance' team provided superficial help and failed to genuinely address her needs. During this period, the bank issued default and legal notices, exacerbating her stress.

Outcome

After considering the separate claims within the complaint and finding the financial firm had breached its hardship obligations, did not meet expectations in relation to considering vulnerability and breached notice requirements, AFCA awarded an accumulated total of \$11,900 in compensation. This amount compensated the complainant's non-financial loss due to the extreme stress and inconvenience caused by the financial firm's various breaches and conduct.

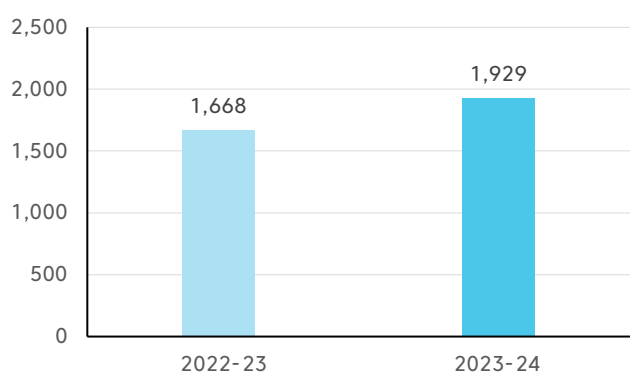
This case underscored the importance of rigorous compliance with responsible lending laws and the need for compassionate, tailored support for vulnerable customers.

Buy now pay later

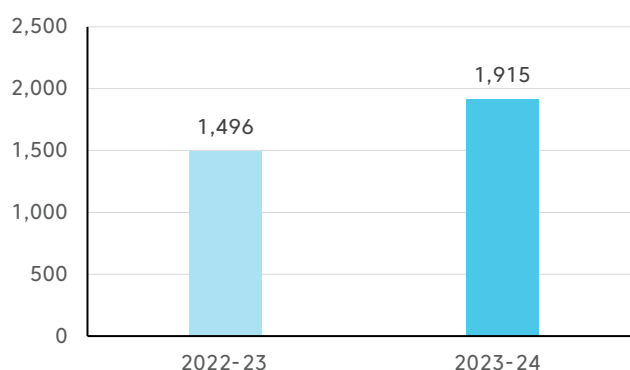
1,929 complaints received

1,915 complaints closed

BNPL complaints received



BNPL complaints closed



Stage at which BNPL complaints closed

Stage	2023-24
At registration	1,186
At case management	547
At rules review	155
Decision	27

Top five BNPL complaint issues (received)

Issue	2023-24
Credit enquiry	244
Unauthorised transactions	237
Default listing	147
Interpretation of product terms and conditions	131
Incorrect fees costs	118

Time taken to close BNPL complaints

Time	2023-24
Closed in 0-30 days	593
Closed in 31-60 days	706
Closed in 61-180 days	510
Closed in 181-365 days	103
Closed in more than 365 days	3

Key complaint and industry trends

Increase in complaints

Complaints related to buy now pay later (BNPL) schemes rose by 16% in 2023-24, reaching 1,929 compared to 1,668 in the previous year.

Default listing complaints

Complaints about default listings saw a dramatic 101% increase, reaching 147 cases, although the overall number is still low.

Product terms and conditions

Issues concerning the interpretation of BNPL product terms and conditions also increased, with complaints rising 75% to 131 cases.

Limited visibility

Despite the increase in BNPL complaints, AFCA's visibility is limited as we only handle complaints from members. Many BNPL providers are not AFCA members, and membership is required only for those adhering to the voluntary BNPL Code or licensed by ASIC.

Consumer concerns and small compensable losses

Consumers may be reluctant to pursue complaints at the Internal Dispute Resolution (IDR) stage due to fears of losing access to their BNPL accounts. Additionally, small compensable losses may diminish the incentive to pursue complaints.

Upcoming regulatory changes

The Treasury Laws Amendment (Responsible Buy Now Pay Later and Other Measures) Bill 2024 proposes new responsible lending obligations for BNPL arrangements and aims to require BNPL providers to join the AFCA scheme. AFCA is preparing for these changes should the legislation pass and is committed to assisting industry members in meeting fairness standards and EDR requirements.

Case study

Disputed transactions

Background

The complainant used a BNPL service provided by a financial firm, which offers a virtual card that can be loaded into a digital wallet for contactless payments. The transactions are split into instalments paid overtime through the customer's linked payment method.

Complaint

The complainant disputed four transactions on her BNPL account, alleging they were unauthorised. The complainant speculated that her account might have been compromised when she used it for a contactless payment at a retailer. She claimed she did not make the disputed transactions and was unsure how they occurred.

Outcome

The financial firm provided evidence showing that the disputed transactions were made using a virtual card that the complainant had used for other undisputed transactions, which she confirmed. The firm explained that virtual cards are device-specific; if created on a different device, they have a different identifier.

Despite the complainant's suspicion that a retailer hacked her account during a contactless payment, there was no supporting evidence. The complainant had not handed her phone over to the retailer or anyone else during the transaction. AFCA found insufficient evidence to support the claim of a hack and concluded that the complainant likely authorised the disputed transactions. Therefore, the financial firm was justified in treating the transactions as authorised.



Case study

The importance of BNPL providers adhering to proper debt collection practices

Background

The complainant entered into a payment arrangement with a BNPL provider to address an outstanding debt of \$361.47. Despite adhering to this arrangement, the complainant faced issues when the BNPL provider failed to follow proper debt collection practices and sent a default notice demanding the full amount of arrears.

Complaint

When the complainant challenged the default notice with supporting evidence and requested details about the payments and debt amount, the BNPL provider took two weeks to respond. When the financial firm did respond, it re-asserted its right to the full amount of the arrears and threatened to list a default on the complainant's credit file.

Outcome

AFCA determined that the BNPL provider's actions violated industry standards and caused significant distress to the complainant.

As a result, the complainant was awarded \$2,000 in non-financial loss compensation for the provider's misconduct.

An additional \$1,000 in non-financial loss compensation was granted due to the provider's failure to suspend debt collection activities during the AFCA complaint process, exacerbating the complainant's stress and inconvenience.

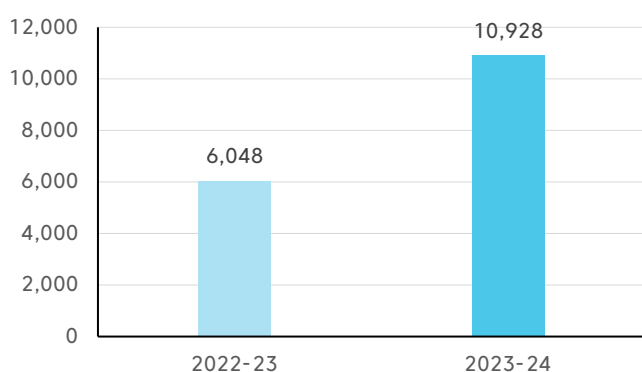
This case underscores the importance of BNPL providers adhering to proper debt collection practices and ensuring transparent, respectful communication with consumers.

Scam complaints

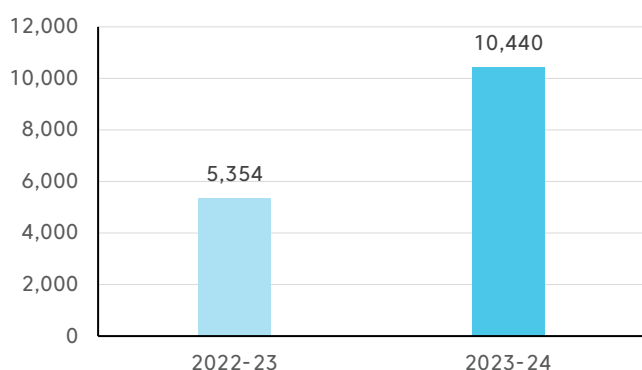
10,928 complaints received

10,440 complaints closed

Scam complaints received



Scam complaints closed



Stage at which scam complaints closed

Stage	2023-24
At registration	6,983
At case management	2,616
At rules review	591
Decision	250

Top five scam complaint products (received)

Product	2023-24
Personal transaction accounts	6,163
Credit cards	2,163
Online accounts ¹	887
Electronic banking	531
Business transaction accounts	210

Time taken to close scam complaints

Time	2023-24
Closed in 0-30 days	5,104
Closed in 31-60 days	2,227
Closed in 61-180 days	2,286
Closed in 181-365 days	747
Closed in more than 365 days	76

¹ An online account is one where withdrawals need to occur through another account.

Key complaint and industry trends

Devastating outcomes

This year, AFCA received nearly 11,000 complaints related to scams, highlighting the severe financial and emotional impact on victims. The consequences of these scams are often devastating, with many individuals never recovering their lost funds.

Prevalent scam types

Phishing, spoofing, and remote access scams remain widespread. There has been a significant increase in bank impersonation scams, while investment and romance scams continue to cause major financial losses. Investment scams often involve transferring funds to cryptocurrency platforms, although efforts by financial firms to restrict these transfers have had some success.

Email compromise concerns

Email compromise scams, which involve intercepting and altering payment details, are particularly alarming. These scams can result in substantial losses, especially in property settlements and large transactions. Small businesses are increasingly targeted, raising concerns about their vulnerability to such fraud.

Inconsistent responses

How banks response to scams is inconsistent and as a result, leads to greater harm. For example, as of the writing of this report, not all major banks have adopted confirmation of payee technology – a proven method for reducing scam attempts and limiting their impact. Until we see all the banks implement confirmation of payee technology, we will continue to see these scams. Where banks have rolled this out, they have seen consumer protected. The financial sector has an opportunity to quicken its response to evolving scams and fraud, providing stronger protection for consumers.

Evolving scam tactics

Scammers, often part of sophisticated international crime syndicates, are continually adapting their methods to exploit new technologies and products. It can take time for someone to realise they have been scammed and to complain to their financial firm. This means that AFCA is a lag indicator of how scams are evolving.

Mandatory industry code

AFCA anticipates that the introduction of mandatory industry codes by the government will enhance scam prevention and protection, potentially reducing the volume of scam-related complaints reaching us.



Case study

Bank's liability in fraudulent transfer

Background

The complainant, an unemployed individual on a disability pension, fell victim to an investment scam. He instructed his bank to transfer \$245,000 to an overseas account. The bank's scam team had flagged the complainant as a potential scam victim ten days prior, after a similar transfer had been halted. However, they were unable to reach him to discuss the situation.

Complaint

The complainant claimed that the bank was liable for the disputed transfer because he had authorised it during a phone call. The bank defended its position by asserting that the complainant had authorised the transaction, providing a recording of the phone call as evidence. Additionally, a transfer attempt to a different account, made five days before the disputed transaction, had been returned by the receiving bank.

Outcome

The ombudsman reviewed the call recording and found that the complainant's instructions were unclear and inconsistent. Given the bank's previous interactions with the complainant, it was apparent that the bank should have recognised the potential scam risk.

The bank's inquiries during the call were found to be inadequate as they failed to investigate the investment in question, clarify the recipient's account details, address inconsistencies in the recipient's information, and reference recent unsuccessful transfer attempts.

Due to these shortcomings and the evident warning signs, the ombudsman determined that the bank should have identified the scam risk. As a result, the bank was ordered to reimburse the \$245,000 lost by the complainant.

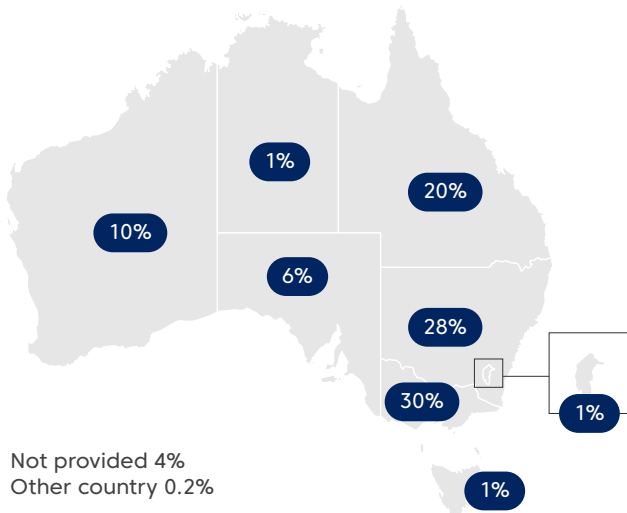
Financial difficulty complaints

Demographics of people in financial difficulty

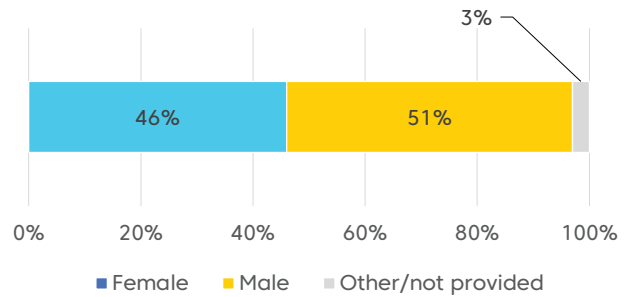
Between 1 July 2023 and 30 June 2024

- 7% of complainants were represented by a friend or family member
- 5% were represented by a financial counsellor
- 87% of complainants were self-represented
- 86% of complainants lodged online
- 1% of complainants requested interpreting services

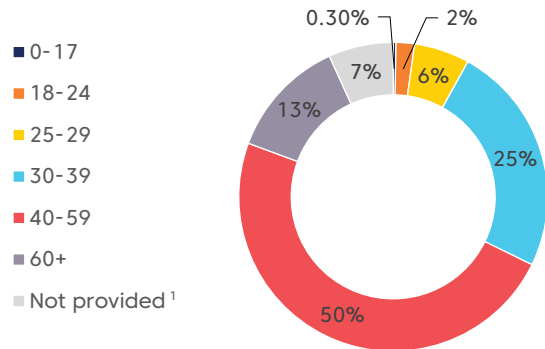
Complaints received by state and territory



Complaints received by gender of complainant



Complaints received by age



¹ Age of complainants does not represent all complaints as AFCA does not require complainants to provide a date of birth and some complaints are submitted by small businesses.

Complaints about financial difficulty

Between 1 July 2023 and 30 June 2024

5,715 complaints received

5,797 complaints closed

Top five financial difficulty complaints product (received)

Product	2023-24
Home loans	1,887
Personal loans	1,799
Credit cards	775
Business loans	485
Line of credit/overdraft	144

Top five financial difficulty complaints issues (received)

Issue	2023-24
Financial firm failure to respond to request for assistance	2,838
Decline of financial difficulty requests	1,500
Request to suspend enforcement proceedings	842
Default notice	334
Default judgment obtained	235

Stage at which financial difficulty complaints closed

Stage	2023-24
Registration and referral	2,520
Case management	2,491
Rules review	567
Decision	219

Time taken to close financial difficulty complaints

Time	2023-24
Closed in 0-30 days	1,346
Closed in 31-60 days	1,764
Closed in 61-180 days	1,989
Closed in 181-365 days	562
Closed in more than 365 days	136

Key complaint and industry trends

Increase in complaints

Complaints related to financial difficulty surged by 18% in 2023-24. This substantial rise reflects financial stress that consumers are seeing as a result of cost-of-living pressures including rents; and high interest rates. In this environment, lenders must ensure they are prepared to identify and respond to those requesting hardship assistance.

Non-responsiveness remains an issue

Non-responsiveness continues to be a major concern, with many complaints centred around the 'failure to respond' from financial firms. This highlights a critical area for improvement. Additionally, there is a worrying trend of complaints about 'cookie cutter' responses – standardised replies that fail to properly consider a consumer's individual circumstances and needs.

Regulatory requirements

Under the National Credit Code (NCC) and the Banking Code of Practice, banks are mandated to work collaboratively with customers to develop sustainable solutions for financial hardship. However, a significant portion of complaints AFCA received related to poor treatment or ineffective communication during the hardship process. Ensuring compliance with these regulations and improving customer interactions are essential for reducing the number of financial hardship complaints that end up at AFCA.

ASIC Review findings

A recent ASIC review (*Hardship, hard to get help – Lenders fall short in financial hardship support*) highlighted critical issues with the accessibility of financial assistance. It found that one-third of hardship applicants encountered so many difficulties that they abandoned the application process. This finding aligns with recurring themes in AFCA's complaints, reflecting a broader problem of inadequate support for those in financial distress.

Rise in systemic issues

AFCA has observed a troubling increase in systemic issues related to financial difficulty. These include failures to respond to hardship notices, insufficient consideration of individual circumstances, and a lack of sensitivity towards vulnerable populations, such as those experiencing illness or family violence. Addressing these systemic shortcomings is vital to improving the support provided to all affected consumers.



Case study

Best practice hardship support

Background

In 2016, a complainant secured both a home loan and an investment loan to purchase properties. However, a series of unfortunate events led to severe financial hardship. In February 2020, the complainant lost her job as a truck driver, compounded by licensing issues and post-traumatic stress disorder. Despite receiving various forms of hardship assistance from the bank – such as reduced payments, COVID-19 support, payment breaks, and referrals to financial counselling – the situation did not improve. By February 2023, the complainant had sold her home to address the home loan but struggled to meet repayments on the investment loan.

Complaint

Following the bank's refusal to extend further hardship support, the complainant sought resolution through AFCA.

Outcome

AFCA's investigation affirmed that the bank had fulfilled its obligations under the NCC and the Banking Code of Practice.

The bank consistently acknowledged the complainant's hardship notices, informed her of her rights, requested necessary information, and discussed potential solutions, like selling the property, when required.

The bank's special assistance team also offered referrals to financial counselling, followed up on overdue payments, discussed alternative options, and allowed time for property sales, aligning with the Banking Code's standards for supporting vulnerable customers.

AFCA concluded that, despite the complainant's continued hardship and significant arrears, varying the loan contracts was not feasible due to her substantial monthly budget deficit and unpaid council rates. Instead, AFCA granted her four months to sell the investment property.

This case underscores the importance of banks offering flexible and compassionate support to customers facing financial difficulties. The bank's ongoing communication and exploration of options, including financial counselling referrals, played a crucial role in helping the complainant make informed decisions. By allowing time to sell the property and providing constructive advice, the bank, in collaboration with AFCA, ensured that the complainant was not placed in a worse financial situation.



Case study

Small business hardship requests

Background

The complainant, the sole director of a company, guaranteed a \$154,500 business loan from the lender. The company later faced financial difficulties, exacerbated by the COVID-19 pandemic.

Complaint

The complainant alleged the lender refused to assist with refinancing and disputed both the interest charges and the balance the lender sought to recover.

Outcome

AFCA thoroughly reviewed the case, including the lender's efforts to provide support. As a subscriber to the online small business lenders (OSBL) Code of Best Practice, the lender had specific obligations to assist the complainant through financial difficulty.

The lender responded to multiple requests for assistance by offering four-week payment deferrals on five occasions. Despite these offers, the complainant did not provide the necessary documentation, when requested, for long-term assistance.

AFCA determined that the lender fulfilled its obligations by providing short-term assistance and proposing a repayment arrangement that was reasonable given the information available. The lender was not required to refinance the loan, write off any portion, or offer long-term assistance without sufficient financial details from the complainant.

The lender's refusal to provide longer-term support was not deemed an error, as it was based on the complainant's failure to supply adequate financial information.

Ultimately, AFCA concluded that the lender's actions were in line with its obligations, and the proposed repayment arrangement was reasonable based on the limited details provided.

Case study

Tailoring hardship support to meet individual needs

Background

Ms S and Mr D, a married couple in their 70s, held a joint home loan with a lender. Mr D, the sole income earner, ran his own business and had consistently made repayments on time. Unfortunately, Mr D was diagnosed with cancer and required six months off work for immediate treatment, including radiation and chemotherapy.

Ms S, unfamiliar with the business finances or household income, contacted the lender to request hardship assistance during Mr D's treatment. She asked for a six-month pause in repayments, with the intention of resuming regular payments once Mr D returned to work.

Despite this, the lender insisted on completing a statement of financial position before offering any assistance. Eventually, the lender granted a three-month moratorium followed by a repayment trial, explaining it was part of their standard hardship process. This forced Mr D to return to work prematurely – before completing his treatment – so the loan repayments could resume. Both Ms S and Mr D found the hardship process too difficult and were unwilling to engage with it again.

During the repayment trial, the lender reported adverse repayment history information (RHI) on their credit files, despite the couple making full repayments under the terms of the trial.

Complaint

The complainants said the lender failed to meet its hardship obligations and did not provide the necessary extra care, despite being aware of their vulnerable circumstances.

Key issues raised by the complainants included:

- The lender placed unnecessary barriers in their path when they sought assistance and did not offer clear options for support, despite being informed of their difficult circumstances.
- The lender requested irrelevant and burdensome information, which Ms S was unable to provide on her own, and refused to consider any form of assistance until this information was supplied.
- Although Ms S had provided sufficient verbal information about their situation, the lender continued to insist on a statement of financial position, treating the process as a 'tick box' exercise rather than tailoring assistance to their needs.
- The lender was aware that Mr D was extremely unwell, barely able to speak due to surgery, and affected by treatment drugs, yet it insisted on speaking with him directly to obtain his statement of financial position before considering the hardship request.
- Despite knowing that Mr D would be off work for six months without pay, the lender only offered a generic three-month moratorium on repayments.

The complainants argued that these actions caused them considerable stress and hardship during an already difficult time and believed the lender did not fulfil its obligations to provide adequate hardship support or extra care.

Outcome

AFCA ruled that the lender had failed to handle the situation appropriately. The lender was required to pay each complainant the maximum compensation available at the time – \$5,400 – for the extreme stress and inconvenience caused.

Furthermore, the lender had to amend the adverse RHI on their credit files to reflect that a hardship arrangement was in place during the repayment trial. AFCA acknowledged that Ms S and Mr D had complied with the trial and had been capable of affording the loan under the revised terms.

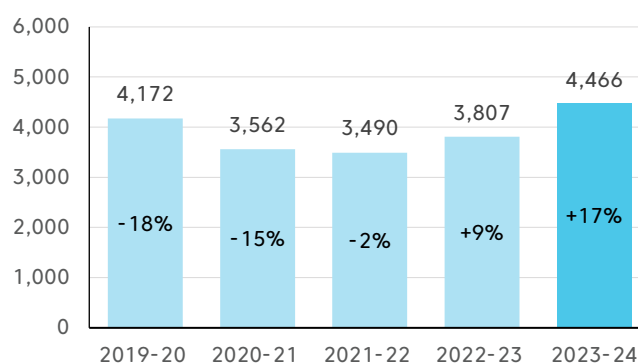
The case serves as a reminder to financial firms about the importance of properly trained staff who understand hardship obligations and the necessity of tailoring hardship support to meet individual needs, especially for vulnerable customers.

Small business complaints

Between 1 July 2023 and 30 June 2024

4,466 complaints received

Small business complaints received



Top five small business complaints received by product

Product	2019-20	2020-21	2021-22	2022-23	2023-24
Business loans	1,544	1,419	1,441	1,347	1,569
Business transaction accounts	507	641	800	1,002	1,271
Commercial property	221	230	276	374	376
Business credit cards	207	192	201	304	333
Commercial vehicles	145	101	120	153	195

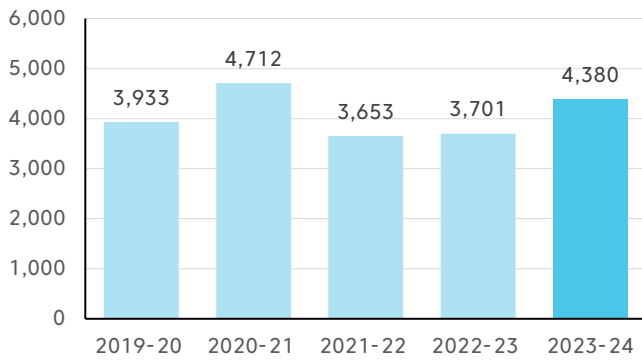
Top five small business complaints received by issue

Issue	2019-20	2020-21	2021-22	2022-23	2023-24
Unauthorised transactions	176	194	185	299	354
Interpretation of product terms and conditions	123	150	271	161	297
Financial firm failure to respond to request for assistance	320	326	282	268	293
Service quality	170	300	389	309	235
Failure to follow instructions/agreement	152	124	170	167	233

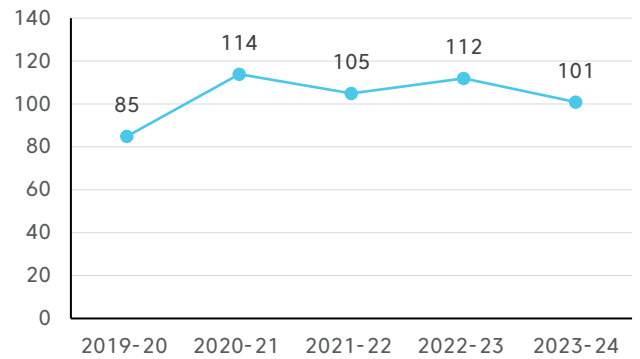
4,380 complaints closed

Average time to close a complaint
101 days

Small business complaints closed



Average time to close a small business complaint in days¹



Stage at which small business complaints closed

Stage	2019-20	2020-21	2021-22	2022-23	2023-24
At registration	1,143	1,250	1,316	1,546	1,875
At case management	1,629	2,372	1,269	1,393	1,530
At rules review	752	568	629	424	613
Decision	409	522	439	338	362

Time taken to close small business complaints

Time	2019-20	2020-21	2021-22	2022-23	2023-24
Closed in 0-30 days	780	624	771	827	1,043
Closed in 31-60 days	1,079	903	942	981	1,075
Closed in 61-180 days	1,556	1,509	1,331	1,240	1,440
Closed in 181-365 days	449	488	392	374	661
Closed in more than 365 days	69	1,188	217	279	161

¹ This excludes complaints that were inactive for an extended period, for example, complaints that were paused because the financial firm was insolvent or due to court proceedings, and complaints that were previously closed and then re-opened.

Key complaint trends

Increase in small business complaints

AFCA received 4,466 complaints from small businesses in 2023-24, a 17% increase from the previous year. Key issues included unaffordable loans, incorrect interest rates and improper business purpose declarations.

Rising complaints in specific areas

Complaints about business loans increased by 16% to 1,569, while business transaction accounts saw a 27% rise to 1,271. Complaints about commercial vehicles also increased by 27% to 195.

Surge in product terms and interpretation issues

Issues with interpreting product terms and conditions jumped 84% to 297, although the overall number is still low. Complaints about financial firms failing to respond to requests for assistance rose by 9% to 293.

Resolution and timeframes

Increased complaint closures

AFCA closed 4,380 small business complaints, marking an 18% increase from 2022-23. Notably, 1,875 complaints were resolved at the registration stage, a 21% rise, which suggests financial firms are more closely working with their small business customers to resolve a complaint. The rules review stage saw a 45% increase to 613 complaints, with the most common reason being the financial firm did not provide the complainant with a financial service.

Improved resolution time

The average time to close a complaint decreased to 101 days in 2023-24, down from 112 days the previous year.

Significant improvements in closing older complaints

Complaints resolved within 0-30 days rose by 26% to 1,043, while complaints exceeding 365 days decreased by 42%, indicating a significant improvement in resolving complaints more swiftly.

Industry trends and challenges

New approach to small business lending

AFCA has introduced its first approach to Lending to Small Business after extensive consultation with regulators and industry. This new framework aims to provide transparency and certainty, benefiting both small businesses and financial firms.

Rising financial difficulty and complaints

There is an anticipated increase in financial difficulty complaints, with a notable rise in issues related to business loans and transaction accounts. Small businesses face challenges such as delays in application processing and reluctance to offer personal security. AFCA expects all financial firms, including those not bound by industry codes, to address requests for financial assistance.

Growing insolvency rates

ASIC data reveals a 39% increase in companies entering external administration in 2023-24 compared to the previous year, surpassing pre-COVID levels. This rise is mirrored by an increase in companies appointing small business restructuring practitioners. Given the current economic pressures, including high interest rates and increased costs, AFCA anticipates continued growth in small business financial difficulty complaints.

Case study

Extended grace periods and asset sale

Background

In 2016, a small business refinanced its existing loans with a bank, securing a total of \$2,058,016 in loans. This included a \$1,005,000 investment loan, a \$215,000 line of credit, and an \$838,016 business overdraft, all secured by two properties and guaranteed by the company's director, Mr C.

Complaint

The small business filed a complaint, claiming financial hardship due to the impacts of COVID-19, a marital dispute involving Mr C and unrelated litigation. They sought assistance with meeting their repayment obligations.

Outcome

The loans had accumulated significant arrears, around \$500,000. The bank had given the small business two years to sell its security properties to resolve the financial difficulty, with negotiations continuing during the AFCA investigation. Mr C planned to sell a property but failed to do so within the bank's grace periods. Despite multiple extensions and no enforcement actions, the properties remained unsold for two and a half years.

AFCA found that the bank had met its financial difficulty obligations. It had maintained ongoing contact with Mr C since 2020, explored options, and requested an updated statement of financial position. However, due to a large servicing deficit, the bank could not restructure the loans.

AFCA determined that selling one or both security properties was the appropriate solution, giving the small business three months to do so under the terms of the final determination.

Case study

The importance of recognising financial distress in small business lending

Background

In April and May 2021, a small business leased five vehicles for its car rental operations. Each lease was for five years, and while the lessor was a member of the Australian Finance Industry Association, it was neither a bank nor bound by an industry code. By September 2021, the business had fallen behind on all five leases.

In October 2021, the complainant and the lender discussed the impact of the COVID-19 lockdowns on the business. The conversation included a request for payout figures, as the complainant was considering selling the vehicles to repay the contracts early. They also discussed the complainant's director, who had been hospitalised and was soon to be discharged, and requested a waiver of fees and a pause on direct debits due to the business's financial difficulties. The company's financial struggles were compounded by the pandemic and medical expenses.

Complaint

The complainant argued that the lender failed to acknowledge or address their financial hardship, despite clear signs of difficulty. They contended that the lender should have acted fairly and reasonably by offering assistance or alternative arrangements, rather than issuing default notices without first obtaining updated information on the business's financial situation.

The outcome

AFCA determined that, even though the complainant did not specifically mention 'financial difficulty', it was evident that they were unable to meet their repayments. The lender should have recognised this and treated the situation as a case of financial hardship. While the lender had internal processes for assisting small business customers, consistent with its consumer hardship practices under the NCC, these processes were not applied in this case.

AFCA's decision was based on previous rulings that stated a lender, even in the absence of the NCC or an industry code, should act fairly and reasonably when a business customer proposes repayment alternatives. The lender should have requested updated financial information before issuing default notices, rather than immediately taking enforcement action.

A photograph of a man with a beard and short hair, smiling and looking upwards and to the right. He is wearing a light blue t-shirt and a blue and white vertically striped apron with brown leather straps. He is standing in a doorway, holding a metal handle. The background is a restaurant interior with warm lighting and a sign that says "OP", "MON-", and "SAT-".

**“You should be proud of
the work you are doing
for Australians”**

- Feedback from a consumer

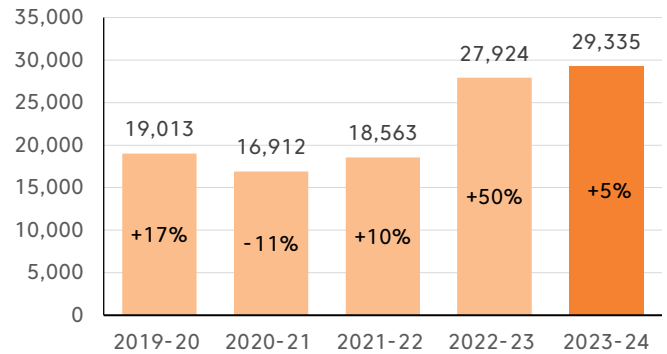


General insurance complaints

Between 1 July 2023 and 30 June 2024

29,335 complaints received

General insurance complaints received



Top five general insurance complaints received by product

Product	2019-20	2020-21	2021-22	2022-23	2023-24
Motor vehicle – comprehensive	4,104	4,386	5,791	8,296	10,204
Home building	3,616	3,527	6,120	9,592	7,358
Consumer credit insurance	723	506	951	1,951	2,774
Travel	3,168	2,477	532	1,679	2,054
Home contents	946	1,079	1,289	1,565	1,582

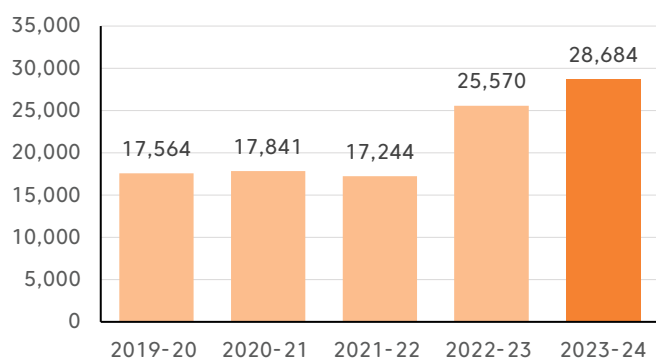
Top five general insurance complaints received by issue

Issue	2019-20	2020-21	2021-22	2022-23	2023-24
Delay in claim handling	3,521	3,126	4,804	7,953	7,470
Claim amount	3,171	3,161	3,747	5,720	5,563
Denial of claim	2,337	2,479	2,125	3,048	3,762
Denial of claim – exclusion/condition	3,032	3,146	3,111	4,733	3,276
Misleading product/service information	640	317	445	921	1,616

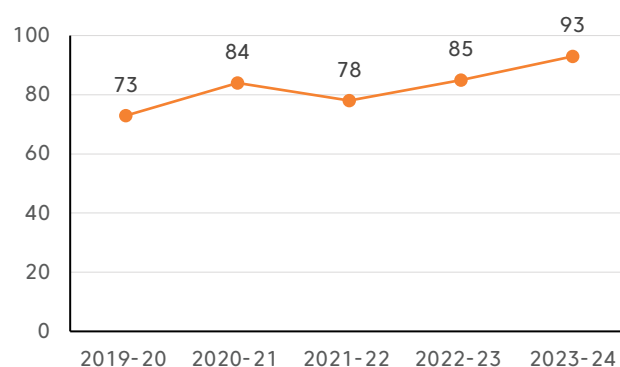
28,684 complaints closed

Average time to close a complaint
93 days

General insurance complaints closed



Average time to close a general insurance complaint in days ¹



Stage at which general insurance complaints closed

Stage	2019-20	2020-21	2021-22	2022-23	2023-24
At registration	8,389	8,367	7,606	11,565	13,062
At case management	5,791	5,999	5,691	9,753	10,352
At rules review	1,440	1,350	1,700	1,708	2,521
Decision	1,944	2,125	2,247	2,544	2,749

Time taken to close general insurance complaints

Time	2019-20	2020-21	2021-22	2022-23	2023-24
Closed in 0-30 days	4,002	3,684	4,089	4,982	6,457
Closed in 31-60 days	6,162	5,324	5,529	8,403	8,587
Closed in 61-180 days	5,793	6,863	5,742	9,072	8,424
Closed in 181-365 days	1,525	1,786	1,556	2,726	4,560
Closed in more than 365 days	82	184	328	387	656

¹ This excludes complaints that were inactive for an extended period, for example, complaints that were paused because the financial firm was insolvent or due to court proceedings, and complaints that were previously closed and then re-opened.

Key complaint trends

General insurance complaints only saw a small increase

In 2023-24, AFCA received 29,335 general insurance complaints, marking a 5% increase compared to the previous year. While total complaints across all sectors rose by 8%, the rise in general insurance complaints was more moderate.

Motor vehicle insurance drives complaint numbers

AFCA received 10,204 Motor Vehicle Comprehensive Insurance complaints about this insurance product, making up 35% of all general insurance complaints received. Last year, motor vehicle comprehensive insurance made up 30% of general insurance complaints.

Claim handling delays remain the top issue

AFCA received 7,470 complaints about claim handling delays (25% of all general insurance complaints), though this figure represents a 6% decrease from last year. Complaints about claim amounts totalled 5,563 (19%), down 3%, while claim denials accounted for 13% (3,762) of total complaints. We also saw a large spike in complaints about claim handling delays in the second half of the year.

Resolution and timeframes

Complaint closures increased significantly

AFCA closed 28,684 complaints in 2023-24, a 12% rise compared to 2022-23.

Increased closures at early stages

At the registration and referral stage, 46% complaints were closed, a 13% increase from the previous year. At the case management stage, 10,352 complaints were resolved, up 6% and representing 36% of total closures.

Substantial rise in rules review closures

The rules review stage saw a 48% increase, with 2,521 complaints closed at this stage of the resolution process. This is in line with expectations because jurisdictional assessments overall were up across all products. You can read more about complaints outside our jurisdiction on page 99.

Complaints resolved quickly

Over half of all complaints closed were resolved within 60 days, with 6,457 complaints closed within 30 days. Only 2% of complaints took more than 365 days to resolve, with these types of complaints reflecting the most complex issues.

Industry trends and challenges

Inconsistent progress in enhancing industry practice and performance

Throughout 2023-24, AFCA worked closely with insurers to promote earlier complaint resolution and quicker response times. We regularly provided feedback to insurers, identifying areas for improvement and sharing complaints data to help enhance industry practices and performance. While some progress has been made, it remains inconsistent.

Increase in complaints about misleading information

Complaints related to misleading product or service information rose by 75%, highlighting a need for greater transparency and clarity in insurer communications. Many policy holders continue to find policy documents challenging to understand, presenting an opportunity for insurers to improve product design and ensure clearer policy terms, especially given the evolving risks like natural disasters.

Enhanced use of technology

Manual processes can be overwhelmed by increased claim volumes. Insurers should leverage technology to improve communication with policyholders. Where delays are within insurers' control, addressing these issues promptly is essential. AFCA may award non-financial loss compensation if an insurer's actions or inactions cause significant inconvenience or stress.

Monitoring expert reports

The quality of expert reports needs better oversight. Many denied claims were based on substandard or poorly interpreted reports, and wear and tear exclusions often lacked a strong evidentiary basis. Insurers must prove, on balance, that wear and tear was the dominant cause of the loss, rather than relying on desktop reports without personal inspection.





Case study

Delays and unreasonable requirements

Background

The complainants held a home and contents insurance policy and submitted a claim for damage resulting from a major storm event. The insurer partially accepted the claim, but this acceptance was contingent upon the complainants completing certain maintenance tasks. The insurer also partially denied coverage for mould remediation costs, attributing the mould to atmospheric conditions and delays in the maintenance work. Additionally, there were disputes regarding the conduct of the insurer's appointed builders and the scope of the required works.

Complaint

The complainants sought full acceptance of their claim and requested an extension of temporary accommodation payments, which had been depleted due to delays in completing the repairs.

Outcome

The AFCA panel, comprising an ombudsman, a consumer representative, and an industry representative, ruled that the insurer must repair the damaged areas, extend temporary accommodation beyond the policy's 10% sum-insured limit, and pay a cumulatively total of \$10,800 in non-financial loss compensation (the maximum allowed at that time) to the complainants.

The panel determined that the complainants' home became uninhabitable due to mould, which worsened because of the insurer's avoidable delays. It was deemed unfair for the insurer to enforce the accommodation limit when repairs were delayed by their own actions. The insurer was ordered to continue providing accommodation until all repairs and mould remediation were completed.

Compensation was awarded due to the significant stress and inconvenience caused by the insurer's delays. Evidence showed that these delays led to further damage and impacted the complainants' well-being, including one complainant having to sleep on a couch in a shed following a cardiac event, and the other being hospitalised partly due to the stress caused by the insurer's handling of the claim.

The panel found that requiring the complainants to complete maintenance work before repairs commenced was unreasonable and placed an undue financial burden on them, especially as they were pensioners with limited funds and faced difficulties in finding tradespeople due to high demand. The insurer had not justified the need for these maintenance works prior to starting claim-related repairs, leading to unnecessary delays and worsening the mould issue.

Case study

Wear and tear as the dominant cause of loss

Background

The complainant held a comprehensive motor vehicle insurance policy with the insurer. He filed a claim after his soft-top convertible was damaged, alleging the damage occurred when a towel became trapped in the roof mechanism.

According to the complainant, the towel broke a part that controlled the electronic opening of the soft top. The insurer denied the claim, stating that the damage was caused by wear and tear, which is excluded under the policy.

Complaint

The complainant asserted that the damage to his vehicle was accidental and, as such, should be covered under his policy. To support his claim, he submitted a repairer's report, which indicated that the damage was consistent with the towel becoming caught in the roof mechanism.

The insurer, however, conducted a comprehensive inspection and produced a detailed report, concluding that the damage was the result of a frayed and broken cable on the left side of the roof – a mechanical failure attributed to wear and tear. The report provided substantial evidence to support this conclusion, noting that it is widely recognised within the industry that cables in Porsche convertible roofs tend to fray and deteriorate over time. Additionally, the pliability of the towel was deemed insufficient to exert the necessary force to damage the cable or motor.

Based on this thorough analysis, the insurer's findings pointed to wear and tear as the primary cause, contradicting the complainant's claim of accidental damage.

Outcome

AFCA conducted a thorough review of the case and found that the damage was more consistent with wear and tear, as demonstrated in the insurer's detailed report.

The insurer provided compelling evidence showing that the mechanical failure of the roof's cable was due to gradual deterioration, a common issue in similar vehicles.

Given that the complainant's policy explicitly excludes coverage for damage caused by wear and tear, corrosion or deterioration, AFCA determined that the exclusion was applicable in this instance. Consequently, the insurer acted within its rights to deny the claim, and the complaint was not upheld.

Significant events

At AFCA, we have developed a robust response plan for significant events, including natural disasters and severe weather, which is likely to spark a surge in complaints. This plan prioritises early communication with key stakeholders and streamlines the complaint resolution process.

To ensure our response remains effective, we work closely with industry leaders like ASIC the Australian Treasury, the Australian Prudential Regulation Authority (APRA), and organisations such as the ICA.

With the increasing frequency of disasters like floods and bushfires – driven by climate change – millions of Australians have been impacted.

We closely monitor complaints following such significant events and share vital data and insights with our stakeholders. But it is not just about numbers; behind each complaint is a person or family struggling to rebuild their lives. That is why we have established dedicated processes to support individuals experiencing vulnerability, ensuring they receive the care and attention necessary for their recovery.

Over this reporting period, AFCA activated our significant event response plan for four events declared ‘significant’ by the ICA:

- Tropical Cyclone Jasper (declared on 18 December 2023)
- Christmas storms across Queensland, NSW and Victoria (declared on 27 December 2023)
- Valentine’s Day storms in Victoria (declared on 16 February 2024)
- NSW weekend severe storms (declared on 10 April 2024).

The top issue across all events were delays in claims handling. While acknowledging that significant events, such as natural disasters or other large-scale issues, can cause unavoidable delays, AFCA expects insurers to have robust plans in place to manage these situations effectively. Firms should be prepared to handle increased volumes of claims and maintain clear communication with policyholders.

	Complaints received	Complaints resolved	Complaints relating to financial difficulty	Top issue
Tropical Cyclone Jasper	147	94	5	Delay in claim handling (51)
Christmas storms	528	322	12	Delay in claim handling (170)
Valentine’s Day storms	55	26	1	Delay in claim handling (20)
NSW weekend severe storms	34	11	0	Delay in claim handling (17)

“I am so pleased with the process and outcome of my dispute. I highly recommend AFCA highly to anyone who needs a third party to give justice and reason to any dispute they may be having. Well done AFCA! I am very impressed! Thanks so much for your professionalism.”

- Feedback from a consumer



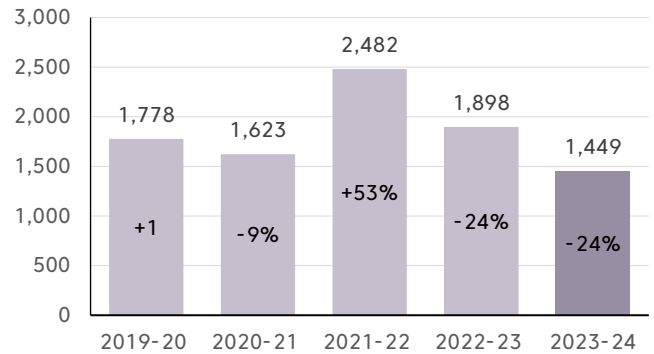


Life insurance complaints

Between 1 July 2023 and 30 June 2024

1,449 complaints received

Life insurance complaints received



Top five life insurance complaints received by product

Product	2019-20	2020-21	2021-22	2022-23	2023-24
Income protection	530	575	650	523	540
Term life	331	290	359	347	310
Total and permanent disability (TPD)	179	184	227	210	224
Whole of life	59	115	231	231	117
Funeral plans	162	169	880	441	109

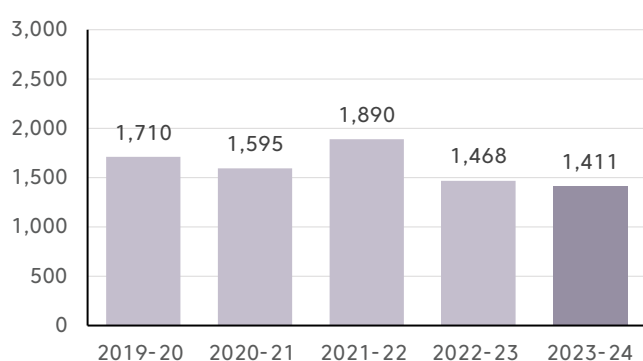
Top five life insurance complaints received by issue

Issue	2019-20	2020-21	2021-22	2022-23	2023-24
Delay in claim handling	155	172	204	245	231
Incorrect premiums	181	213	286	209	176
Denial of claim	270	212	171	145	165
Claim amount	131	95	112	141	111
Cancellation of policy	107	92	150	131	94

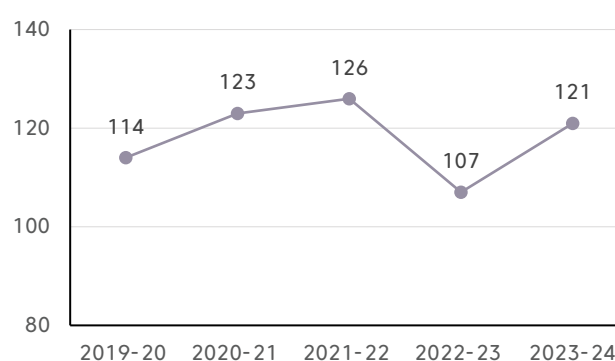
1,411 complaints closed

Average time to close a complaint
121 days

Life insurance complaints closed



Average time to close a life insurance complaint in days ¹



Stage at which life insurance complaints closed

Stage	2019-20	2020-21	2021-22	2022-23	2023-24
At registration	497	513	603	529	514
At case management	853	698	718	666	634
At rules review	151	104	186	125	109
Decision	209	280	383	148	154

Time taken to close life insurance complaints

Time	2019-20	2020-21	2021-22	2022-23	2023-24
Closed in 0-30 days	173	154	222	197	204
Closed in 31-60 days	405	361	444	405	397
Closed in 61-180 days	769	715	781	589	474
Closed in 181-365 days	328	289	347	223	262
Closed in more than 365 days	35	76	96	54	74

¹ This excludes complaints that were inactive for an extended period, for example, complaints that were paused because the financial firm was insolvent or due to court proceedings, and complaints that were previously closed and then re-opened.

Key complaint trends

Complaint closure rates show a modest decline

AFCA closed 1,411 life insurance complaints in 2023-24, marking a 4% decrease from the previous year.

Improvements in resolution time

Notable progress was made in resolution times, with 14% of complaints resolved within 0-30 days. Additionally, 28% of complaints were settled within 31-60 days, and 34% were resolved in 61-180 days.

Extended resolution times increase

Complaints taking over 365 days to resolve increased by 37%. The rise in complaints taking over 365 days is linked to the increasing complexity of cases, often due to the age of the insurance products in question and additional time needed for parties to provide submissions.

Resolution and timeframes

Complaint closure rates show a modest decline

AFCA closed 1,411 life insurance complaints in 2023-24, marking a 4% decrease from the previous year.

Improvements in resolution times

Notable progress was made in resolution times, with 14% of complaints resolved within 0-30 days, reflecting a 4% improvement. Additionally, 28% of complaints were settled within 31-60 days, and 34% were resolved in 61-180 days.

Extended resolution times increase

Complaints taking over 365 days to resolve increased from 54 to 74. The rise in complaints taking over 365 days is linked to the increasing complexity of cases, often due to the age of the insurance products in question and additional time needed for parties to provide submissions.

Industry trends and challenges

Small but significant

Although life insurance complaints are a smaller segment of AFCA's overall caseload, they are significant due to the complexities often involved. Disputes frequently arise over claim denials, policy exclusions and delays in processing claims. Consumers often struggle with understanding policy terms, leading to misunderstandings and complaints when claims are made.

Challenges in claim processing and policy terms

Complaints about claim denials often stem from individuals facing significant life events or medical issues, adding stress to an already challenging situation. Rising life insurance costs and cost-of-living pressures are contributing to an increase in disputes, especially regarding policy cancellations due to non-payment of premiums.

Sector under scrutiny for transparency and communication

The Australian life insurance sector faces heightened scrutiny over transparency and claims handling. Consumers have expressed frustration with perceived communication gaps and lack of clarity, particularly during times of illness or financial hardship. Effective resolution of these complaints is crucial.

Document retention remains a critical issue

Ongoing complaints highlight the importance of insurers maintaining comprehensive records, including applications, underwriting files, disclosure documents and policies. Issues with document retention have led to disputes and should be managed effectively.

Case study

Navigating policy discrepancies

Background

The complainant held an income protection policy that included lifetime benefits. However, the insurer stated that if a disability developed after age 55, the benefit percentage would be reduced, and if the disability occurred after age 64, the benefits would cease entirely.

Complaint

The complainant stated that they were unaware of the policy conditions, claiming that the insurer's documentation did not clearly present them.

During AFCA's investigation, the insurer was only able to provide a sample policy, which was not specific to the complainant's case. This sample conflicted with the annual schedules and the Customer Information Brochure (CIB). The CIB indicated that a full lifetime benefit was payable if a disability occurred before age 56, while the policy stipulated that benefits would reduce after age 55.

Furthermore, the CIB suggested a reduced lifetime benefit would apply if disability started before age 65, whereas the policy stated that no benefits would be provided for disabilities that began after age 64. The annual schedules further complicated matters by indicating a lifetime benefit for both sickness and injury, even beyond age 65.

Outcome

After a thorough review, the panel ruled that the insurer should provide the complainant with the full benefit amount until the policy's expiry date, rather than limiting the payments to the age of 65 as initially indicated by some of the policy documents.

This decision considered the various conflicting documents provided by the insurer and that the insurer had only been able to provide a sample policy as evidence.

The panel's ruling aimed to ensure that the complainant received fair treatment and benefits in line with the intended coverage of the policy.

Case study

Acceptable levels of inconvenience associated with insurance claims

Background

The complainant held two insurance policies with the financial firm (insurer) for their spouse. Following the spouse's death, the complainant filed claims under both policies. The insurer paid out the benefits along with interest, but the complainant sought compensation for non-financial loss, citing distress and inconvenience during the claims process.

Complaint

The complainant argued that they were entitled to compensation for non-financial loss due to the stress experienced throughout the claims process. Despite receiving the policy benefits and interest payments, the complainant felt that the delays and frustration justified an award for non-financial loss.

Outcome

AFCA reviewed the case and determined that the complainant was not entitled to compensation for non-financial loss. Although the complainant experienced some frustration, AFCA found that the delays in processing the claims were not unreasonable. The insurer had provided advance benefits promptly and had obtained the necessary medical evidence to process the claims.

AFCA's decision was guided by our approach to non-financial loss compensation, which takes into account the typical stress and inconvenience associated with insurance claims. The insurer had already paid interest for the delayed payments and was not required to take further action.

In summary, AFCA ruled in favour of the insurer, concluding that there were no grounds for additional compensation beyond what had already been provided.



“I’ve actually found the experience to be far superior to what I was expecting prior to starting the process. Openness about what was going to happen at each stage in the process, and the actual process has been very punctual and professional.”

- Feedback from a consumer

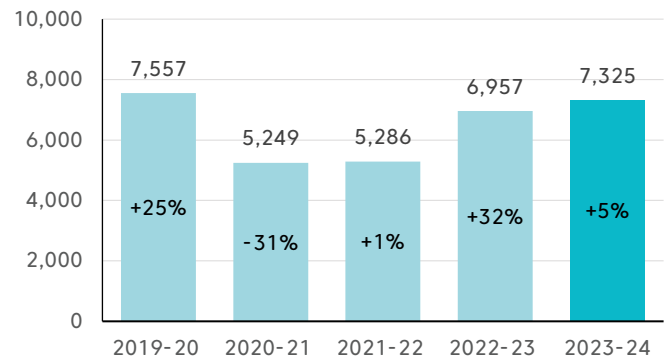


Superannuation complaints

Between 1 July 2023 and 30 June 2024

7,325 complaints received

Superannuation complaints received



Top five superannuation complaints received by product

Product	2019-20	2020-21	2021-22	2022-23	2023-24
Superannuation account	3,723	2,717	3,009	4,369	4,391
TPD	1,161	978	1,014	985	1,245
Income protection	925	833	795	949	932
Death benefit	578	453	457	599	708
Pension	58	52	77	97	97

Top five superannuation complaints received by issue

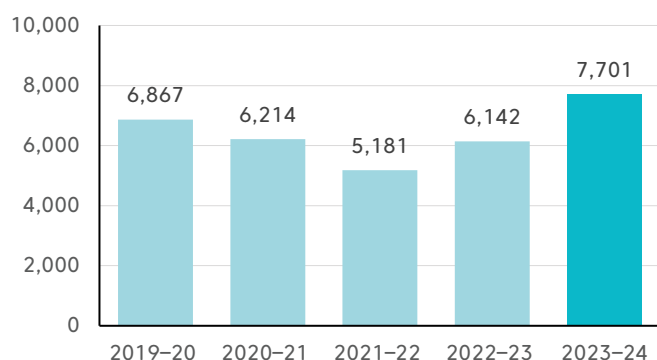
Issue	2019-20	2020-21	2021-22	2022-23	2023-24
Delay in claim handling	1,260	856	737	1,738	1,730
Account administration error	570	487	506	709	746
Service quality	648	517	774	767	602
Failure to follow instructions/agreement	375	227	302	337	419
Claim amount ¹	-	-	-	325	381

¹ Not in top five in previous years.

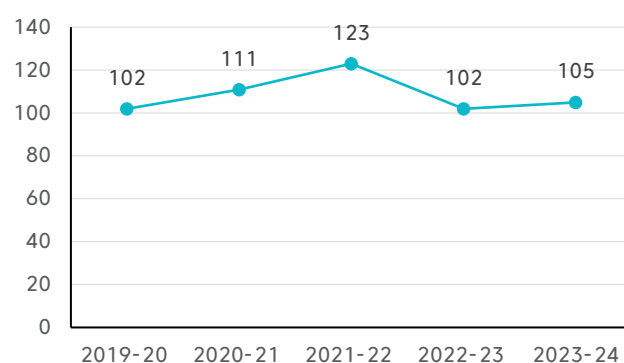
7,701 complaints closed

Average time to close a complaint
105 days

Superannuation complaints closed



Average time to close a superannuation complaint in days ¹



Stage at which superannuation complaints closed

Stage	2019-20	2020-21	2021-22	2022-23	2023-24
At registration	2,476	2,052	1,714	2,592	3,232
At case management	3,646	3,375	2,697	2,948	3,924
At rules review	254	168	177	190	289
Decision	491	619	593	412	256

Time taken to close superannuation complaints

Time	2019-20	2020-21	2021-22	2022-23	2023-24
Closed in 0-30 days	1,117	770	681	819	943
Closed in 31-60 days	1,285	1,363	1,342	1,966	2,511
Closed in 61-180 days	3,355	3,051	2,096	2,331	2,864
Closed in 181-365 days	1,013	762	636	794	1,118
Closed in more than 365 days	97	268	426	232	265

¹ This excludes complaints that were inactive for an extended period, for example, complaints that were paused because the financial firm was insolvent or due to court proceedings, and complaints that were previously closed and then re-opened.

Key complaint trends

Ongoing challenges in the superannuation system

In 2023-24, AFCA received 7,325 superannuation complaints, a 5% increase from the previous year. Despite this rise, superannuation complaints have consistently accounted for about 7% of our total complaints, highlighting ongoing challenges within the superannuation system.

Account administration complaints remain prevalent

Account administration issues led the complaints, with 4,391 cases reported a 1% increase from the previous year. These complaints typically involve delays in rollovers and withdrawals, errors in investment switches, and difficulties with online services.

Total and permanent disability (TPD) insurance complaints increase significantly

Complaints about TPD insurance rose by 26%, totalling 1,245 cases. This category includes complex issues such as eligibility disputes, delays in decision-making and detailed medical assessments.

Resolution and timeframes

Early resolution efforts

42% of superannuation complaints were resolved at the Registration and Referral stage.

Extended resolution times reflect complexity

Superannuation complaints are notably complex, with trustees given 30 days for initial resolutions, 45 days for other complaints, and 90 days for death benefit distribution complaints. Despite these extended timelines, 12% of cases were resolved within 30 days and 33% between 31 and 60 days. Only 3% of cases exceeded a year to resolve.

Industry trends and challenges

Technological advancements and cyber risks

Technological advancements are reshaping the superannuation landscape, offering potential for improved member services and complaint handling through enhanced digital interfaces and automated processes. Many funds are improving the functionality and sophistication of their member portals and on-line services. However, these advancements also bring risks, such as increased vulnerability to cyber fraud. While complaints about scams and fraud within super remain low, AFCA is very concerned there are signs that cyber-criminals are beginning to turn their attention to the superannuation industry, and we strongly urge trustees to strengthen their safeguards against this activity.

Communication and member education

AFCA finds that many complaints can be traced back to unclear or inadequate communication and disclosure, and a mismatch between member expectations and the services and products offered by their fund. Ongoing member education is crucial to prevent misunderstandings, ensure that members have a realistic understanding of the services and benefits offered by their fund, and reduce the volume of complaints.

Case study

Inadequate verification and superannuation fraud

Background

A superannuation fund member was entitled to a TPD benefit under their superannuation fund. This benefit was to be paid into the trust account of their solicitor, as part of the standard procedure for managing such payments.

Complaint

AFCA received a complaint from the fund member after they discovered that the expected TPD benefit had not been received. Upon investigation, it was revealed that the payment had been directed to an account controlled by a scammer. The scammer had gained access to the solicitor's email system, most likely through phishing techniques, and sent a fraudulent email to the superannuation fund. This email falsely claimed to be from the solicitor, providing altered bank account details for the payment. As a result, the benefit was mistakenly paid into the scammer's account rather than the intended trust account.

Outcome

The AFCA case manager reviewed the situation and found that the trustee of the superannuation fund had failed to verify the new bank account details with either the solicitor or the member. Instead, the trustee accepted the email instructions at face value without appropriate confirmation. AFCA's preliminary assessment was that the trustee's actions did not meet the professional standard expected of a prudent trustee. In response to the complaint, the trustee agreed to compensate the member for the financial loss incurred due to the fraudulent activity.

Case study

Classifying invalidity benefits

Background

The complainant was 'let go' from his job on 30 November 2007. Later, the trustee of his superannuation fund decided that, based on his health issues, he could have been officially considered 'retired' due to invalidity as of that date. This means that they believed his health problems were severe enough that he should have been receiving benefits for being unable to work.

He returned to work briefly on 7 July 2008, but was let go again on 8 July 2009. The trustee then determined that he could have also been considered 'retired' on this second date due to the same health problems.

When he applied for his benefits, the superannuation fund used a system to classify the severity of his incapacity into different levels: Class A, Class B or Class C. On 3 September 2021, the trustee decided that he should be classified as Class B, meaning they assessed his incapacity at 30% for both of the discharge dates. This classification was based on various health issues he had. Additionally, the trustee later reclassified him to Class A, starting from 10 May 2018, which reflects a different level of severity for his incapacity.

Complaint

The complainant disagreed with how the trustee rated his invalidity benefits. He believed that based on his health issues and the severity of his condition on 1 December 2007 and 9 July 2009, he deserved to be classified as Class A, which provided a higher level of benefits. He thought his impairments were significant enough to qualify for this higher classification. Despite asking the trustee to reconsider and upgrade his classification, the trustee decided to keep him at Class B, their original decision, when they reviewed his case again on 30 September 2022.

Outcome

The panel reviewed the complainant's case and looked at his health issues as of 30 November 2007 and 8 July 2009. They confirmed that on 30 November 2007, his impairments included issues like Bilateral Anterior Compartment Fasciotomies, right shoulder pain and post traumatic stress disorder. By 8 July 2009, he also had left wrist pain and other issues.

After evaluating all of his health issues, the panel agreed that his level of incapacity matched the Class B category, which is 30% or more but less than 60%. They found that this classification was fair based on his condition at the time. Therefore, they supported the trustee's decision to keep him in Class B rather than moving him up to Class A.

“AFCA Staff were very professional and had a good understanding of my issue. They communicated very clearly and helped me through the process.”

- Feedback from a consumer



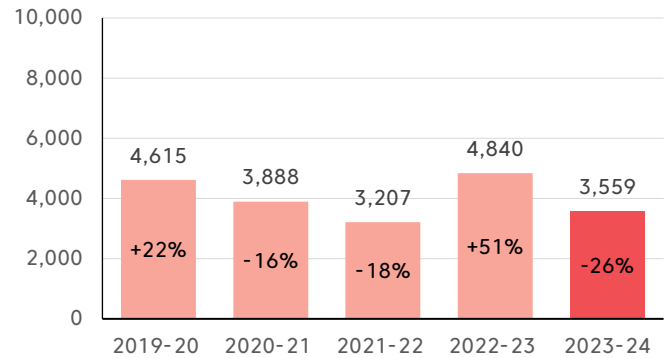


Investments and advice complaints

Between 1 July 2023 and 30 June 2024

3,559 complaints received

Investments and advice complaints received



Top five investments and advice complaints received by product

Product	2019-20	2020-21	2021-22	2022-23	2023-24
Shares	528	950	669	703	905
Self-managed superannuation fund	345	272	259	1,696	678
Mixed assets fund/s	430	254	228	215	430
Cash management accounts	54	87	143	233	218
Superannuation fund	451	302	272	328	217

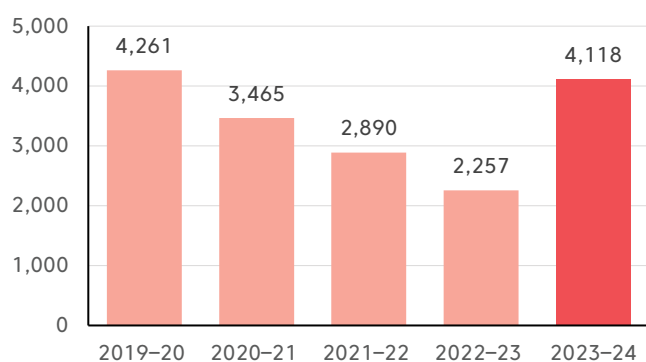
Top five investments and advice complaints received by issue

Issue	2019-20	2020-21	2021-22	2022-23	2023-24
Inappropriate advice	585	534	241	1,662	706
Failure to act in client's best interests	469	525	281	534	565
Failure to follow instructions/agreement	575	229	332	951	304
Service quality	380	674	570	371	298
Interpretation of product terms and conditions	76	100	654	116	223

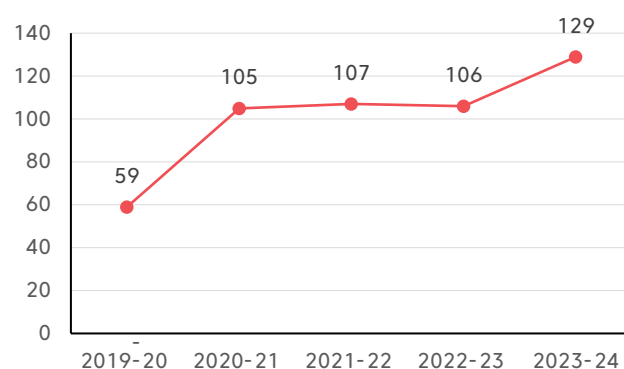
4,118 complaints closed

Average time to close a complaint
129 days

Investments and advice complaints closed



Average time to close an investments and advice complaint in days ¹



Stage at which investments and advice complaints closed

Stage	2019-20	2020-21	2021-22	2022-23	2023-24
At registration	1,056	1,148	966	863	988
At case management	1,430	1,271	952	848	1,041
At rules review	1,308	584	630	337	1,809
Decision	467	462	342	209	280

Time taken to close investments and advice complaints

Time	2019-20	2020-21	2021-22	2022-23	2023-24
Closed in 0-30 days	658	666	595	494	597
Closed in 31-60 days	975	779	731	602	479
Closed in 61-180 days	1,798	1,352	1,047	675	564
Closed in 181-365 days	653	499	267	289	505
Closed in more than 365 days	177	169	250	197	1,973

¹ This excludes complaints that were inactive for an extended period, for example, complaints that were paused because the financial firm was insolvent or due to court proceedings, and complaints that were previously closed and then re-opened.

Key complaint trends

Investment and advice complaints decrease

In 2023-24, AFCA received 3,559 complaints in this category, marking a 26% drop compared to the previous financial year.

All time low in complaints

Excluding complaints about Dixon Advisory and Superannuation Services, investment and advice complaints reached an all-time low at 2,709 complaints. This reflects the positive impact of enhanced education standards and increased professionalism within the industry, leading to fewer disputes.

Inappropriate advice remains the top issue

Despite the overall downward trend in advice complaints, inappropriate advice was the most complained about issue, accounting for 706 complaints (20% of the total).

Resolution and timeframes

Significant volume of complaints closed

AFCA closed 4,118 investment and advice complaints in 2023-24, more than the total amount we received for the year and helping reduce our backlog of complaints. This was an 82% increase in closures in comparison to last year. A large number of the closed cases related to the Dixon Advisory and Superannuation Services collapse.

Rules Review the top type of resolution

A significant portion of complaints (44%) were resolved at the rules review stage, where complaints are assessed against AFCA's jurisdiction and procedural rules, often requiring more complex decision-making. This complexity is reflected in the average time to resolve complaints which was 129 days over the time period.

Industry trends and challenges

Issues with retail and wholesale classification

In both Contract for Difference (CFD) and advice areas, misclassification of clients as wholesale remains a recurring problem. Many CFD providers fail to adequately assess client suitability, resulting in inappropriate risk exposure. Wholesale clients do not benefit from ASIC's product intervention orders, leading to increased risks, including excessive leverage for those who may be better suited as retail investors.

Confusion around Self-Managed Superannuation Funds (SMSF) classification

There is ongoing confusion in the advice space regarding the classification of SMSFs as wholesale. Some advisers incorrectly apply thresholds of \$2.5 million in net assets or \$250,000 income, instead of the \$10 million limit specified in the *Corporations Act 2001* for superannuation products. This misclassification exposes clients to unsuitable advice.

SMSF suitability concerns

Advice for clients with low balances to establish SMSFs continues to be a significant issue, often involving inappropriate recommendations and lack of diversification between asset classes. These disputes highlight the need for greater attention to the suitability of SMSF structures.

Life insurance advice disputes remain notable

While smaller in volume, disputes related to life insurance, TPD, Trauma, and Income Protection policies make up around 5% of all advice disputes.

Market volatility and complaint trends

Investment and advice disputes are often influenced by market conditions, and upcoming US and Australian elections may lead to increased volatility, likely resulting in a higher number of complaints in the near future.

Case study

Incorrect classification of SMSF as wholesale client

Background

The corporate trustee of a SMSF enrolled in a managed discretionary account (MDA) service, which was only available to wholesale clients. This service allowed financial firm X to carry out margin FX trading on behalf of the SMSF.

To facilitate the trading, a margin FX account with 1,000:1 leverage was opened with financial firm Z, under the SMSF trustee's name.

The SMSF deposited \$615,000 into this account, and financial firm X conducted the trades using a limited power of attorney granted by the SMSF. Unfortunately, the trading led to significant losses.

Complaint

The SMSF sought compensation, arguing that it should not have been classified as a wholesale client and should not have been allowed to trade with such high leverage.

Outcome

An AFCA panel found that the SMSF was wrongly classified as a wholesale client, as it had less than \$10 million in assets and should have been treated as a retail client.

As a result, the SMSF should not have had access to the MDA service or a margin FX trading account with leverage above 30:1.

The panel determined that the SMSF suffered a loss of \$442,520. However, due to the SMSF trustee's director contributing to the loss by not acting with due care, the compensation was reduced by 33.3%, leaving \$295,013.34 to be paid.

Case study

Documenting financial advice

Background

The complainant, who sought financial advice from a firm, was presented with options concerning their superannuation. The adviser recommended withdrawing a lump sum of \$392,176.04 from their superannuation account and commencing an indexed pension.

At that time, the complainant had the choice of receiving a lump sum, a non-indexed pension, or a combination of both.

The complainant chose to follow the adviser's recommendation to take the lump sum and start the indexed pension.

However, they later argued that this advice was inappropriate and that they should have been advised to start the pension without withdrawing a lump sum.

They claimed that this decision led to financial losses amounting to \$290,208 and questioned the appropriateness of the advice given their long-term financial needs.

Complaint

The complainant alleged that the advice provided was unsuitable and that the financial firm failed to disclose all options accurately. They also sought a refund of fees paid for the advice.

Outcome

AFCA's review determined that the financial advice provided by the firm was appropriate given the complainant's circumstances and preferences at the time.

The firm had thoroughly documented discussions with the complainant, which indicated a clear preference for a lump sum to meet immediate capital needs, such as purchasing items and maintaining a cash reserve. The advice to withdraw a lump sum and commence an indexed pension was found to align with the complainant's stated objectives, including generating sufficient annual income and meeting capital requirements.

The firm was also found to have adequately disclosed the available options and their implications, despite a minor inaccuracy in the Statement of Advice regarding the non-indexed pension amount. AFCA noted that while the advice could have been clearer, it did not impact the complainant's decision to withdraw a lump sum.

Additionally, the firm had already refunded part of the fees previously paid by the complainant. AFCA concluded that the financial firm had met its obligations and that no further refund of fees was justified. The outcome was deemed fair as the advice provided was consistent with the complainant's goals and the financial firm's service standards.

Cryptocurrency

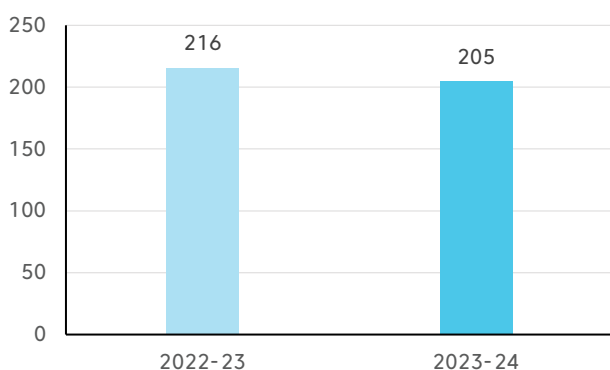
About cryptocurrency

Cryptocurrency is an electronic internet-based virtual currency. As cryptocurrency is not regulated as a financial product under the *Corporations Act 2001*, providers of cryptocurrency or digital assets are generally not required to be AFCA members. However, some have joined voluntarily, or as a condition of membership of an industry association.

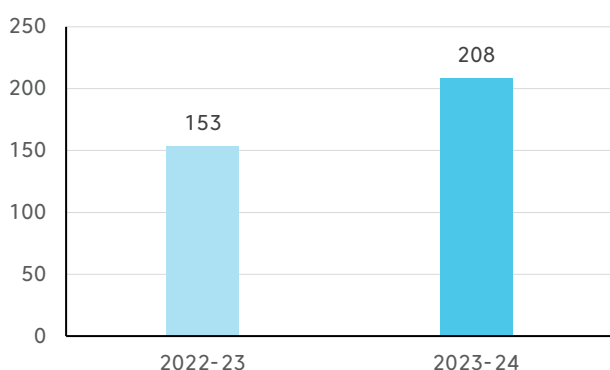
205 complaints received

208 complaints closed

Cryptocurrency complaints received



Cryptocurrency complaints closed



Stage at which cryptocurrency complaints closed

Stage	2023-24
Registration and referral	55
Case management	63
Rules review	68
Decision	22

Top five cryptocurrency complaints issues (received)

Issue	2023-24
Unauthorised transactions	63
Other type of scam	49
Interpretation of product terms and conditions	31
Failure to follow instructions /agreement	14
Service quality	13

Time taken to close cryptocurrency complaints

Time	2023-24
Closed in 0-30 days	31
Closed in 31-60 days	40
Closed in 61-180 days	49
Closed in 181-365 days	37
Closed in more than 365 days	51

Key complaint and industry trends

Complaints still low but may grow

AFCA received a low number (205) of cryptocurrency complaints in 2023-24. This is consistent with previous years. However, as cryptocurrency adoption grows, AFCA expects an increase in complaints. However, better regulations should reduce fraud and security issues, improving overall consumer protection.

Need for stronger regulation of Digital Asset Platforms (DAPs)

AFCA supports the requirement for DAPs to obtain an AFS licence to ensure these platforms meet enforceable standards and improve consumer protection. It is important there are clear regulatory rules for digital asset transactions to reduce scams and ensure consumer safety.

“It was so good to be able to call and speak with a real person, someone helpful, who was listening, and comforting, and able to fully assist me. I am certain that without the intervention by AFCA my complaint would not have been resolved. It’s an extremely important service that AFCA provides.”

- Feedback from a consumer



Case study

Compromised cryptocurrency account: The importance of robust verification

Background

The complainant had an account with a financial firm that operates an execution-only cryptocurrency exchange platform. An unauthorised third party gained access to the complainant's account, likely through hacking or porting the complainant's mobile phone. The third party reset the account password, accessed the complainant's personal email, and completed two-factor authentication. Confirmation of these actions was sent to the complainant.

On the same day, the third party began transferring cryptocurrency out of the account. Although the financial firm's system flagged these transactions, the verification method used was inadequate.

The firm called the complainant's mobile phone to confirm the transactions. The person who answered, who was the unauthorised third party, verified the transactions based solely on transaction amounts. The financial firm authorised the transfer of AUD \$72,791.05.

Complaint

The complainant alleged that the financial firm failed to adequately protect their account and properly verify transactions, leading to the loss of funds.

Outcome

An AFCA Panel found several critical issues with the financial firm's handling of the complainant's case. While there was no indication that the firm's online platform security had been compromised, the firm's system had flagged the complainant's account multiple times, highlighting the transactions as suspicious.

When it came to verifying these transactions, the firm fell short. Although they did call the complainant's mobile phone to confirm the transactions, their approach lacked a standardised protocol for identity verification. The firm relied solely on the transaction amounts for verification, which proved to be inadequate.

The Panel concluded that the financial firm did not exercise the required care and skill in verifying the caller's identity. This lapse led to the approval of fraudulent transactions and ultimately resulted in a loss for the complainant.

The Panel ordered the financial firm to compensate the complainant for the total amount of AUD \$72,754.06.

Complaints lodged by consumer advocates and financial counsellors ¹

Complaints referred to AFCA by consumer advocates

	2020-21	2021-22	2022-23	2023-24
Financial counsellor	1,158	1,383	1,528	1,733
Community lawyers	1,079	1,092	1,488	1,162
Support workers	622	943	916	1,231
Total	2,859	3,418	3,932	4,166

Complaints lodged by consumer advocates

	2020-21	2021-22	2022-23	2023-24
Financial counsellor	429	479	534	553
Community lawyers	270	324	204	153
Support workers	45	37	41	48
Total	744	840	779	754

Top five complaints by product

Product	Total
Consumer credit	524
Personal loans	251
Homes loans	123
Credit cards	70
Home building	47

Top five complaints by issue

Issue	Total
Financial firm decision	292
Financial difficulty	258
Service	74
Transactions	40
Instructions	19

¹ Please note that due to our IT upgrade, all data regarding consumer advocates and financial counsellors is for the period from 1 July 2023 until 16 June 2024.

Stage at which complaints closed

	2020-21	2021-22	2022-23	2023-24
Registration and referral	263	198	244	254
Case management	207	212	227	237
Rules review	32	36	29	26
Decision	30	25	10	5

69% of these complaints are now closed

32% of these complaints related to financial difficulty (non-business)

34% of these complaints related to credit products

Top three credit products were personal loans, home loans and credit cards

Complaints lodged by financial counsellors

553 complaints lodged

39% of these complaints related to financial difficulty (non-business)

72% of these complaints are now closed

79% of these complaints related to credit products

Top three credit products were personal loans, home loans and credit cards

Stage at which complaints closed

	2020-21	2021-22	2022-23	2023-24
Registration and referral	186	160	184	190
Case management	142	152	157	187
Rules review	18	24	16	20
Decision	13	5	3	3

Geographic spread of complaints lodged by financial counsellors

	2020-21	2021-22	2022-23	2023-24
ACT	2%	1%	2%	1%
NSW	12%	13%	16%	19%
NT	3%	5%	5%	6%
QLD	12%	20%	16%	14%
SA	7%	6%	7%	3%
TAS	2%	3%	1%	2%
VIC	50%	39%	43%	46%
WA	11%	14%	10%	9%

The impact of financial counselling services

43% of complaints were lodged by financial counsellors from 10 organisations:

- The Salvation Army Moneycare (61)
- Anglicare Victoria (33)
- CatholicCare NT (29)
- Good Shepherd Australia New Zealand (21)
- Indigenous Consumer Assistance Network (ICAN) (21)
- EACH (17)
- Primary Care Connect (16)
- Uniting Vic Tas (15)
- Casey North Community Information & Support Service (14)
- South East Community Links (SECL) (13)

Complaints lodged by community lawyers

153 complaints lodged

56% of these complaints are now closed

16% of these complaints related to financial difficulty (non-business)

53% of these complaints related to credit products

Top three credit products were personal loans, home loans and BNPL

Stage at which complaints closed

	2020-21	2021-22	2022-23	2023-24
Registration and referral	57	31	45	41
Case management	53	46	62	37
Rules review	11	9	12	5
Decision	15	20	7	2

The impact of community legal centres

72% of complaints were lodged by community lawyers from just five organisations:

- Legal Aid NSW (47)
- Financial Rights Legal Centre (29)
- WEstjustice (17)
- Consumer Action Law Centre (9)
- Mortgage Stress Victoria (8)

Key complaint trends

Consumer advocates, including financial counsellors and community lawyers play a vital role in supporting consumers. They not only direct individuals to our services, but also provide invaluable support throughout the complaint process, particularly where individuals have complex needs.

In 2023-24, consumer advocates referred 4,166 people to AFCA, marking a 6% increase from the previous year. They also filed an additional 754 complaints, with nearly half, 43% originating from financial counsellors.

Nearly one in six individuals represented by consumer advocates faced extraordinary challenges, including being survivors of family violence or dealing with mental health issues. Recognising the connection between financial stress and overall well-being, we are dedicated to alleviating this stress by ensuring fair and efficient resolution of complaints and maintaining accessibility for all.

Given the rising cost of living, we anticipate an increase in financial distress and related complaints about debt and affordability. AFCA will continue to collaborate closely with consumer advocates to support those affected by these economic pressures, ensuring they have access to the necessary resources and assistance.

Complaints outside AFCA's Rules

AFCA's Rules set out the processes that apply to all complaints submitted to us. We can only handle complaints that fall within our Rules.

Where a complaint is excluded under our Rules

Some consumers and small business complaints fall outside our defined Rules. However, we can proceed if it is appropriate, and we have the financial firm's consent.

Reasons for complaints outside our jurisdiction

For us to consider a complaint, it must:

- relate to a financial service set out in our Rules
- be about an AFCA financial firm member
- be lodged within our time limits
- not fall within any of our mandatory exclusions.

Key insights

This financial year, 7,804 complaints¹ lodged with us fell outside our jurisdiction. Of these complaints:

21% of complaints were excluded due to ineligibility, meaning we could not accept them.

The main reasons were that a financial service was not provided, the complaint involved an uninsured motor vehicle, or it was against a financial firm that was not a current AFCA member.

58% of complaints were excluded under mandatory exclusions, as required by our Rules. Common reasons included disputes over fees, premiums, or charges, assessment of credit risk, and cases already dealt with by a court, tribunal, or another scheme.

24% of complaints were excluded at our discretion, where we deemed it appropriate. The top reasons included complaints that had already been settled, more suitable alternative avenues, and non-compliance by credit representatives.

There was a further rise in discretionary exclusions under Rule C.2.1 this year driven by the introduction of the CSLR, where AFCA exercised its general discretion to exclude complaints not eligible for compensation under the scheme.

Updates to AFCA's Rules and Operational Guidelines

ASIC approved updates to AFCA's Rules and Operational Guidelines, which took effect on 1 July 2024. These changes enhance the management of unreasonable conduct, clarify the handling of complaints involving settled issues or appropriate offers, and improve transparency and accessibility in decision-making. The updates align with Treasury's Independent Review recommendations and ensure that AFCA's guidelines are accurate and current. See page 26 for more information.

¹ Excludes 1,757 complaints found ineligible for the Compensation Scheme of Last Resort (CSLR) and 812 complaints excluded on merit under OTR A.8.3.

A single complaint may record multiple OTR reasons, and therefore the total does not equal 100%.

Case study

Financial service not provided

Background

The complainant was a victim of a scam when they mistakenly transferred funds to a fraudulent 'mule' account instead of their builder. Scammers intercepted and altered a genuine invoice from the builder by accessing the complainant's email account. The complainant authorised a payment from their bank, Bank A, to the mule account at Bank B, believing they were paying the builder. The funds were subsequently transferred overseas.

Complaint

The complainant lodged a complaint with AFCA against Bank B, claiming that the bank allowed the scammers to set up the fraudulent account. An AFCA Rules Officer reviewed the case and determined that Bank B had not provided a financial service to the complainant, nor was there a direct relationship under Rule B.2.1 that would allow further consideration of the complaint. As a result, the complaint was closed as 'financial service not provided'.

Outcome

After consulting with the Rules Officer, the complainant decided to file a new complaint against Bank A for failing to prevent the payment. Since Bank A had provided a financial service to the complainant, this new complaint was accepted and progressed for further investigation.

Case study

General discretion to exclude complaints

Background

The complainant's home was flooded during a recent storm, along with several neighbouring properties. Their insurer paid out the full value of the claim, and the complainant signed a settlement agreement reflecting this payment. Following a discussion with a neighbour who received a higher payout, the complainant filed a complaint with AFCA.

Complaint

The complainant challenged the settlement amount, arguing that it was lower compared to what their neighbour received. They sought a review of their claim and settlement.

Outcome

An AFCA Rules Specialist reviewed the settlement agreement and confirmed that it addressed all aspects of the complainant's claim adequately. As the settlement was consistent with the agreement and the complaint did not warrant further action, the complaint was excluded under Rule C.2.1, which grants general discretion to exclude complaints.

Systemic issues

A systemic issue refers to a problem that impacts not just an individual complainant, but potentially affects a broader group of consumers. Consumer complaints can serve as critical indicators of underlying systemic issues within a financial firm.

AFCA's role in identifying and reporting systemic issues benefits consumers who have not lodged a complaint with AFCA, but who may, nonetheless, have been impacted by a systemic issue. The early identification and resolution of systemic issues can reduce consumer complaints and help to minimise consumer harm.

AFCA is not a regulator. We operate within the broader regulatory framework by providing information to regulators in accordance with our obligations. We are obligated to report under both section 1052E of the *Corporations Act 2001* and ASIC's RG 267. We report systemic issues when required to ASIC, APRA, the Office of the Australian Information Commissioner and the Australian Taxation Office (ATO). Our reports to regulators ensure they are promptly informed of issues within the industry and can take action as they deem appropriate.

Impact of our systemic issues work

- Identified 1,574 potential systemic issues
- Referred 225 investigations into systemic issues to financial firms
- Investigated and addressed systemic issues, resulting in remediation for 159,051 consumers and small businesses
- Secured \$44,706,897 in remediation and refunds for consumers
- Restored incorrectly cancelled general insurance policies and corrected credit and repayment histories on consumer credit reports
- Reported 97 systemic issues to regulators
- Resolved 77 investigations into systemic issues with financial firms
- Reported 137 matters under section 1052E(1)–(3) of the *Corporations Act 2001*, including:
 - > nine serious contraventions of the law
 - > 125 reports concerning financial firms' refusal or failure to implement AFCA determinations (73 related to potential CSLR claims)
 - > two reports on settlements requiring further investigation
 - > one additional reportable matter.

Systemic Issues transformation

Our Transformation Project is focused on enhancing our systemic issues function through data-driven analytics. This initiative aims to generate insightful reports and resources and effectively communicate the impact of our work to regulators, consumers and financial firms.

This project addresses Recommendations 12 and 13 of the AFCA Independent Review, which concentrated on systemic issues. These recommendations arose from stakeholder feedback concerning perceived role overlaps between AFCA and ASIC, particularly in light of recently introduced breach reporting obligations for financial firms.

To avoid duplication and overlap, we close investigations when a firm reports an issue to ASIC and is already engaged with ASIC on the same matter. Financial firms are encouraged to inform us as early as possible if they have reported the same issue to a regulator.

AFCA has made significant progress in transforming our approach to systemic issues, including:

- Establishing strong data analytics capabilities within our team.
- Ensuring timely communication of industry issues to regulators to facilitate prompt action.
- Proactively sharing data, insights, and case studies with financial firms to drive industry-wide improvements.
- Delivering new training programs to enhance our team's expertise in systemic issues.
- Implementing new processes and tools to boost internal efficiencies.
- Publishing quarterly editions of the AFCA's Systemic Issues Insights Report, which can be accessed on our website:

afca.org.au/systemicissues

Case study

Background

AFCA engaged with a financial firm over multiple breaches of section 72 of the NCC. These breaches included failing to identify and properly assess hardship requests and not issuing required notices in accordance with section 72. Recognising these failures as systemic, AFCA reported the matter to ASIC and the Office of the Australian Information Commissioner (OAIC).

Outcome

In response, the financial firm undertook several corrective measures to address and prevent these issues:

- Revamped its template letters to ensure they meet the detailed requirements of section 72(4) of the NCC.
- Established a daily review system to scrutinise rejected hardship requests, allowing for the correction of any erroneous decisions and proper management of hardship notices.
- Deployed a technology solution to limit the ability to reject hardship requests, enhancing decision accuracy.
- Created and delivered comprehensive staff training to address and prevent future compliance issues.
- The firm also identified and remediated affected customers. AFCA deemed the issue resolved, closed its file, and informed ASIC and the OAIC of the resolution.

AFCFA's Code compliance and monitoring function



Code compliance and monitoring function

The Code Compliance and Monitoring Team (Code Group) assists five independent committees to monitor compliance with Code of Practice they are responsible for and strives for best practice across the AFS sector.

The committees	The Codes of Practice
Banking Code Compliance Committee (BCCC)	Banking
Customer Owned Banking Code Compliance Committee (COBCCC)	Customer Owned Banking
General Insurance Code Governance Committee (GICGC)	General Insurance
Insurance Brokers Code Compliance Committee (IBCCC)	Insurance Brokers
Life Code Compliance Committee (Life CCC)	Life Insurance

The Codes of Practice set industry standards for service provision, professional conduct and ethical behaviour. The Code Group monitors compliance with these standards and supports the five independent committees, providing them with operational and support services.

Each committee has an independent Chair, a consumer representative and an industry representative. The Code committees seek to raise industry standards and improve consumer outcomes by helping firms comply with the Code. This function is separate from AFCA and, as a business unit, is funded by industry associations and the firms that subscribe to their respective Codes.

Key achievements

Code Group

In 2023-24, the Code Group collectively sharpened its focus on critical issues and risks within each sector, leading to significant improvements in how it presents its work, reports, and findings. This refined approach resulted in greater media attention and an expanded audience reach, with mentions up by 15% and a large increase of 27 million in potential reach to over 40 million. This heightened visibility is crucial, as it amplifies awareness of the Code Group's monitoring efforts and strengthens the impact of the Codes of Practice across the financial services industry.

The Code Group also achieved a significant milestone in 2023-24 with the development of a Data Roadmap, which will transform its capabilities in the coming years. This strategic initiative is designed to enhance data collection, management, and analysis, aligning with the broader goals of improving industry standards and consumer protection. The Roadmap will enable more sophisticated monitoring of Code compliance, ultimately fostering better practices and stronger outcomes for consumers.

Banking Code Compliance Committee

The Banking Code Compliance Committee (BCCC) took proactive steps in 2023-24 to advocate for consumer protections in the new Banking Code of Practice. Through significant stakeholder engagement, the BCCC pushed to retain and strengthen key protections, ensuring that consumer interests remain at the core of practices in the banking industry.

In an important step for small business and agribusiness customers, the BCCC also coordinated an important workshop with the Small Business and Agribusiness Advisory Panel and key stakeholders to explore issues of financial difficulty and barriers to better outcomes. Small business and agribusiness customers face unique challenges and the BCCC, through its Small Business and Agribusiness Advisory Panel, has a crucial role to play helping banks improve practices for these customers.

Additionally, the BCCC improved its monitoring and investigative processes, allowing for a sharper focus on significant areas of non-compliance. It issued two naming sanctions and one warning sanction in 2023-24 against banks for serious breaches of the Code, demonstrating its commitment to holding banks accountable and providing consumer protection.

Customer Owned Banking Code Compliance Committee

In 2023-24, the Customer Owned Banking Code Compliance Committee (COBCCC) implemented a targeted engagement strategy aimed at enhancing the identification and reporting of breaches and complaints among customer-owned banks. This initiative sought to improve reporting accuracy and consistency, ultimately leading to better outcomes for consumers. With the engagement strategy in effect, the number of customer owned banks reporting zero breaches fell from 13 to 4, and reported breaches increased by 82%, from 2,544 to 4,624. These results are a clear demonstration of the effectiveness of the COBCCC's efforts.

The COBCCC also undertook targeted investigations into how customer-owned banks serve vulnerable customers. These efforts focused on ensuring that these banks provide appropriate services to customers experiencing financial difficulties, reinforcing the importance that the industry is committed to consumer protection in all its services.

General Insurance Code Governance Committee

The General Insurance Code Governance Committee (GICGC) conducted a critical inquiry into insurers' use of external experts in claims assessments, revealing the need for improved oversight and training. The findings highlighted areas where insurers should improve practices to ensure fair outcomes for consumers and facilitate a more accountable and transparent industry.

Furthermore, the GICGC sharpened its enforcement strategy in 2023-24. Its improved enforcement strategy enables a more focused and proactive approach to monitoring Code compliance. In 2023-24, the GICGC issued its first sanction against an insurer for significant breaches of the Code, a significant demonstration of its commitment to addressing serious breaches of the Code and potential consumer harm.

Life Code Compliance Committee

In 2023-24, the Life Code Compliance Committee (Life CCC) conducted a follow-up inquiry into insurers' compliance with annual notice obligations, scrutinising the way insurers communicate important information to policyholders. The inquiry underscored the need for consistent and clear communication and set expectations that insurers improve their practices to meet these critical Code obligations.

Additionally, the Life CCC published a report examining insurers' support for victims of family violence. The report was based on work examining the progress that insurers made in meeting the new obligations in the 2023 Code to provide support and presents opportunities for better practices. It also identified areas where further improvements are needed to ensure that the right information is readily available to help, support and protect victims.

The Life CCC played a pivotal role in supporting the transition to a new version of the Code, which came into effect in July 2023. It worked diligently to ensure a smooth transition to maintain uninterrupted compliance from insurers and protections for consumers. The Life CCC also managed the transfer of Code ownership from the Financial Services Council to the Council of Australian Life Insurers in September 2023, ensuring a seamless continuation of Code enforcement.

Insurance Brokers Code Compliance Committee

The Insurance Brokers Code Compliance Committee (IBCCC) made significant contributions to the broker industry in 2023-24 with a Guidance Note to help brokers better identify and support vulnerable clients. This initiative helped deliver industry-wide improvements in service provision to clients needing extra care, reinforcing a commitment to ethical conduct and client protection.

It also continued targeted engagement with brokers to improve data collection and reporting consistency. Crucially, its efforts have led to an increase in reporting breaches and complaints: 63.4% of brokers reported breaches in 2023 (up from 55.2% in 2022) and 66.3% reported complaints (up from 61.1% in 2022).

Additionally, the IBCCC engaged in targeted advocacy to improve remuneration disclosure practices across the industry. By collaborating with the National Insurance Brokers Association, the IBCCC advocated the reinstatement of critical protections in the Code and as well as important changes to definitions of retail and wholesale clients, further enhancing transparency and trust in the industry.

Engagement, awareness and accessibility



Stakeholder engagement

To deliver on our commitments, AFCA depends on strong relationships with external stakeholders, including consumer groups, industry bodies, regulators, and government. These connections help us drive change and improve dispute resolution and industry practices. Our engagement aligns with our organisational values. We commit to:

- purposeful and targeted engagement
- clearly identifying who we engage with
- proactive engagement, not just when we need support
- managing our reputation in the broader external environment.

Who we engage with

AFCA engages with a diverse range of stakeholders, from service users to those interested in our role in industry reform.

We proactively collaborate with financial firms, industry and government to share insights and information to raise industry standards and practices.

We also regularly work with consumer advocates, including financial counsellors, community lawyers and financial capability workers.

We regard stakeholder feedback as crucial for providing the best possible service. Our broad engagement program includes forums, liaison groups, one-on-one meetings, events, consultations, webinars, newsletters and social media.

Engagement with members

To enhance our service, industry practices and to reduce disputes, we collaborate closely with our members, engaging with both their complaint handling units and senior leadership, including Boards and executives. This year, we regularly met with the Boards of major banks, insurers and others to share insights about what we were seeing and discussed key issues like scams, delays and rising complaint volumes. Additionally, we invited members to participate in consultations, webinars and forums.

Membership services

AFCA has a dedicated team that assists firms with the management of their membership including new member applications, changes to existing memberships, member portal assistance and everyday member enquires.

Member Forum

In 2023-24, AFCA held two Member Forums, in November 2023 and March 2024. These events included dedicated sessions on banking and finance, small business, superannuation, life insurance, general insurance, and investments and advice.

We saw strong participation numbers and positive engagement with these online events.

Member news

We regularly publish news about AFCA, dispute resolution, and the financial services industry on our member portal. Each month a newsletter digest of the latest news is sent to more than 35,000 subscribers.

Engagement with consumers

AFCA's Community Engagement team plays a crucial role ensuring we listen to a wide array of voices and foster accessibility and trust. This team manages AFCA's outreach program and consumer engagement efforts, supporting both internal and external networks of trusted advisers. These advisers help us stay informed about emerging issues, offer valuable insights, and contribute to our ongoing service improvement.

AFCA Consumer Advisory Panel

AFCA's Consumer Advisory Panel (ACAP), consisting of 11 members, met quarterly with our Senior Leadership Group. The panel provided insights and analysis on AFCA's strategy, policy, and consumer-focused projects, and shared real-time information about the financial challenges Australians faced. Topics discussed by ACAP this year included scams, financial abuse, poor debt collector conduct insurers' responses to 2022 flood claims and the Independent Review of the General Insurance Code of Practice.

Peter Kell assumed the role of Independent Chair of ACAP in June 2024. He became only the second Chair of the ACAP since its establishment in March 2019. Mr Kell is a former Deputy Chair of the ASIC, a former Deputy Chair of the ACCC, and a former Chief Executive of consumer group Choice.

AFCA thanks outgoing Chair Peter Gartlan for his commitment and service in the role over the past five years.

Consumer Advocate Liaison Meetings

Representatives from nearly 30 advocacy, financial counselling, and community legal services met quarterly with our senior management team. AFCA's Consumer Advocate Liaison Meetings (CALM) focus on promoting best practices in EDR, removing barriers for vulnerable individuals accessing our services, and examining specific areas of AFCA's jurisdiction, including fairness, systemic issues, and scams. Participants also contributed their experiences and insights on managing challenging behaviours and supporting victim-survivors of domestic violence.

We are deeply grateful for the time, wisdom, and dedication of everyone involved in ACAP and CALM.

Outreach

Face-to-face interactions remain the gold standard for engagement, fostering trust and deepening connections within the communities we serve.

In the last financial year, we participated in 56 outreach events, reaching culturally and linguistically diverse groups, people with disabilities and their carers, LGBTQIA+ individuals, as well as older Australians.

A highlight included our outreach team travelling to Geraldton area in Western Australia to support a regional outreach program led by Ombudsman WA.

Over three days, the team, along with colleagues from Ombudsman WA, the Health and Disability Services Complaints Office, the Equal Opportunities Commission and Consumer Protection WA, attended free drop-in sessions where locals could come to get help with a range of complaints. The team also attended an information session for Aboriginal Elders on Wednesday.

The trip included a visit to the Greenough Regional Prison where the team met with the superintendent, key staff and peer support prisoners.

Other key events we participated in:

- Yabun Festival
- Sydney Royal Easter Show's 2UE Senior's Day
- National Multicultural Festival in Canberra
- Midsumma Carnival
- Financial Counselling Australia Conference in Perth
- Financial Counselling Victoria 2024 Summit
- South Australia and Northern Territory Financial Counselling Conference 2023
- Care Expo Sydney
- Gold Coast Disability Expo
- South West Disability Expo
- My Future My Choice Geelong Disability Expo
- STOP Domestic Violence Conference
- No Woman Left Behind Conference
- Transgender Victoria Trans and Gender Diverse Job Fair
- Council on the Ageing Northern Territory Seniors Expo
- Bring Your Bills days.

These efforts have greatly enhanced awareness of AFCA and reinforced our commitment to inclusivity and support for all Australians.

Engagement with the Government

AFCA actively engaged with the Australian Government throughout the year, addressing a broad spectrum of issues and providing valuable insights on key challenges. By sharing our complaints data and insights with Ministers and departments, we highlighted key challenges impacting both consumers and financial firms.

In addition to our ongoing meetings with Treasury, this year AFCA also met with the House of Representatives Standing Committee on Economics and appeared before the Senate Estimates Committee to discuss our work and the broader financial landscape.

Our contributions addressed initiatives for tackling the harm from scams, regulatory reform for BNPL services, proposed amendments to the Banking Code of Practice, and insurers' responses to the 2022 major floods claims, among other topics.

We accepted invitations to appear before Senate Estimates and the Parliamentary Joint Committee, taking the opportunity to discuss aspects of our work with parliamentarians.

International engagement

Gaining insights from global ombudsman schemes and financial services industry members allows us to strengthen and benchmark Australia's dispute resolution landscape. Our international engagement also gives us a platform to share our expertise, experiences, and successes with overseas counterparts.

AFCA continues its active participation as a member of the International Network of Financial Services Ombudsman Schemes, and our Lead Ombudsmen remain members of the Australian and New Zealand Ombudsman Association.

Key highlights of our international engagement in 2023-24 included meeting with delegates from the Monetary Authority of Singapore, the Indonesia Banking Development Institute, the Financial Services Authority of Indonesia, dispute resolution experts from China, the Financial Ombudsman Service in the UK, and the Financial Industry Disputes Resolution Centre in Singapore.

Social media

We use social media to engage with consumers about the work we do, the types of complaints we consider and how to lodge a complaint if they have a dispute with their financial firm. We also use social media to communicate with members and other financial industry stakeholders.

As at 30 June 2024, we had 2,732 Twitter (now known as X) followers, 3,969 Facebook page followers and 23,897 LinkedIn followers.

Website

The AFCA website contains information about AFCA and our service, including the types of complaints we consider, updates and the steps to lodge a complaint.

From 1 July 2023 to 30 June 2024, the AFCA website had 854,005 unique visitors and 3,665,470 total page views.

Consultations

AFCA regularly seeks input from our stakeholders through public consultations. These consultations are open to all, and we encourage our stakeholders to share their views on changes to our policies, jurisdiction, and other important matters.

We conducted four consultations this year:

- Consultation on AFCA's Approach to determining compensation in complaints against Financial Advice Firms where the Responsible Entity of a Managed Investment Scheme has become insolvent
- Consultation on AFCA's Responsible Lending Approach
- Consultation on AFCA's Appropriate Lending to Small Business Approach
- Consultation on Annual Approach document schedule for financial year 2024-25.

We thank everyone who contributed to our consultations for their valuable feedback.

Accessibility

At AFCA, we are deeply committed to ensuring that all Australians can access our services with ease and dignity. In line with the *Disability Discrimination Act 1992 (Cth)*, we prioritise inclusivity and non-discrimination in all our interactions.

To accommodate diverse needs, we provide multiple ways for customers to engage with us, whether by phone, through our website, or via email. We also facilitate communication through interpreters, including Auslan, and the National Relay Service. Our services are designed to be accessible, with options for documents in large print or other languages and flexible communication preferences, including email and post.

Understanding that some customers may need additional time to gather information or seek advice, we offer extended deadlines and the option to appoint an authorised representative. We also provide referrals to free financial counselling, legal advice, and other advocacy services to support those in need. Our approach reflects our dedication to making our services as accessible and supportive as possible for everyone in the community.

Our commitment to accessibility goes beyond just meeting regulatory requirements; it's about fostering a supportive environment where every individual feels valued and heard.

We recognise that people come from diverse backgrounds and face varying challenges, which is why we tailor our services to accommodate different needs. Whether it's through providing assistance for those with cognitive or physical impairments or offering support for individuals dealing with complex personal circumstances, we aim to remove barriers and ensure that everyone can engage with our services effectively.

By continuously evaluating and enhancing our accessibility practices, we strive to stay ahead of emerging needs and challenges.

Our Accessibility and Inclusion Network plays a crucial role in this effort, guiding our approach and ensuring that we remain responsive to the evolving needs of our customers. Through ongoing training and feedback, we are dedicated to creating an inclusive and empathetic service experience that upholds the principles of fairness and equality, ultimately leading to better outcomes for all who seek our help.

AFCA's Accessibility and Inclusion network

AFCA's Diversity, Inclusion, and Belonging Strategy underscores our commitment to being an employer of choice and delivering accessible services. Central to this strategy is our Accessibility and Inclusion Network, which leverages the enthusiasm and expertise of our team to consider AFCA's internal business practices to proactively identify ways to make our service more accessible and better support our employees.

AFCA has five ERGs:

- **Ally Network:** celebrates and supports LGBTQIA+ employees and allies.
- **Carer's Network:** supports and advocates for employees with caring responsibilities.
- **Vis-Ability Network:** supports and advocates for employees living with a disability or who care for a person who does.
- **MOSIAC:** celebrates multicultural and intersectional identities and diverse perspectives.
- **The Women's Network.** This is a new group that was established in 2024 and supports gender equity at AFCA.

Three business resource groups consider AFCA’s internal business practices to proactively identify ways to make our service more accessible:

- **Mental Health Network:** develops strategies to ensure our ways of working support customers experiencing poor mental health.
- **Peer Support Network:** provides practical guidance for our people engaging with customers who disclose lived experience of trauma, including domestic violence.
- **Reconciliation Network:** detailed information about our activities, including AFCA’s RAP is on page 32.

Customers who received additional support

During the last financial year, 7,207 people told us they were experiencing difficult circumstances, or might need additional support from us.

When lodging their complaint, individuals can choose a specific support type or select ‘Other help needed’ and provide additional details if their situation doesn’t fit into the existing categories.

In the last financial year our customers disclosed a range of experiences affecting their ability to manage their financial problems, including autism spectrum disorder, severe post-traumatic stress disorder, chronic and terminal illnesses, incarceration, suicidal ideation and homelessness.

Top 5 additional assistance requests

Additional assistance support	Number of requests
Other help needed	3,193
Impact by natural disaster	1,680
Domestic violence	675
Anxiety	486
Mental health	436



Corporate information

Our people and culture

In the past year, we have made significant strides in our commitment to fostering a diverse, inclusive, and dynamic workplace. As we continue to grow and evolve, our focus remains on enhancing our organisational culture, supporting our staff, and ensuring that our cultural qualities and values are embedded in every aspect of our operations.

Diversity and inclusion

At AFCA, diversity and inclusion are not just goals, but integral to our organisational ethos. We prioritise creating a workplace that respects and values the diverse backgrounds, experiences, and perspectives of our employees.

We have implemented a range of initiatives designed to promote inclusivity, including tailored training programs, support networks, and ERGs. Our commitment to inclusivity is reflected in our recruitment practices, which aim to attract a diverse talent pool and ensure equal opportunities for all.

Employee wellbeing

Recognising the importance of employee wellbeing, AFCA has introduced a range of measures to support the health and welfare of our staff. We have expanded our wellbeing programs to include enhanced mental health resources, flexible working arrangements, and additional wellness initiatives. Our aim is to foster a supportive environment where employees feel valued and empowered, enabling them to maintain a healthy work-life balance.

As part of our commitment to supporting employees, this year we increased paid parental leave from 18 to 20 weeks. We will also pay superannuation on parental leave for up to 12 months.

Additionally, we have increased our advanced pregnancy loss leave from 18 to 20 weeks. In the unfortunate event that an employee, or their partner, experiences the loss of a child after 20 weeks of pregnancy, they will be eligible for up to 20 weeks of paid leave, including superannuation.

We also provide additional leave for Sorry Business, women's health, family and domestic violence, and gender affirmation.

At AFCA, our people are at the heart of everything we do, and we continuously strive to enhance our policies to ensure that our staff are supported and valued in their work environment.

Professional development

Investing in the professional development of our employees remains a key priority. This year, we have facilitated new learning and development opportunities to help our staff build skills and capability, advance their careers, and stay abreast of industry trends.

From leadership development programs to specialised core capability training such as investigation skills and dealing with difficult interactions, our learning and development programs are designed to equip our people with the tools and knowledge they need to excel in their roles and provide an excellent service to the community we serve.

Employee engagement

The engagement and satisfaction of our employees is crucial to our success. This year, we conducted comprehensive staff surveys to gather insights into the employee experience and identify areas for improvement. The feedback we received has been instrumental in shaping our people and culture strategies, ensuring that we address concerns and build on our strengths.

Pleasingly, overall engagement was scored at 87%, the highest engagement rate we have ever had. 93.5% of staff said they feel proud to work at AFCA and 90.5% said that they believe that AFCA is a truly great place to work.

AFCA's Gender Pay Gap

AFCA is committed to supporting gender equality in the workplace and providing equal opportunities and outcomes for both men and women at work.

We want our people to have access to, and enjoy, the same rewards, resources and opportunities, regardless of their gender.

The Workplace Gender Equality Agency recommends that any gender pay gaps be either -5% (favouring women) or +5% (favouring men). AFCA publishes our Gender Pay Gap Employer statement with our results on our website¹ each year.

AFCA's median total remuneration Gender Pay Gap (GPG) in 2023–24 was 2.9%. Our median base salary gender pay gap was 2.1%.

We are pleased to see this downward trend when compared to the previous financial year.

All Employees	AFCA 2022-23	AFCA 2023-24
Median total remuneration	3.5%	2.9%
Media base salary	2.8%	2.1%

While we are within the recommended pay gap and proud of our consistently positive results, AFCA remains committed to closing the gap further.

Ultimately, our goal is to eliminate gender pay gaps at AFCA and achieve gender equity in all aspects of our organisation.

“The conciliator was excellent at running the conciliation and kept control of the meeting and kept it flowing in line with the agenda, this is a credit to her. Thank you.”

- Feedback from a consumer

¹ afca.org.au/about-afca/diversity-inclusion-and-belonging/gender-pay-gap


Key statistics

As at 30 June 2024

 **1,160** employees


 **12%** of employees work part-time


 **35%** of employees were born outside of Australia


 **38%** of employees identify as being culturally or linguistically diverse

 **10%** of employees are people living with disability

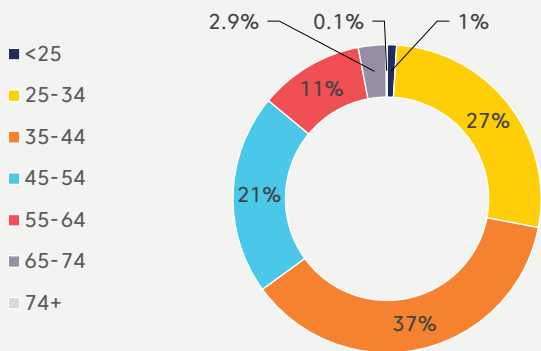
53% of employees have caring responsibilities

 **1%** of employees are Aboriginal Australians and/or Torres Strait Islanders

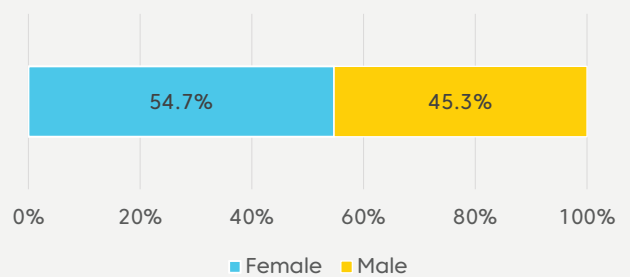
 **11%** of employees identified as being part of the LGBTQIA+ community

 **55%** of our leaders and Board members are female

Age of employees

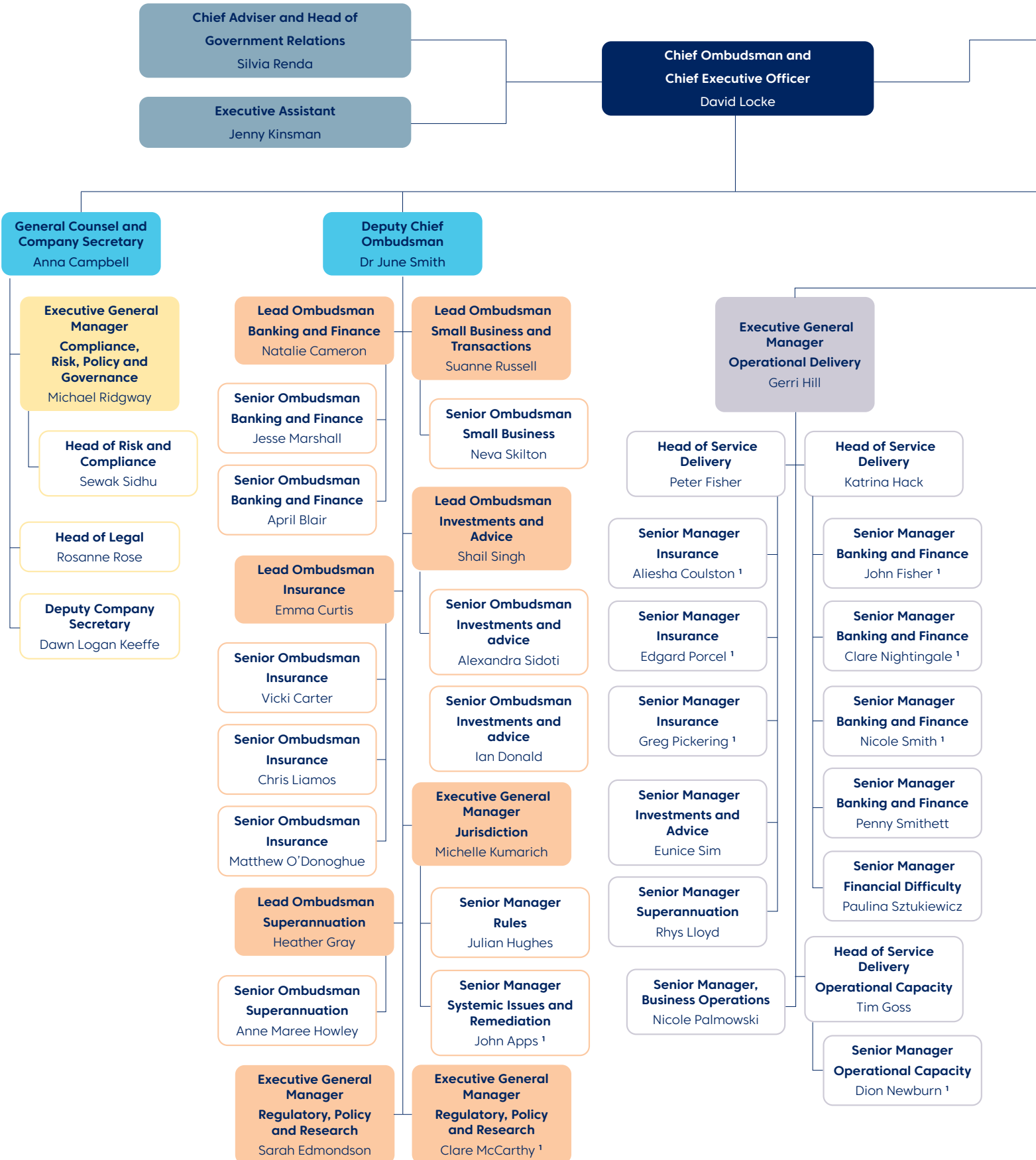


Gender of employees



Organisational chart

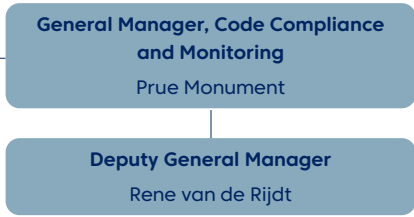
As at 30 June 2024



¹ Secondment

² Acting

³ Acting during parental leave



Chief Operating Officer
Justin Untersteiner

**Executive General Manager
Operational Excellence**
Catherine Tudor ²

- Head of Membership Services
Campbell Daff
- Head of Customer Service
Kristine Seeto
- Senior Manager Quality
Kelly Szakacs

**Executive General Manager
Corporate Services**
Brigid Parsonson

- Chief Information Officer
Patrick Williamson
- Senior Manager Business Systems And Architecture
Michael Jessopp
- Senior Manager Fusion Business Integration
Jacinta Ryan ¹
- Senior Manager IT Operations
James Tod
- Senior Manager Process Transformation
Alexia Fink ¹
- Senior Manager Operational Excellence
Adam Baer
- Senior Manager Workforce Planning
Ankur Gupta

- Head of Data and Analytics
Ben Rashid
- Head of Finance
Jesse Agbinya
- Senior Manager Finance Business Partnering and Transformation
Carly Hong
- Head of Finance – Transformation
Rachel Bushby
- Head of Project Management Office
Meredith Walker
- Senior Manager Properties and Procurement
Harry Ganavas
- Senior Manager Procurement
Christopher Lynch
- Senior Manager Strategy
Katie Humphries ¹
- Senior Manager Strategy
Saziah Bashir

**Executive General Manager
People and Culture**
Mathew Paine

- Head of Culture and Capability
Sue Stone
- Head of People Operations and Governance
Belinda Rooff
- Head of People Partnering
Dina Jarvis
- Head of Recruitment and Employer Brand
Matthew Lant

**Executive General Manager
Communications, Engagement and Brand**
Nicola Chanen ³

- Senior Manager Brand and External Communications
Madison Lovell Basile
- Senior Manager Strategic Communications and Engagement
Samantha Porter

Our leaders

AFCA is led by a Chief Ombudsman and independent CEO and supported by a strong Senior Leadership Group.

AFCA Senior Leadership Group as at 30 June 2024

David Locke

Chief Ombudsman and CEO

Justin Untersteiner

Chief Operating Officer

June Smith

Deputy Chief Ombudsman

Anna Campbell

General Counsel and Company Secretary

Executive General Managers

Nicola Chanen

Acting Executive General Manager – Communications, Engagement and Brand

Susie Cotterill

Executive General Manager – Communications, Engagement and Brand (currently on leave)

Sarah Edmondson

Executive General Manager – Regulatory, Policy and Research (currently on leave)

Erlene Graanoogst

Executive General Manager – Operational Excellence (started 22 July 2024)

Geraldine Hill

Executive General Manager – Operational Delivery

Michelle Kumarich

Executive General Manager – Jurisdiction

Lead Ombudsman

Natalie Cameron

Lead Ombudsman – Banking and Finance

Emma Curtis

Lead Ombudsman – Insurance

Heather Gray

Lead Ombudsman – Superannuation

Silvia Renda

Chief Adviser and Head of Government Relations

Prue Monument

General Manager – Code Compliance and Monitoring

Clare McCarthy

Acting Executive General Manager – Regulatory, Policy and Research

Mathew Paine

Executive General Manager – People and Culture

Brigid Parsonson

Executive General Manager – Corporate Services

Michael Ridgway

Executive General Manager – Compliance, Risk, and Governance

Catherine Tudor

Acting Executive General Manager – Operational Excellence (concluded role on 21 July 2024)

Suanne Russell

Lead Ombudsman – Small Business and Transactions

Shail Singh

Lead Ombudsman – Investments and Advice

Departures from the Senior Leadership Group

Robert Guest

Executive General Manager – Operational Excellence (concluded role in January 2024)

Decision makers as at 30 June 2024

Banking and Finance

Lead Ombudsman

- Natalie Cameron

Senior Ombudsman

- April Blair
- Jesse Marshall

Ombudsmen

- Andrea Barker
- Ian Clyde
- Nicolas Crowhurst
- Carolyn Dea
- Hannah Dodd
- Timothy Gough
- Louise McAuliffe
- Alan Price
- Christopher Siemers

Adjudicators

- Elizabeth Johnson
- Andrew Johnstone

Small Business

Lead Ombudsman

- Suanne Russell

Senior Ombudsman

- Neva Skilton

Ombudsmen

- Catherine Armour
- Geoffrey Bant
- David Brett
- Anthony Dyrenfurth
- Damyon Lill
- Sharan Safe
- Larissa Shafir
- Tami Sokol
- James Taylor
- Diana Tchorbanov
- Susan Wan

Adjudicator

- Mae Andriotis
- Maxwell Pringle
- Stephanie Rossi

Insurance

Lead Ombudsman

- Emma Curtis

Senior Ombudsmen

- Vicki Carter
- Chris Liamos
- Matthew O'Donoghue

Ombudsmen

- Michael Brett Young
- Brydie Cook
- David Giacomantonio
- Qasim Gilani
- Emma Heagney
- Gregory Kirk
- Jennifer Lewis
- Fiona Maguire
- Mark McCourt
- Jeevanie Mendis
- Helen Moye
- Anna Nightingale
- Donald O'Halloran
- Toniel Paton
- John Price
- Michael Schulze
- David Short
- Andrew Weinmann
- Nigel Wilson

Adjudicators

- Moreen Attia
- Jerome Hew
- Daniel King
- Stephanie Kouvas
- Angelia Talagala
- Kate Toppi
- Kurt Van Diemen
- Lauren Wasley

Superannuation

Lead Ombudsman

- Heather Gray

Senior Ombudsman

- Anne Maree Howley

Ombudsmen

- Jane Abbott
- Benjamin Norman
- Ragini Rajadurai
- Mervyn Silverstein
- Ben Taylor

Adjudicator

- Stephanie Mussared

Investments and advice

Lead Ombudsman

- Shail Singh

Senior Ombudsmen

- Ian Donald
- Alexandra Sidoti

Ombudsmen

- Michael Arnold
- Nicholas Battaerd
- Rebecca Devon
- Danae Harper
- Patrick Hartney
- Zoe Higgins
- Hannah Hodges
- Kate Kornacki
- Senthur Kugathasan
- Lauren Roy
- Stuart Russell

Decision maker departures

- **Terri Gladwell**
Adjudicator, Banking and Finance
- **Bill Leonida**
Ombudsman, Banking and Finance
- **Louise Du Pre-Alba**
Ombudsman, Superannuation
- **Graeme Plath**
Ombudsman, Investments and Advice
- **Douglas Clark**
Ombudsman, Investments and Advice

Feedback about our service

Consumers, complainants, representatives of complainants and AFCA members are invited to tell us about our service via our online feedback form, email, phone or social media.

We carefully consider and use this feedback to inform our complaint handling, and to improve and enhance our service. We want to hear the good and the bad.

In 2023-24, we received 311 compliments through our formal complaints and feedback channel, an 8% increase on last year. Further positive feedback came via our complainant surveys and other channels.

Positive feedback included compliments for our efficient and effective resolutions, the positive outcomes we provided, our professionalism, support and patience.

We received 1,278 complaints about our service in 2023-24, a 23% increase on last year. This mostly reflected the larger volumes of complaints about financial issues we received, rather than a reduction in the quality of our service.

We resolved 1,269 complaints about our service in 2023-24. This was a 25% increase on last year and also reflected the rise in overall complaints.

Of the complaints and issues about our service we investigated, 2,345¹ (83%) were not upheld or substantiated and 480 (17%) were substantiated.

Service issues

Complaints about service typically relate to the time we took to deal with complaints, our communication, how quickly we responded, our process, perceived fairness and what information we considered when determining a complaint.

In 2023-24, the three most common issues raised in service complaints related to delays (407), alleged bias in our process (352) and failure to take into account relevant information in a determination we issued (184).

Of the 480 service issues that were upheld during 2023-24, 190 related to delays and 104 related to failure to reply to calls or correspondence or to keep parties informed of progress.

There were 25 upheld service complaints about determinations, compared with last year's 21.

No complaints alleging bias in determinations were upheld in 2023-24, consistent with the last two years.

Outcomes and timeframes

Most upheld service complaints this year resulted in an apology, and an explanation or clarification of our complaint handling process or decisions that were made. In a small number of matters other outcomes included a financial firm complaint being re-allocated or prioritised or errors being corrected. Non-financial loss compensation was provided in a small number of cases.

We resolved and closed 66% of service complaints within our target timeframes, a slight increase from last year (62%).

The average time to resolve service complaints was 22 days, a slight improvement on last year's figure of 24 days.

¹ Complaints can have multiple issues raised.

Areas of focus and further improvements

Our service complaints team worked closely with AFCA case workers, decision makers and leaders throughout the year. The team shared insights and issues that arose from services complaints investigated and other feedback provided, particularly in relation to service complaints arising from determinations issued by AFCA. Insights shared during the year covered a range of service areas including:

- the importance of decision makers responding directly and promptly to questions or concerns raised by complainants about determinations,
- delays in financial firm complaint handling and providing more regular updates on matters, particularly where there was a delay in a complaint being allocated or progressing,
- opportunities for clearer and more responsive communications, and
- enhancing case records and file notes recording interactions with complaint parties.

Throughout the year, we continued to engage regularly with AFCA's Independent Assessor (IA) to discuss service issues that the IA dealt with in service complaints investigated by her office, and to further enhance consistency in our service complaint handling.

Case study

Resolving service complaints through clarification and transparency

Background

A financial firm complaint was lodged with AFCA by a complainant who raised concerns that after refinancing a loan she had been misled by her bank about the interest rate she would be provided with. After the complaint was investigated an AFCA Adjudicator issued a determination which found the bank had not misled the complainant about the interest rate. The decision found, however, that the variable interest rate had changed after a particular date and that communication from the bank about that change had caused confusion.

The complainant lodged a complaint about AFCA's service on the basis that they disagreed with our reference to a particular date relevant to the loan contract that was referenced in the determination. The complainant was not willing to accept the determination as she felt it contained errors.

Outcome

Our service complaint investigation found that the outcome reached by the Adjudicator was appropriate and the reasons were outlined in the decision. However, the complainant was correct that a date had been incorrectly referenced in the decision. This clerical error did not, however, affect the outcome. Once we had explained the situation to the complainant over the phone and in writing, apologised for the mistake and corrected the date in the determination, the complainant was willing to accept the determination. The complainant was satisfied that her service issues had been addressed and the service complaint was resolved.

Case study

Delays and jurisdiction

Background

A complainant's home had been damaged by a stormwater leak and AFCA had found in the complainant's favour in a previous AFCA case. A further complaint was lodged with AFCA about the outstanding loss the complainant believed they were owed by their insurer as the result of insufficient rectification works. AFCA assessed the new complaint as outside of its jurisdiction on the basis that all of the issues being raised had been addressed in the previous AFCA determination and the complainant had been appropriately compensated.

A service complaint was lodged because the complainant disagreed with our jurisdictional assessment and believed AFCA had delayed the handling of their complaints.

Outcome

The service complaint response addressed the complainant's concerns about AFCA's jurisdiction assessment and explained that our Rules assessment process had been applied appropriately. We agreed, however, that the complaints about the insurer had taken longer to progress than they should have. An apology was offered and a small award of non-financial loss compensation for any additional stress or inconvenience caused by AFCA's extended delays.

The complainant subsequently raised their service concerns with the IA whose investigation found that AFCA had appropriately addressed the complainant's concerns.

Independent Assessor

About the Independent Assessor

Melissa Dwyer serves as the Independent Assessor (IA) for AFCA, a role appointed by and reporting directly to the AFCA Board. Operating within the framework of the IA's Terms of Reference, she investigates concerns regarding AFCA's complaint handling and assesses whether or not we meet our service delivery standards.

Importantly, under the Terms of Reference, the IA is not authorised to review the merits of AFCA's decisions, including determinations and jurisdictional rulings. Instead, her role is to assess the fairness of AFCA's processes. The IA offers valuable feedback and recommendations to improve our complaint-handling procedures, but does not engage in AFCA's day-to-day operations.

IA complaints in 2023-24

The IA received 288 complaints. The top five issues for complainants were:

- inadequate responses to correspondence or calls
- bias
- unreasonable delays in handling a financial firm complaint
- lack of procedural fairness
- failure to address key issues/concerns.

Under clauses 8 and 9 of the IA's Terms of Reference, the IA cannot consider the merits of a decision or finding. Therefore, complaints solely about decisions or findings, including determinations and jurisdictional decisions, were ruled outside her jurisdiction.

There were eight complaints from financial firms. Four of these complaints could not be considered by the IA at the time they were lodged, because AFCA's investigations were still in progress or AFCA had not yet had an opportunity to address the complaint. Two complaints were assessed and the remaining two are currently being reviewed.

IA findings report

The IA received 288 complaints and closed 276. She issued 64 assessments, 20 fewer than 2022-23. This was in large part the result of an increase in the complexity and, consequently, the average length of the assessments issued.

Two complaints were withdrawn and four were closed because the complainant did not respond to an information request or other correspondence.

Two hundred and six complaints fell outside the IA's terms of reference because:

- they were about the merits of a decision (including jurisdictional decisions) or a financial firm's actions
- AFCA's investigation of the financial firm and/or service complaint was still in progress
- AFCA had not yet had an opportunity to respond to the complaint
- they were raised outside the time limits
- they were not related to a financial firm complaint and/or service complaint.

Proportion of complaints closed following an assessment or an ‘outside terms-of-reference’ ruling

Assessment

Financial year	Percentage
2020-21	32% (61)
2021-22	31% (59)
2022-23	30% (84)
2023-24	23% (64)

Closed as outside terms of reference/withdrawn/failure to respond

Financial year	Percentage
2020-21	68% (131)
2021-22	69% (135)
2022-23	70% (196)
2023-24	77% (212)

Of complaints the IA substantiated, the top three issues were:

- Communication – inadequate responses to correspondence or calls.
- Delays – unreasonable delays in progressing a financial firm complaint.
- Process – failure to follow internal process and procedures.

Recommendations

When a complaint is substantiated, the IA can recommend to AFCA’s Chief Ombudsman that AFCA:

- offer an apology
- pay compensation for any distress or inconvenience caused (non-financial loss)
- take other action.

During the 2023-24 financial year, the IA recommended 34 apologies to complainants for service failings and \$11,100 in non-financial loss compensation. On six occasions, the IA recommended an increase in non-financial loss compensation for failings AFCA previously apologised for.

The IA also recommended AFCA take eight ‘other actions’, which included:

- providing a further explanation regarding a statement in the determination
- correcting an incorrect reference to the complainant in notes on the case file in accordance with AFCA’s internal file notes procedure
- a decision-maker responding to the complainant’s post-determination submissions
- offering to call the complainants to discuss the determination and/or AFCA’s service complaint response.

AFCA fully accepted and actioned all of the recommendations.

Observations

The IA noted the following themes in 2023-24:

Communication

Communication failings were the biggest category of complaints substantiated. These complaints generally concerned inadequate and/or delayed responses to correspondence or calls (especially post determination) and the provision of poor-quality information/advice.

Efficiency and effectiveness

Many complaints about unreasonable delays in progressing and finalising complaints were substantiated in 2023-24, driven by a significant increase in the number of financial firm complaints AFCA received over the last two years. The IA is continuing to closely monitor delays and AFCA's communication and management of them.

The related increase in number and complexity of complaints to the IA Office also resulted in some delays in assessing complaints. The Board approved additional resourcing for the IA Office in response to these increases.

Accessibility

The IA only substantiated one complaint for the year about a failure to provide adequate assistance to a complainant. In Q4, the IA received 13 complaints concerning accessibility, the highest quarterly number of complaints in this category to date. The issues most complained about were inadequate responses to requests for special assistance, and discrimination.

Fairness and impartiality

The IA substantiated three 'lack of procedural fairness' complaints this year, two of which concerned the exchange of information. In one instance, AFCA failed to advise the complainant it would not be relying upon information he provided prior to issuing an expedited determination. In the other, AFCA failed to exchange the financial firm's submissions.

Business improvement recommendations

Clause 3 of the IA's Terms of Reference allows the IA to recommend ways that AFCA can improve business operations.

The IA's eight business improvement recommendations for 2023-24 included that AFCA:

- adequately document discretionary decisions, such as merging complaints and expediting decisions, on case files and adequately explain the decisions to complainants
- consistently acknowledge receipt of requests for information under the Privacy Act, and provide next steps and likely timeframes
- correct incorrect advice on its website about timeframes to submit complaints
- review template timeframes to respond to information exchanges, to ensure they are reasonable and appropriate in all (or any) circumstances.

Business improvement recommendations, together with AFCA's responses, are reported to AFCA's Board. The Board monitors the implementation of the proposed actions. As of June 2024, four of the eight recommendations had been fully addressed. Actions taken included a review of the adequacy of template timeframes to respond to information exchanges, correcting advice about timeframes on AFCA's external website, updating enterprise-wide privacy training on internal advice and privacy guidelines, and launching (lunch 'n' learn) training on procedural fairness.

Reporting

During 2023-24, the IA attended AFCA's Board meetings and provided quarterly written reports. She also reported quarterly in writing to ASIC and publicly, via AFCA's website¹, on a six-monthly basis.

¹ afca.org.au/about-afca/accountability/independent-assessor

Case study

Unusually complex complaints

Background

This year, the IA received a significant increase in unusually complex complaints. One complainant complained that the decision maker failed to consider the information he provided. The complainant made voluminous, contradictory and frequently indecipherable submissions, which made it challenging for the IA Office (and AFCA) to understand and communicate with him.

Outcome

While the IA did not substantiate his complaint that AFCA did not consider his submissions, the IA identified failings in AFCA's management of his requests for information from his AFCA complaint, which could have been avoided had there been a tailored strategy in place to manage the complainant's unique circumstances from the outset.

The IA noted AFCA's considerable efforts to engage with the complainant and address his concerns, but concluded the complaint, which was eventually found to be unmeritorious, could have been managed considerably more efficiently and effectively for all parties involved, being the complainant, the financial firm and AFCA itself.

Following a thorough investigation and a 33-page assessment, the IA recommended that AFCA improve its ability to flag 'unusually complex' complainants earlier in the AFCA process and develop tailored strategies to manage their complaints given their unique circumstances, thereby avoiding service failings and a large waste of resources.

Our Board

AFCA is governed by a Board of Directors. It has an independent Chair and an equal number of Directors with consumer and industry experience.

The Board is responsible for making sure the independence, integrity and fairness of AFCA's decision-making process is maintained. They also ensure AFCA has enough resources to deliver our services in a timely, efficient and effective manner.

The Board appoints an independent Chief Ombudsman and our CEO, who has delegated authority for AFCA's day-to-day management. They also appoint ombudsmen, adjudicators and panel members who make decisions about complaints, as well as our Company Secretary and the IA.

During 2023-24, the Board met six times, in accordance with its scheduled meetings.

Director	Full Board		Extraordinary/ Restricted Board	
	Actual	Eligible	Actual	Eligible
J Pollaers	5	5	1	1
J Darbyshire	1	1	1	1
A Fairley	2	2	-	-
C Franklin	2	2	1	1
C Mackay	2	2	1	1
E Turner	5	5	1	1
D Rickard	5	5	1	1
G Dransfield	5	5	1	1
G Brody	5	5	1	1
S Dave	4	4	-	-
R Bellottie	2	3	-	-
Y Hong	2	3	-	-
H Loban	3	3	-	-

AFCA Board of Directors as at 30 June 2024

Independent Chair

Professor John Pollaers

Directors with consumer experience

- Dr Heron Loban
- Delia Rickard
- Erin Turner
- Gerard Brody¹

Directors with industry experience

- Swati Dave
- Gary Dransfield
- Raylene Bellottie
- Yien Hong
- **Company Secretary:** Anna Campbell
- **Deputy Company Secretary:** Dawn Logan Keeffe

Board departures in 2023-24

- Jennifer Darbyshire
- Andrew Fairley
- Carmel Franklin
- Claire Mackay

¹ We also farewelled Gerard Brody in August 2024 and are currently recruiting for his replacement.

Corporate governance

AFCA prides itself on independence, integrity and transparency in all aspects of its operations, and applies the principles of good corporate governance to the running of the organisation.

The *ASX Corporate Governance Principles and Recommendations*, 4th edition, sets the benchmark for a high standard of corporate governance in Australia.

Although AFCA is not listed on the Australian Securities Exchange (ASX), we follow the principles to the extent that they apply to us.

This section explains how we apply the ASX principles and recommendations to our company.

Principle 1: Lay solid foundations for management and oversight

Functions reserved by the Board and those delegated to management

Since its inception AFCA's Board has adopted a Charter that governs its operations and outlines the responsibilities of the Board and senior management.

The role of the Board is to:

- monitor our performance
- provide direction to the Chief Ombudsman and CEO on policy matters
- set the budget
- review, when required, the Terms of Reference including jurisdictional limits.

The Board does not involve itself in the detail of complaints lodged with AFCA.

During the year, the Board had three committees to help it fulfil its role:

- Audit and Risk Committee
- People and Remuneration Committee
- Nominations Committee.

Appointment of Directors

The Nominations Committee Charter sets out the steps required when appointing or re-appointing Directors and other Board appointees.

Written terms of appointment

Written agreements set out the terms of appointment for our Directors and senior executives.

Direct accountability of Company Secretary to the Board for correct Board operation

As set out in the Board Charter, our Company Secretary is appointed by, and accountable to, the Board and may advise the Chair, the Board, its committees and individual Directors on matters of governance process.

Diversity policy

AFCA is committed to ensuring the integration of the principles of equal opportunity for all our people. Our organisation wide commitment to diversity is embodied in our Diversity, Inclusion and Belonging Strategy and governed in the workplace by our Diversity Inclusion Policy and Procedure.

Evaluation of performance of AFCA's Board

The Nominations Committee ensures a robust system of performance evaluation for Board appointees and the Board itself. An internal evaluation is conducted by the Nominations Committee on an annual basis.

An external, independent performance evaluation was undertaken in late 2019, and the Board has engaged an external independent provider to conduct a further performance evaluation of the Board, its appointees and its composition during FY2025.

The Nominations Committee undertakes to conduct an independent external review every three years.

Evaluation of performance of AFCA senior management

Since our inception, all our people, including senior managers, have been subject to a performance evaluation process. Line managers conduct employee performance evaluations.

The Chief Ombudsman and CEO is responsible for performance evaluations of senior managers.

The People and Remuneration Committee, in consultation with the broader Board, conducts an annual performance evaluation of the Chief Ombudsman and CEO.

Principle 2: Structure of the Board to be effective and add value

Independent Chair

Professor John Pollaers (Chair) – OAM, MBA, BA

Appointed Independent Chair of AFCA on 15 May 2021, Professor John Pollaers (Medal of the Order of Australia (OAM)) is an eminent international Chair, Chief Executive and Non-Executive Director. John brings a unique set of experience and insights to his role at AFCA, gained in his many years as a distinguished leader across a range of multi-dimensional and complex industries including consumer products and advanced manufacturing. He has been chief executive and director of major companies, including Foster's Group Limited and Pacific Brands, where he regenerated the company culture and was recognised as further simplifying the business model and successfully driving performance of key functions.

Responsible for leading several successful company turnarounds in the face of difficult industry circumstances, John is highly effective in leading organisations operating in ambiguous, unpredictable and sensitive environments. He has been instrumental in building close engagement with the government and media across a range of complex and dynamic industries, notably as founding Chair of the Australian Advanced Manufacturing Council and Chair of the Australian Industry and Skills Committee, and a member of the Prime Minister's Industry 4.0 Taskforce.

Socially minded, John thrives on contributing to much needed debates on a range of issues facing society. He speaks widely on the issues of skills development, the imperatives of 21st Century global business, and the necessity of building meaningful collaboration between research and industry. John is also driven by a passion to harness the benefits of technology and data to make radical, positive change to communities and industries to improve our society.

Professor Pollaers holds an MBA from INSEAD and Macquarie University, as well as degrees in Electrical Engineering and Computer Science. He was awarded an OAM in June 2018 for service to the manufacturing sector, to education and to business. He is also currently the Chancellor of Swinburne University of Technology in Melbourne, a non-executive Director of AGL and Chair of the Advisory Board of Ending Loneliness Together.

Directors with consumer experience

Dr Heron Loban – LLB, BA (Government), GradDipLegalPrac, LLM, PhD

Dr Heron Loban joined the Board on 1 January 2024.

Dr Loban is a proud descendant of the Mabuyag and Boigu peoples and worked as a lawyer, academic and consultant. Dr Loban has held a number of key positions in not-for-profit companies and sat on numerous State, Territory and Commonwealth advisory committees advising on issues affecting Aboriginal and Torres Strait Islander people.

She is the Managing Director of Mura Lagh, a First Nations owned and led consulting firm. Among her current appointments, she is a member of the Indigenous Advisory Group of ASIC. As a lawyer she has worked as Principal Legal Officer at Gur A Baradharaw Kod Torres Strait Sea and Land Council, as CEO of the Torres Strait and NPA Legal Service, and as a solicitor with the Torres Strait Regional Authority. Among other roles, she has been a director of the Australian Communications Consumer Action Network (ACCAN).

Her numerous academic positions have included Senior Lecturer posts at Griffith University and James Cook University – where she completed her PhD thesis on “Aboriginal and Torres Strait Islander people and consumer law”.

Delia Rickard – BA, LLB

Delia Rickard commenced as an AFCA Director on 1 August 2022. Delia has spent her career working in consumer protection. She has held senior positions at the ACCC and at the Australian Securities and Investment Commission (ASIC). Most recently she was the Deputy Chair of the ACCC from 2012 until 2023. These days she sits on a number of not-for-profit boards. In addition to being on the AFCA Board she is also on the Boards of the CSLR, Financial Counselling Australia, Super Consumers Australia, IDCARE, ACCAN and Ecstra foundation. She is presently reviewing the Online Safety Act for the Federal Government. She is also a trustee of the Jan Pentland Foundation.

Throughout her career, Delia has had a strong interest in financial services and the impact of the financial services industry on vulnerable and disadvantaged consumers. She oversaw development of the highly regarded Moneysmart website at ASIC and has been a member of numerous committees at the ACCC, including those on the consumer data right, enforcement and compliance and product safety, as well as the ACCC’s Financial Services Competition Board. She chaired the ACCC’s market study into the cost of insurance in Northern Australia.

She was awarded the Public Service Medal in 2011 for her contribution to consumer protection and financial services. She has also been awarded the Society of Consumer Affairs Professionals Lifetime Achievement Award and in 2022 was named the inaugural winner of the Law Council of Australia’s Consumer Rights Award.

Erin Turner – BA, MPP, GAICD

Erin Turner was appointed a Consumers’ Director by the Minister for Revenue and Financial Services on 4 May 2018. Erin is the CEO of the Consumer Policy Research Centre and is a Board member of ARC Justice, a community legal service that serves Central and Northern Victoria.

Erin was previously the Chair of Financial Rights Legal Centre and Director of Campaigns and Communications at CHOICE. Erin represents consumer interests on the ACCC Consumer Consultative Committee and has previously sat on the ACMA Consumer Consultative Forum and the ASIC Consumer Advisory Panel.

Directors with industry experience

Swati Dave – BCom, GAICD

Swati Dave commenced as an AFCA Director on 1 September 2023.

Swati is an experienced CEO and non-executive Director with an established track record of successfully leading and transforming businesses covering domestic and international markets. She was most recently the Managing Director and CEO at Export Finance Australia from 2017 to 2022, where she successfully led a significant business and cultural transformation to make the organisation more impactful and inclusive.

Swati has over 30 years of banking and financial sector experience across a number of sectors, including infrastructure, natural resources, energy and utilities, renewable energy and property. She has held senior roles at National Australia Bank, Deutsche Bank, AMP Henderson Global Investors, Bankers Trust and Westpac. Swati currently serves as the Chair of the Advisory Board for the Centre for Australia India Relations, Deputy Chair on the Asia Society Australia Board, Non-Executive Director on the Treasury Corporation of Victoria Board; and is an independent member of the QIC Global Infrastructure Investment Committee.

She is a member of the Trade 2040 Taskforce convened by the Minister for Trade and Tourism and a Multicultural Ambassador for Cricket Australia. She previously served as an Advisory Board member on the National Foundation for Australia-China Relations, as a Director of State Super, Australian Hearing, Great Western Bancorp, Inc. (USA) and the NAB Wealth Responsible Entity Boards.

Raylene Bellottie – MAICD

Raylene Bellottie commenced as an AFCA Director on 1 January 2024. Raylene Bellottie is a proud Nanda woman from Yamatji country with a wealth of expertise as an Aboriginal business director, consultant and board member.

Raylene has extensive financial sector experience of over 25 years. She is deeply committed to enhancing Indigenous financial literacy and has served as the Deputy Chair of the First Nations Foundation for more than 10 years. The Foundation strives to promote economic freedom for Aboriginal and Torres Strait Islander people.

She is a business coach for the Waalitj Foundation, where she provides guidance and support to Aboriginal and Torres Strait Islander people to enhance their competence and capability building. In addition, she has held various roles with the Indigenous Advisory Group, the Indigenous Financial Service Network, and as the Deputy Chairperson for Nanda Aboriginal Corporation. Raylene is currently a member and director of Yamatji Southern Regional Corporation and Chairperson of Yamatji Funds Management Ltd.

Previously, Raylene has worked for ANZ Bank and was National Business Development Manager of First Nations accounts for Credit Union Australia.

Gary Dransfield – GAICD

Gary Dransfield has more than 36 years' experience in the retail financial services sector, holding senior roles with Suncorp Group, IAG, Lend Lease, AMP and St George Bank and commenced as an AFCA Director in January 2022.

Gary was most recently Chief Executive, Insurance, for Suncorp, having also been Chief Executive of its Customer Platforms and Personal Insurance units, as well as its Vero Insurance business in New Zealand. At St George, he played an integral role in the successful conversion of St George from a building society to a bank.

Gary is a former President and Chair of the ICA, former President of the Insurance Council of New Zealand, and a former director of CareFlight NSW.

Gary is currently Independent Chair of the Association of Superannuation Funds of Australia, Independent Chair of the Hollard Insurance Australia companies, Independent Chair of Emergence Insurance Group, and a non-executive director of MDA National Insurance.

Yien Hong – LLB, BCom, BA

Yien Hong commenced as an AFCA Director on 1 January 2024. She is General Counsel and Company Secretary at Judo Bank and has held senior roles in Australia and internationally across firms including Deutsche Bank, NAB and Linklaters.

Prior to joining Judo Bank, Yien was General Counsel and Company Secretary at Growthpoint Properties Australia, an ASX-200 listed property fund, and previously Senior Legal Counsel at NAB. Yien's international experience includes three years as the Head of FX and Fixed Income Prime Brokerage Legal at Deutsche Bank, London, where she led a team that supported the structured derivatives business. Before joining Deutsche Bank, Yien held a senior role with global law firm Linklaters, delivering client solutions for private equity acquisitions, cross-border financings and complex structured finance transactions.

With a passion for social justice, Yien served for five years as the Director and Chair of the Development Committee at YWCA Housing (YWCA Victoria), working to provide accommodation and other services to disadvantaged women. Yien is a non-executive director of the Australian Arts Orchestra, one of Australia's leading contemporary ensembles.

Company Secretary

Anna Campbell – BA, LLB

Anna Campbell joined AFCA as General Counsel in November 2019 and is an experienced senior executive with cross-sector and regulatory expertise. Anna's extensive knowledge of financial services means she is uniquely positioned to provide expert advice to AFCA on complex legal matters, corporate governance and risk management.

Anna was previously General Manager of Enterprise Compliance at the ASX where she was responsible for the ASX Group's regulatory assurance function, involving Corporations Act licensing obligations, Trade Practices Act requirements and other statutory obligations.

Anna also held the role of Deputy General Counsel at ASX for nine years, after joining the ASX from Allianz where she was Acting General Counsel. She has worked as a lawyer in both the private and public sector and exhibits a breadth of experience in providing expert instruction on a range of matters. Anna is a highly effective operative in developing and leading organisational approaches to management, corporate governance, risk management, and stakeholder management.

Deputy Company Secretary

Dawn Logan Keeffe

Dawn Logan Keeffe is a senior governance professional who joined AFCA in 2023 from New York Stock Exchange listed Clarivate Plc, a large multinational information and data company. Dawn was Company Secretary and Senior Trademark Counsel based in Clarivate's London office, then in Sydney. Dawn is a lawyer and chartered company secretary, having started her career in the UK as an intellectual property attorney. She has had extensive experience in Australia and the UK, working in top-tier intellectual property legal practices and in governance and legal counsel roles for large, global corporate entities.

Disclosures regarding Nominations Committee and People and Remuneration Committee

The Nominations Committee is composed of the Chair of the Board, the Chair of the Audit and Risk Committee, and the Chair of the People and Remuneration Committee. It may be extended to include attendance or membership of other Directors, as required. The People and Remuneration Committee is composed of two industry Directors and two consumer Directors, any one of whom may be appointed Chair. This composition satisfies the constitutional requirements of AFCA for Board committees to maintain equal membership between industry and consumer Directors.

The following tables set out the meetings and attendances for the Nominations Committee and the People and Remuneration Committee during 2023-24.

People and Remuneration Committee

	Actual	Eligible
J Pollaers	-	-
J Darbyshire	1	1
C Franklin	2	2
C Mackay	2	2
E Turner	2	2
D Rickard	-	-
G Dransfield	-	-
G Brody	4	4
R Bellottie	1	2
Y Hong	2	2

Nominations Committee

	Actual	Eligible
J Pollaers	3	3
J Darbyshire	-	-
C Franklin	-	-
C Mackay	-	-
E Turner	-	-
D Rickard	3	3
G Dransfield	3	3
G Brody	-	-
R Bellottie	-	-
Y Hong	-	-

Skills matrix of AFCA's Board of Directors

The Board Charter states that core technical competencies that should be found across the Board include:

- Accounting and finance – Directors who have expertise in financial accounting.
- Business judgment – Directors who have a record of making good business decisions.
- Governance – Directors who understand and keep abreast of good governance practices.
- Knowledge of consumer issues and needs – Directors with appropriate and relevant consumer movement knowledge and experience.
- Industry knowledge – Directors with appropriate and relevant industry-specific knowledge and experience.
- Knowledge of internal and EDR.
- Human resource management – Directors who have experience and interests in human resource management and staff welfare.
- Risk Management.
- Data and Information Management.
- Cyber Security.

In 2020, the Board formally engaged PwC to assist in developing a Board Skills Matrix. The Board has performed an annual self-evaluation against the matrix to ensure the Board's skills are, and continue to be, relevant and up to date. This Board Skills Matrix is being reviewed as part of the external Board Performance Assessment being undertaken in 2024-25.

Independent Directors

The Chair is required by our Constitution to be independent, and our Board Charter prohibits a single individual from occupying the roles of Chair, Chief Ombudsman and CEO.

Our Board is composed of individuals with expertise and knowledge as required by our Constitution. There are no executive directors.

While the Directors, except the Chair, are appointed due to their expertise in industry (related to financial services or superannuation) or in consumer advocacy and support relevant to AFCA, they are not appointed to represent constituent groups and each understands their legal obligation, as Director, to put the best interests of AFCA first.

Induction and training of Directors

On appointment, each Director is provided with a comprehensive induction to AFCA and our operations. The Directors are also permitted to request and receive all reasonable training necessary for them to perform their roles as Directors effectively, and a suitable budget has been assigned for this to occur.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

Code of Conduct

The standards of behaviour expected of our Directors and employees are set out in:

- the Board Charter
- Engagement Charter
- our Code of Conduct
- our values, which are:
 - > Fair and Independent
 - > Transparent and Accountable
 - > Honest and Respectful
 - > Proactive and Customer Focused.

Principle 4: Safeguard the integrity of corporate reports

Audit and Risk Committee

AFCA's audit functions are carried out by the Audit and Risk Committee. Since its inception in 2018, the committee has had a formal Charter governing its area of responsibility.

The following table sets out the meetings and attendances for the Audit and Risk Committee in 2023-24.

Audit and Risk Committee

	Actual	Eligible
A Fairley	3	3
E Turner	2	2
D Rickard	6	6
G Dransfield	6	6
S Dave	4	4
H Loban	3	3

CEO and CFO declarations

Prior to the Board approving the annual financial reports contained within AFCA's General Purpose Financial Report, the Board receives a declaration from the Chief Ombudsman, CEO and Head of Finance that, in their opinion, the financial records have been properly maintained and the financial statements comply with appropriate accounting standards.

These declarations also state that the financial statements give a true and fair view of AFCA's financial position and performance, and that these opinions have been formed based on a sound system of risk management and internal control that is operating effectively. They also declare that AFCA is solvent and compliant with its superannuation obligations.

Attendance of the external auditor at the Annual General Meeting

The external auditor receives an invitation to attend each Annual General Meeting, but attendance has not, to date, been required by the membership.

Principle 5: Make timely and balanced disclosures

Disclosure policy

This principle applies to companies that are subject to the ASX Listing Rule disclosure requirements and, as such, has no direct relevance to AFCA. However, we have various policies and procedures that, in combination, cover many of the same areas as the recommended Disclosure Policy, and we are committed to open and transparent communication with our stakeholders.

Principle 6: Respect the rights of security holders

As a public company limited by guarantee, we do not have shareholders. As a result, this principle has no direct relevance to us. However, we are committed to respecting the rights of our stakeholders, particularly the financial firms that are members of the scheme and consumers who use our service.

Information about AFCA and its governance

Information about AFCA can be found on our website (afca.org.au), by email (info@afca.org.au), or by telephone 1800 367 287, free call on 1800 AFCA AUS or 1300 56 55 62 for members.

Meetings of stakeholders

The Annual General Meeting is held and conducted in accordance with the *Corporations Act 2001 (Cth)* and our Constitution. Our Stakeholder Engagement Strategy encourages participation at general stakeholder meetings.

Principle 7: Recognise and manage risk

Oversight of risk

While ultimate responsibility for risk oversight and risk management rests with the full Board, the Audit and Risk Committee has oversight of these activities, and the Senior Leadership Group has day-to-day operational responsibility for risk oversight and management.

AFCA has implemented a risk management framework aligned with Australian Standard AS ISO 31000:2018 (Risk Management – Guidelines). In accordance with this framework, we conduct regular risk workshops and reviews to ensure our risk register, controls and mitigations consider and effectively respond to changes to the internal and external environment and remain current.

AFCA's risk management framework is underpinned with a strong risk culture and mandatory risk training.

Risk appetite statements established by AFCA for its material risk are supported by quantifiable metrics. There is regular oversight and reporting of any metric outside agreed tolerance levels.

Risk management within AFCA is overseen by the Board and the Audit and Risk Committee, with regular quarterly reporting and an annual risk workshop to consider AFCA's risk profile and operating environment.

Material exposure

At the time of publication, we have no known material exposure to any economic, environmental and/or social sustainability risks.

Principle 8: Remunerate fairly and responsibly

People and Remuneration Committee

The main functions of a remuneration committee are performed by the People and Remuneration Committee.

The Board sets its remuneration in accordance with clause 4.9 of our Constitution and on advice from the People and Remuneration Committee. The People and Remuneration Committee conducts an annual benchmarking of the Board's remuneration to ensure that it is reflective of industry standards and in line with governing principles.

The Board also sets the remuneration of the Chief Ombudsman and CEO in accordance with the performance and remuneration framework for the Chief Ombudsman and CEO agreed by Board.

Responsibility for AFCA's remuneration, recruitment, retention and termination policies for all other employees has been delegated to the Chief Ombudsman and CEO, but significant changes to these policies are reviewed by the People and Remuneration Committee and ratified by the Board.

The remaining aspects of this principle are applicable to companies subject to the ASX Listing Rules and, as such, have no relevance to AFCA.

Remuneration of Non-executive Directors and Executive Directors

All Directors are Non-executive Directors and, aside from the Chair, are paid equally. The Chairs of the People and Remuneration Committee and Audit and Risk Committee are paid a small additional fee in recognition of their additional commitment and workload.

Equity-based remuneration

As we are a member-based organisation and do not issue shares, we do not offer equity-based compensation or bonuses to any Directors, executives or employees and do not offer an employee-based share scheme.

Naming financial firms

At AFCA, we believe in being clear, honest and accountable to the public.

We acknowledge our important public role and recognise that transparency in our data and decisions is essential to rebuilding trust in the financial sector.

In making determinations AFCA identifies the financial firm the complaint is lodged against, but we don't identify other parties to the complaint.

We will not publish a determination that risks identifying any party other than the financial firm.

During 2023-24, we published 4,129 determinations naming the financial firm involved.

AFCA General Purpose Financial Report 2024

For the financial year ended 30 June 2024



Directors' report

The Australian Financial Complaints Authority Limited ("AFCA" or "the Company") submits herewith the annual financial report of the company from 1 July 2023 to 30 June 2024, consistent with the provisions of the *Corporations Act 2001*.

Principal activities

AFCA is a not-for-profit company limited by guarantee, with its principal activity being the external dispute resolution ("EDR") provider for the financial services industry in Australia.

Company objectives

Purpose

The mission of AFCA is to provide fair, independent and effective solutions for financial disputes.

Vision

AFCA's vision is to be a world class ombudsman service

- raising standards and minimising disputes
- meeting diverse community needs and
- trusted by all

Authorisation of AFCA

The Minister for Revenue and Financial Services authorised AFCA to operate the AFCA EDR scheme in April 2018, with a commencement date of 1 November 2018.

The Board of Directors

Please refer to page 133 for information about AFCA's Board.

Board Committees

The Board Committees play an important role to assist the Board in its decision-making processes. The standing Board Committees are:

- Audit and Risk Committee
- People and Remuneration Committee
- Nominations Committee

Board member attendance

The number of directors' meetings and number of meetings attended by each of the directors of the company during the financial year is set out in the tables below.

Director	Full Board		Extraordinary/ Restricted Board		Audit and Risk Committee		People and Remuneration Committee		Nominations Committee	
	Actual	Eligible	Actual	Eligible	Actual	Eligible	Actual	Eligible	Actual	Eligible
J Pollaers	5	5	1	1	-	-	-	-	3	3
J Darbyshire	1	1	1	1	-	-	1	1	-	-
A Fairley	2	2	-	-	3	3	-	-	-	-
C Franklin	2	2	1	1	-	-	2	2	-	-
C Mackay	2	2	1	1	-	-	2	2	-	-
E Turner	5	5	1	1	2	2	2	2	-	-
D Rickard	5	5	1	1	6	6	-	-	3	3
G Dransfield	5	5	1	1	6	6	-	-	3	3
G Brody	5	5	1	1	-	-	4	4	-	-
S Dave	4	4	-	-	4	4	-	-	-	-
R Bellottie	2	3	-	-	-	-	1	2	-	-
Y Hong	2	3	-	-	-	-	2	2	-	-
H Loban	3	3	-	-	3	3	-	-	-	-

Company overview

Background

The company was incorporated on 17 July 2017 with the objective of presenting an application to operate the EDR scheme for the financial services industry mandated by the *Treasury Laws Amendment (Putting Consumers First - Establishment of the Australian Financial Complaints Authority) Act 2017*.

Memberships

There were 10,290 active Financial Firms and 37,285 active Authorised Credit Representative members registered at 30 June 2024.

Operating result

The net deficit for the year ended 30 June 2024 is (\$3,091,672) 30 June 2023: (\$3,389,791) and total accumulated funds amount to \$22,035,648 (30 June 2023: \$25,127,320).

Complaint numbers

AFCA received 104,861 complaints between 1 July 2023 and 30 June 2024, which is an 8% increase in complaints compared to the last financial year (FY2022/23). AFCA has received 471,835 complaints since commencing on 1 November 2018.

Legacy complaints

In response to the Royal Commission the Government announced that AFCA's jurisdiction would be expanded to enable it to assess legacy complaints (that is, complaints involving firms dating back to 1 January 2008). AFCA received 1,886 complaints under this jurisdiction, as at 30 June 2024 there were 43 open legacy complaints spread across most product areas, with the majority in banking.

Subsequent events

An increase in demand for AFCA's services is expected to continue post reporting date, with special consideration to increases in scam and financial difficulty related complaints. These increases have been driven by the impacts of higher interest rates and the advancement of sophisticated scam activity and technology adaptation.

It is noted that AFCA continues to participate and engage with government and key stakeholders with regards to strategy and policy development to combat scam activity.

In the opinion of the Company directors, as at the date of this report, other than the items identified herein, no other item, transaction, event of a material or unusual nature has arisen which would significantly affect the future operations of the Company.

Indemnification and insurance of officers

The Company has agreed to indemnify its current and former Directors and Secretaries of the company against all liabilities to another person (other than the Company) that may arise from their position as directors or secretaries of the company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Under the terms of the agreements entered into, the Company, has agreed to indemnify the adjudicators, Panel members and Ombudsmen for all liabilities that may arise from their position in the Company to another person (other than the Company), except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including legal fees.

The company has paid insurance premiums in respect of the Directors' and Officers' Liability and Legal Expenses Insurance contracts for officers of the company. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, except conduct involving wilful breach of duty or improper use of information or position to gain a personal advantage.

The insurance policies outlined above do not contain details of premiums paid in respect of individual officers of the company.

During or since the end of the financial period, the company has not otherwise indemnified or agreed to indemnify any officer or auditor of the company against a liability incurred as such an officer or auditor.

Members' guarantee

The company is a public company limited by guarantee incorporated in Australia. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the company.

At 30 June 2024, the maximum total members' contribution is \$4,757,500 if the company is wound up.

Auditor's independence declaration

A copy of auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 148.

The director's report is signed in accordance with a resolution of the directors made pursuant to Section 298(2) of the *Corporations Act 2001*.

On behalf of the directors



Director

On behalf of the directors

Dated at Sydney this 13/09/2024

Directors' declaration

For the financial year ended 30 June 2024, the directors declare that:

- a) the financial statements and notes, as set out on pages 148 to 167, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards – Simplified Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2024 and the performance for the year ended on that date of the company.
- b) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- c) in the directors' opinion, the attached consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of the directors made pursuant to Section 295(5) of the *Corporations Act 2001*.

On behalf of the directors



Director

On behalf of the directors

Dated at Sydney this 13/09/2024



Moore Australia

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**Auditor's Independence Declaration
Under S307C of the Corporations Act 2001
To the Directors, Australian Financial Complaints Authority Limited**

As auditor for the audit of Australian Financial Complaints Authority Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Gery Bicos
Partner – Audit and Assurance
[Moore Australia Audit \(VIC\)](#)
Melbourne, Victoria
13 September 2024

Moore Australia Audit (VIC)
ABN 16 847 721 257
Chartered Accountants



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Independent Auditor's Report to the members of Australian Financial Complaints Authority Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of the Australian Financial Complaints Authority Limited ("the Company"), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration .

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the year ended; and
- ii. complying with Australian Accounting Standards - Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Moore Australia Audit (VIC) ABN - 16 847 721 257. An independent member of Moore Global Network Limited - members in principal cities throughout the world. Liability limited by a scheme approved under Professional Standards Legislation.



Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report and the consolidated entity disclosure statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A handwritten signature in black ink, appearing to read 'G. Bicos', with a small dot to the right.

Gery Bicos
Partner – Audit and Assurance
[Moore Australia Audit \(VIC\)](#)
Melbourne, Victoria
13 September 2024

Moore Australia
Moore Australia Audit (VIC)
ABN 16 847 721 257
Chartered Accountants

Statement of Profit or Loss and other comprehensive income for the year ended 30 June 2024.

	Notes	Year ending 30 June 2024	Year ending 30 June 2023
Revenue	2	179,391,735	147,743,605
Employee benefits expense		(147,261,000)	(118,103,446)
Office costs		(1,250,098)	(458,058)
Communication & Stakeholder relations expenses		(1,831,737)	(1,615,306)
Interest expense on leases	6	(2,269,037)	(2,466,044)
Occupancy expenses		(3,586,678)	(2,827,632)
Board expenses		(1,338,746)	(1,172,384)
Gain/(losses) on financial assets		1,247,621	(225,178)
Insurance expenses		(234,751)	(218,427)
Professional assistance expenses		(6,352,948)	(8,788,516)
Depreciation & amortisation expense		(8,876,488)	(8,544,791)
General & administrative expenses		(1,363,868)	(1,065,545)
Technology expenses		(9,283,839)	(5,564,644)
Other expenses		(81,838)	(83,425)
Deficit before tax		(3,091,672)	(3,389,791)
Income tax expense		-	-
Deficit for the period		(3,091,672)	(3,389,791)
Other comprehensive income		-	-
Total comprehensive Deficit		(3,091,672)	(3,389,791)

Notes to and forming part of the financial statements are included on pages 155 to 167.

Statement of Financial Position as at 30 June 2024

	Notes	2024	2023
Current assets			
Cash and cash equivalents	15	19,704,652	20,142,912
Trade receivables, prepayments & other debtors	3	33,483,079	32,632,084
Total current assets		53,187,731	52,774,996
Non-current assets			
Property, plant and equipment	4	5,795,639	5,519,799
Intangible assets	5	3,919,967	1,167,192
Right of Use Assets	6	53,091,035	60,575,492
Total non-current assets		62,806,641	67,262,483
Total assets		115,994,372	120,037,479
	Notes	2024	2023
Current liabilities			
Accounts payable and other payables	7	12,619,776	10,071,699
Lease liabilities	8	6,452,268	5,885,189
Provisions	9	15,849,179	12,802,882
Total current liabilities		34,921,223	28,759,770
Non-current liabilities			
Lease Liabilities	8	55,150,957	61,626,580
Provisions	9	3,886,544	4,523,809
Total non-current liabilities		59,037,501	66,150,389
Total liabilities		93,958,724	94,910,159
Net assets		22,035,648	25,127,320
Accumulated Funds	10	22,035,648	25,127,320
Total accumulated funds		22,035,648	25,127,320

Notes to and forming part of the financial statements are included on pages 155 to 167.

Statement of Changes in Equity for the year ended 30 June 2024

2024	Notes	Equity from Previous EDR Schemes	Retained Earnings	Total
Balance as 1 July 2023		44,862,983	(19,735,663)	25,127,320
Deficit for the period		-	(3,091,672)	(3,091,672)
Balance at 30 June 2024		44,862,983	(22,827,335)	22,035,648

2023	Notes	Equity from Previous EDR Schemes	Retained Earnings	Total
Balance as 1 July 2022		44,862,983	(16,345,872)	28,517,111
Deficit for the period		-	(3,389,791)	(3,389,791)
Balance at 30 June 2023		44,862,983	(19,735,663)	25,127,320

Notes to and forming part of the financial statements are included on pages 155 to 167.

Statement of Cash Flows for the year ended 30 June 2024

	Notes	2024	2023
Cash Flows from Operating Activities			
Receipts from members and others		196,548,001	151,519,179
Interest received		1,125,057	808,597
Payments to suppliers and employees		(185,513,089)	(148,405,846)
Lease Interest		(2,269,037)	(2,466,044)
Net cash provided by operating activities		9,890,932	1,455,886
Cash Flow from Investing Activities			
Payment for property plant and equipment		(1,632,101)	(1,154,437)
Payment for intangible assets		(2,788,547)	(1,167,192)
Redemption for investments in term deposits		-	-
Net cash provided by / (used in) investing activities		(4,420,648)	(2,321,629)
Cash Flow from Financing Activities			
Payment of lease liability principal		(5,908,544)	(5,395,452)
Net cash (used in) financing activities		(5,908,544)	(5,395,452)
Cash and cash equivalents at the beginning of the financial period		20,142,912	26,404,107
Net increase / (decrease) in cash and cash equivalents		(438,260)	(6,261,195)
Cash and cash equivalents at the end of the financial period	15	19,704,652	20,142,912

Notes to and forming part of the financial statements are included on pages 155 to 167.

Notes to and forming part of the Financial Statements for the year ended 30 June 2024

Note 1: Summary of Material Accounting Policies

General information

AFCA is a company limited by guarantee, incorporated and operating in Australia.

Australian Financial Complaints Authority Limited's registered office and its principal place of business is:

Level 26 Wesley Place
130 Lonsdale Street
Melbourne Vic 3000

AFCA is a not-for-profit company limited by guarantee with its principal activity being an external dispute resolution provider for the financial services industry in Australia.

The Minister for Revenue and Financial Services authorised AFCA to operate the AFCA EDR scheme in April 2018, with a commencement date of 1 November 2018.

Basis of preparation

These general purpose - simplified disclosures financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB) and comply with other requirements of the law.

The presentation currency used in these financial statements is Australian dollars (\$). Amounts in these financial statements are stated in Australian dollars unless otherwise noted.

The financial statements have been prepared as a stand alone entity on the basis of historical cost. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

Statement of compliance

The Company does not have 'public accountability' as defined in AASB 1053 Application of Tiers of Australian Accounting Standards and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards. The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (AASB 1060) and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

The financial statements were approved by the directors and authorised for issue on 5 September 2024.

Accounting policies

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The material accounting policies set out below have been adopted in the preparation and presentation of the financial report:

(a) Revenue

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

Annual Registration Fees

Annual Registration Fees are recognised over time over the year to which they relate and when the member consumes the benefit of membership.

Complaint fees

Complaint fees charges are recognised over time based on the enforceable right to payment from the previous to current stage of advancement of the case. As such revenue is accrued based on the previous stage of advancement.

User charges

Revenue from User charges are recognised over time as the member consumes the benefit.

Free complaints

AFCA provides five free complaints to all members, applied to the first five chargeable complaints closed from the beginning of each new financial year (from 1 July each year). These are recognised in the financial year they relate to.

Code monitoring

Code monitoring is recorded as revenue in the financial year monitoring activity is performed. Where cash received from code subscribers and industry associations remains unspent at the end of the financial year it is treated as income received in advance as this is deemed to align with the performance obligations within the agreement.

Membership application fees

Membership application fees are recorded as revenue at a point in time when the application is made.

Interest income

Interest income is recognised as using the effective interest method.

Grant revenue

AFCA may receive grants where there are conditions to deliver economic value through the set-up of new complaint handling processes and support arrangements. As conditions are attached to the grant before AFCA is eligible to retain the contribution, the recognition of the grant as revenue is deferred until those conditions are satisfied.

(b) Property, plant and equipment and depreciation

Plant and equipment and leasehold improvements are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the item. Depreciation is calculated on a straight-line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Furniture and fittings	1-11 years
Computer hardware and software	3-5 years
Office equipment	2-10 years
Leasehold improvements	To expiry of lease term

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Property, plant and equipment is assessed for impairment each year and an impairment loss is recognised when no future economic benefit will arise from the continued use of an asset.

Work in progress assets are in the course of construction for future use by AFCA and are carried at cost, less any recognised impairment loss. Depreciation of these assets will commence when the assets are ready for their intended use.

(c) Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. Amortisation is calculated on a straight-line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The carrying value of the intangible assets reflected in these statements relate to internally generated software, built as part of AFCA's IT Transformation program (Fusion). These assets are in use as of 17th June 2024 and are being amortised over 5 years.

Work in progress assets are in the course of construction for future use by AFCA and are carried at cost, less any recognised impairment loss. Amortisation of these assets will commence when the assets are ready for their intended use.

(d) Leases

The Company as a lessee

At inception of a contract, AFCA assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by AFCA where AFCA is a lessee.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, AFCA uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

(e) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs.

Financial assets

All recognised financial assets are subsequently measured in their entirety at amortised cost.

Classification

On initial recognition, the Company classifies its financial assets into cash, trade receivables, prepayments or other assets. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

The Company's financial assets are initially measured at amortised cost. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, accruals and other liabilities.

Recognition of expected credit losses in financial statements

AFCA recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due, and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

AFCA uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- the general approach; and
- the simplified approach.

General approach

Under the general approach, at each reporting period, AFCA assessed whether the financial instruments are credit impaired, and:

- if the credit risk of the financial instrument increased significantly since initial recognition, AFCA measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there was no significant increase in credit risk since initial recognition, AFCA measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that result from transactions that are within the scope of *AASB 15: Revenue from Contracts with Customers*, and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience).

Following the establishment of the Compensation Scheme of Last Resort (“CSLR”) on 01 April 2024, consideration is given to the eligibility and recoverability of amounts relating to an individual asset as claimable through CSLR.

(f) Employee Provisions

Short-term employee provisions

Provision is made for AFCA’s obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) where employees are eligible for settlement within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and annual leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee provisions

Provision is made for employees’ long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations.

Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee provisions expense.

AFCA does not provide any defined benefits plans to employees.

(g) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

(i) where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO), it is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to the ATO is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financial activities which is recoverable from, or payable to, the ATO is classified as operating cash flows.

(h) Income tax

The company has determined that it is an exempt entity under section 50-10 of the *Income Tax Assessment Act 1997* and therefore exempt from income tax.

(i) Provisions

Provisions are recognised when AFCA has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(j) Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(k) Accumulated funds

As per section 2.3 of the company's constitution, upon winding up of the company, any excess funds shall not be paid to members but shall be given or transferred to any organisation with similar purposes and which has rules prohibiting the distribution of its assets and income to its members.

(l) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within AFCA.

Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

1. future increases in wages and salaries
2. future on cost rates, and
3. experience of employee departures and period of service.

Long term employee benefit provisions are measured present value using discount rates by reference to market yields for high quality corporate bonds at the end of the reporting year.

During FY2023-24, historical employee departures and periods of service was used to update the probability of employee entitlement to Long Service Leave (item 3 above). Consideration was driven by a change to both employee tenure and changes to AFCA's staffing volume to ensure a better reflection and composition of the provision.

Trade Receivables – Credit Losses

As described in note 1(e), various data is used to get an expected credit loss for trade receivables.

Credit losses arise from multiple AFCA members that are unable or unwilling to pay debts owing to AFCA. In addition to insolvency, the underlying reasons for this condition can vary significantly for each member, so determining whether a credit loss will occur is a key source of uncertainty.

Under these circumstances, the volume of complaints and the extent of work that is required to resolve these complaints is also uncertain. This impacts on the value of credit losses that arise from the non-recovery of complaint fees.

Performance obligations under AASB 15 Revenue

To identify a performance obligation under AASB 15 Revenue, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by considering any conditions specified in the arrangement, explicit or implicit, regarding the promised services. In making this assessment, AFCA management takes account of complaint handling activities for complaints that are currently lodged with AFCA and are in progress in addition to other membership support services that are available to effective members during the current membership year.

Intangible assets – platform development

Platform development relates to AFCA's IT transformation program and is capitalised when the Company can reliably determine when the recognition criteria are met to capitalise platform development costs.

To determine the cost of platform development, management used professional judgement to estimate the capitalisation percentage to apply to the salaries of each employee who worked on the development which involved liaising with the IT team and external consultants.

Management has also exercised its best estimates to allocate the capitalisable employee costs to each project according to the scope and nature of the work. The platform is available for use from 15 June 2024 and will be amortised over 5 years starting on that date.

Note 2: Revenue

The following table presents the disaggregation of revenue by service category, with the entirety of revenue generated in Australia. Surplus/(Deficit) for the periods includes the following items of revenue:

Revenue	2024	2023
Revenue recognised at a point in time		
Other sundry income	27,308	6,334
Government Grants	5,127,072	-
Revenue recognised over time		
Complaint fees	81,100,736	63,952,210
AFCA User charge	78,837,115	70,908,154
Membership levies	5,415,573	5,488,203
Interest income	1,198,017	808,597
Code monitoring	7,685,914	6,580,107
Balance as at 30 June	179,391,735	147,743,605

The disaggregation of revenue provides insights into the revenue streams based on different service categories, which the company considers valuable information for evaluating its revenue generation.

Note 3: Trade receivables, prepayments and other debtors

	2024	2023
Trade Receivables	19,593,581	24,550,088
Accrued income	14,705,977	11,349,569
Prepayments	3,810,965	2,738,170
Other Debtors	199,791	94,480
Provision for expected credit loss	(4,827,235)	(6,100,223)
Balance as at 30 June	33,483,079	32,632,084

Note 4: Property, plant and equipment

2024	Plant & Equipment	Leasehold improvements	Work in Progress	Total
Gross carrying amount				
Opening Balance	5,133,908	7,543,105	24,780	12,701,793
Additions - at cost	1,544,226	33,120	54,755	1,632,101
Transfers	24,780	-	(24,780)	-
Disposals	(956,991)	(1,745,105)	-	(2,702,096)
Balance at 30 June 2024	5,745,923	5,831,120	54,755	11,631,798
Accumulated Depreciation				
Opening Balance	4,000,369	3,181,627	-	7,181,996
Disposals	(956,991)	(1,745,105)	-	(2,702,096)
Depreciation expense	809,063	547,196	-	1,356,259
Balance at 30 June 2024	3,852,441	1,983,718	-	5,836,159
Book Value - 30 June 2024	1,893,482	3,847,402	54,755	5,795,639
2023	Plant & Equipment	Leasehold improvements	Work in Progress	Total
Gross carrying amount				
Opening Balance	4,477,278	7,041,716	28,365	11,547,359
Additions - at cost	656,630	501,389	(3,585)	1,154,434
Balance at 30 June 2023	5,133,908	7,543,105	24,780	12,701,793
Accumulated Depreciation				
Opening Balance	3,446,603	2,675,058	-	6,121,661
Depreciation expense	553,766	506,569	-	1,060,335
Balance at 30 June 2023	4,000,369	3,181,627	-	7,181,996
Book Value - 30 June 2023	1,133,539	4,361,478	24,780	5,519,797

Note 5: Intangible Assets

2024	Computer Software	Work in Progress	Total
Gross carrying amount			
Opening Balance	1,429,914	1,167,192	2,597,106
Additions - at cost	2,788,547	-	2,788,547
Transfers	1,167,192	(1,167,192)	-
Balance at 30 June 2024	5,385,653	-	5,385,653
Accumulated Depreciation			
Opening Balance	1,429,914	-	1,429,914
Depreciation expense	35,772	-	35,772
Balance at 30 June 2024	1,465,686	-	1,465,686
Book Value - 30 June 2024	3,919,967	-	3,919,967
2023	Computer Software	Work in Progress	Total
Gross carrying amount			
Opening Balance	1,429,914	-	1,429,914
Additions - at cost	-	1,167,192	1,167,192
Transfers	-	-	-
Balance at 30 June 2024	1,429,914	-	2,597,106
Accumulated Depreciation			
Opening Balance	1,429,914	-	1,429,914
Depreciation expense	-	-	-
Balance at 30 June 2023	1,429,914	-	1,429,914
Book Value - 30 June 2023	-	1,167,192	1,167,192

Note 6: Right of Use Assets

Apart from short-term leases, AFCA has two leasehold buildings with terms of up to 11 years and an option to renew for a period of 5 years at 130 Lonsdale Street, Melbourne and up to 10 years at 680 George Street, Sydney. Both these leases were recognised under AASB 16 Leases.

Right of use assets	2024	2023
AASB 16 amounts recognised in the Statement of Financial Position		
Right of Use Asset - Building & Leasehold Fit out	83,806,715	83,806,715
Accumulated Amortisation	(30,715,680)	(23,231,223)
Net Book Value	53,091,035	60,575,492

Movement in carrying amounts	2024	2023
Opening Balance	60,575,492	68,059,948
Amortisation expense	(7,484,457)	(7,484,456)
Net Book Value	53,091,035	60,575,492

AASB 16 related amounts recognised in the statement of profit or loss	2024	2023
Amortisation charge related to right-of-use assets	7,484,457	7,484,456
Interest expense on lease liabilities	2,269,037	2,466,044
Make Good Provision Recognition	(54,982)	43,131
Balance as at 30 June	9,698,512	9,993,631

Note 7: Accounts payable and Other payables

	2024	2023
Trade Payables and Accruals	8,255,075	7,029,917
Deferred Income	1,067,706	588,216
Amounts due to Australian Taxation Office	3,296,995	2,453,566
Balance as at 30 June	12,619,776	10,071,699

Trade payables consist of amounts owing for goods and services rendered which have a credit period not exceeding 30 days. The company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Note 8: Lease liabilities

To be read in conjunction with Note: 6 Right of Use Assets. In FY2023-24, undiscounted lease payments totalled \$8.18 million.

Lease liabilities - current

	2024	2023
Lease Liability - AASB 16 Leases	6,452,268	5,885,189
Balance as at 30 June	6,452,268	5,885,189

Lease liabilities - non-current

	2024	2023
Lease Liability - AASB 16 Leases	55,150,957	61,626,580
Balance as at 30 June	55,150,957	61,626,580

Future lease payments

Future lease payments are due as follows:		
Within one year	8,505,852	8,180,547
One to five years	37,566,677	36,135,229
More than five years	22,257,234	34,341,806
	68,329,763	78,657,582

Amounts included in the Statement of Profit and Loss for low value and short-term leases in FY2023/24 is nil (FY2022/23: nil).

Note 9: Provisions

Provisions – Current

	2024	2023
Employee benefits	15,849,179	12,802,882
Balance as at 30 June	15,849,179	12,802,882

Provisions – Non-current

	2024	2023
Employee benefits	2,586,070	3,168,353
Makegood Provision	1,300,474	1,355,456
Balance as at 30 June	3,886,544	4,523,809

The Makegood Provision represents the present value of the estimated costs to make good the premises leased by the Company at the end of the respective lease term. In FY2023-24 the company released \$135,200 from the Make Good Provision reflecting the final settlement of a previous lease arrangement.

Movement in Provisions

2024	Employee Benefits	Make Good	Total
Carrying amount at the start of the year	15,971,235	1,355,456	17,326,691
Additional provisions required	8,369,742	80,218	8,449,960
Amount used	(5,905,728)	(135,200)	(6,040,928)
Balance as at 30 June	18,435,249	1,300,474	19,735,723

Note 10: Accumulated Funds

	2024	2023
Opening Balance	25,127,320	28,517,111
Net Surplus/(Deficit) for the year	(3,091,672)	(3,389,791)
Balance as at 30 June	22,035,648	25,127,320

Note 11: Remuneration of auditors

	2024	2023
Auditing the Financial Reports	69,227	56,500
Other fees	4,000	-
Total Remuneration of auditors	73,227	56,500

Note 12: Capital commitments

During FY2023-24, the Company entered into a Statement of Work agreement with a third-party provider to process a backlog of potential CLSR complaints against a single former member. This involves mobilisation, onboarding new resources, establishing a governance framework, developing efficiency tools, training and pilot.

It is estimated that a further \$486,010 will be expensed up until the beginning of the Pilot stage in 2024/2025.

Note 13: Contingencies

At 30 June 2024, an amount of \$2.14 million is subject to guarantee over the Company's leased premises.

Note 14: Members' Guarantee

The company is a public company limited by guarantee incorporated in Australia. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the company. At 30 June 2024, the maximum total members' contribution is \$4,757,500 (2023: \$4,495,800) if it was required by the company at winding-up.

Note 15: Notes to the Cash Flow Statement

Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

Cash and Cash Equivalents	2024	2023
Cash at bank - unrestricted	12,661,131	18,045,373
Term deposits - maturity 3 months or less	-	-
Cash at bank - held against bank guarantees	7,043,521	2,097,539
Balance as at 30 June	19,704,652	20,142,912

Note 16: Key Management Personnel Compensation

Key management personnel include:

- Chair of the Board, all Directors and the Company Secretary.
- the Chief Ombudsman & Chief Executive Officer, Deputy Chief Ombudsman, General Counsel, Chief Operating Officer, all Lead Ombudsman; and
- all Executive General Managers.

Directors	2024	2023
Short Term Employee Benefits	898,505	867,327
Total benefits	898,505	867,327

Senior Management	2024	2023
Short Term Employee Benefits	6,200,946	5,809,037
Total benefits	6,200,946	5,809,037

Note 17: Related Party Disclosures

Key Management Personnel

Key management personnel compensation is shown in Note 16. No loans have been made to key management personnel of the company or to their related entities.

Compensation Scheme of Last Resort

On 22 June 2023, the Australian Parliament passed legislation establishing the CSLR. The Federal Government selected AFCA to establish the CSLR company. This required select Key Management Personnel from AFCA to be elected as transitional directors to support establishment of the new company.

Towards the completion of the establishment of the scheme, AFCA was required to transfer \$156,927 to this entity to reimburse establishment costs contracted under the CSLR entity. This was to support the scheme moving towards completion and full operational control on 02 April 2024. These funds were originally sourced and attested to the Federal Government.

Following the appointment of the CSLR key management personnel and Board in March 2024, all AFCA Key Management previously elected to support the establishment of the scheme retired from their positions as transitional directors of the company.

Delia Rickard sits as an independent director on CSLR Co Pty Ltd.

Note 18: Subsequent Events

An increase in demand for AFCA's services is expected to continue post reporting date, with special consideration to increases in scam and financial difficulty related complaints. These increases have been driven by the impacts of higher interest rates and the advancement of sophisticated scam activity and technology adaptation.

It is noted that AFCA continues to participate and engage with government and key stakeholders with regards to strategy and policy development to combat scam activity.

In the opinion of the Company directors, as at the date of this report, other than the items identified herein, no other item, transaction, event of a material or unusual nature has arisen which would significantly affect the future operations of the Company.

Consolidated Entity Disclosure

Subsection 295(3A)(a) of the Corporations Act 2001 does not apply to AFCA as AFCA is not required to prepare consolidated financial statements by Australian Accounting Standards.

Glossary

Product glossary

Product	Definition
Business credit card	A form of short-term finance allowing goods and services to be purchased sooner by a business.
Business loans	A loan provided to a business (may be secured or unsecured, fixed or variable interest).
Business transaction accounts	A deposit account used by businesses for everyday transactions.
Business interruption	Insurance cover that is designed to cover a business should something happen that causes the company to be unable to operate.
Commercial property	Insurance that provides cover for commercial/farm buildings, which may include fences.
Conciliation	Conciliation is one of the methods AFCA can use to resolve complaints. We organise a telephone conference call that includes the complainant, the financial firm, and an AFCA conciliator to talk about the complaint in an open and informal way.
Contracts for difference	A contract between two people that mirrors the situation of trading a security, without actually buying or selling the security. The two parties make a contract that the seller will pay the buyer the difference in price after a certain period of time if the designated security's price increases, and the buyer will, in return, pay the seller the difference in price if the security's price decreases.
Credit cards	Credit cards are a form of short-term finance, allowing goods and services to be purchased sooner, even if at greater cost, than saving up for them.
Death benefit	When a member of a superannuation fund dies, the trustee of the fund must pay a death benefit in accordance with the fund's rules. This might be to the nominated beneficiary (binding) or according to the trustee's discretion. The death benefit may include an insured component.
Electronic banking	Transactions carried out via internet banking and telephone banking.
Foreign exchange	Cash or other claims (for example, bank deposits and bonds) against another country, held in the currency of that country. We only have jurisdiction to consider a complaint if the product is governed by Australian law.
Funeral plans	A type of insurance cover that pays a lump sum on death.
Hire purchases/leases	Buying goods by instalment payments. The 'hirer' has the use of the goods while paying for them, but does not become the owner until all instalments have been paid.

Product	Definition
Home building	An insurance policy that covers destruction or damage to a home building.
Home contents	An insurance policy that covers loss of, or damage to, the contents of a residential building.
Home loans (also called mortgages)	The funds a buyer borrows (usually from a bank or other credit provider) to purchase a property; generally secured by a registered mortgage to the bank or other credit provider over the property being purchased.
Income protection	Income protection insurance pays a monthly benefit where the life insured is unable to work due to injury or illness. Business expenses may be covered separately or form part of the policy for self-employed.
Investment property loans	The funds a buyer has to borrow (usually from a bank or other financial institution) to purchase an investment property.
Lines of credit/overdrafts	A line of credit allows you to make the bulk of your purchases or payments through a credit card with an interest-free period. You can use the credit card for most purchases allowing you to leave the bulk of your wage in the loan until your credit card account is payable. This slightly reduces the balance of the home loan debt for part of the month and, therefore, slightly reduces the interest payable.
Loss of profits	Insurance cover that is designed to cover a business should something happen that causes the company to be unable to operate.
Merchant facilities	Facility offered by financial firms to businesses to accept payment in forms other than cash (e.g. EFTPOS, credit cards). Different card providers may require different merchant facilities (e.g. AMEX, Diners, Visa and MasterCard).
Mixed asset funds	Multiple managed investments or mixed funds. (So you might have an investment portfolio involving various managed investments.)
Motor vehicle	An insurance policy that covers loss or damage to a vehicle with a carrying capacity of less than two tonnes.

Product	Definition
Pension	<p>Account-based pension</p> <p>An account-based pension (also called an allocated pension) is one of a number of concessionally taxed products that investors can buy with a lump sum from a superannuation fund, or pay from a SMSF, to give them an income during retirement. An investment account is set up with this money from which they draw a regular income. A minimum payment must be made at least annually. It is also possible to nominate a reversionary pensioner to continue to receive income payments after the member's death.</p> <p>An account-based pension (also called an allocated pension) is one of a number of concessionally taxed products that investors can buy with a lump sum from a superannuation fund, or pay from a SMSF, to give them an income during retirement. An investment account is set up with this money from which they draw a regular income. A minimum payment must be made at least annually. It is also possible to nominate a reversionary pensioner to continue to receive income payments after the member's death.</p> <p>Lifetime pension</p> <p>A lifetime pension is a type of superannuation pension that is payable for the life of the pensioner and, in some cases, the life of a reversionary pensioner such as a spouse. Lifetime pensions are sometimes called defined benefit pensions.</p> <p>Transition to retirement pension</p> <p>A transition to retirement pension (or TRIS) is a form of account-based pension that can be paid to a superannuation fund member even if the member has not yet retired. In addition to the minimum annual pension payment (see account-based pension), there is a maximum annual payment of 10% of the account balance. Unlike an account-based pension, the investment earnings of a TRIS are not eligible for concessional tax treatment, and it is not usually possible for income payments to continue on the death of the pensioner. Instead, if the pensioner dies, the account balance must be paid out as a lump sum.</p>
Personal loans	A type of loan available from banks, finance companies and other financial institutions, generally for purposes such as buying a car, boat or furniture.
Personal transaction accounts	A deposit account used by consumers for everyday transactions.
Property funds	A type of collective investment where investors collect their money together and a professional manager operates the scheme, which invests in residential or commercial properties.
Self-managed superannuation funds	Small superannuation funds where the members are also the trustees (or directors of the corporate trustee).

Product	Definition
Shares	A share is simply a part-ownership of a company. For example, if a company has issued a million shares, and a person buys 10,000 shares in it, then the person owns 1% of the company.
Superannuation account	An account held by a member of an approved deposit fund. A member's superannuation account can only be paid in cash to the member if the member has satisfied a condition of release but, subject to the rules of the fund, the member can usually request to roll over their account to another approved deposit fund or to a superannuation fund at any time.
Superannuation fund	<p>A superannuation fund is a trust-based vehicle where compulsory Superannuation Guarantee (SG) contributions and voluntary contributions can be paid. Superannuation funds are usually divided into three broad categories:</p> <ol style="list-style-type: none"> 1. Registrable Superannuation Entities (RSEs) that are regulated by APRA 2. SMSFs regulated by the ATO 3. Exempt public-sector superannuation schemes providing benefits for government employees, or schemes established by Commonwealth, state or territory law, that are not directly subject to the <i>Superannuation Industry (Supervision) Act 1993</i> and APRA regulation. <p>APRA-regulated RSE licensees are generally classified into four types:</p> <ol style="list-style-type: none"> 1. Corporate funds – a private superannuation fund that is supported by an employer. Corporate funds are generally only open to people working for a particular employer or corporation. 2. Industry funds – a type of not-for-profit superannuation created for people who work in a particular industry or under a particular industrial award. Industry funds are often open for anyone to join. 3. Retail funds – a retail fund is a type of superannuation fund that is open to everyone. Retail funds can also have sub-plans that are only open to particular employee groups. 4. Public sector funds – a superannuation fund established for employees of federal and state government departments. They are generally only available to government employees. They may provide higher employee contributions than the statutory minimum.
Term life	Term life insurance pays a death benefit if the life insured dies during the term of the policy (before the policy expires).
Total and permanent disability	TPD insurance provides a lump sum payment if a person become totally and permanently disabled.
Trauma	Trauma (or critical illness) insurance provides a lump sum benefit if a person is diagnosed with a specified illness or injury. These types of products cover major illnesses or injuries that will impact a person's life and lifestyle.
Travel insurance	A policy that covers things such as lost luggage, illness, loss or theft while you are travelling, or any disruption to your travel plans.

Product	Definition
Whole of life	A life insurance policy guaranteed to stay in force for the duration of the insured's life, provided premiums are paid.

Issue glossary

Issue	Definition
Account administration error	An error in the administration of an account. For example, an error in the calculation of a superannuation account balance.
Appropriate lending	AFCA uses the term appropriate lending to refer to whether a financial firm has appropriately provided credit to a small business considering laws, any applicable codes and good industry practice that apply to it.
Claim amount	A disputed insurance claim amount. For example, the financial firm has accepted the complainant's claim, but for a different amount to what the complainant believes they are entitled.
Claim cancellation of policy	The financial firm has cancelled the insurance policy of a complainant. For example: <ul style="list-style-type: none"> • inappropriate cancellation of an insurance policy • policy cancellation without the authority of the complainant.
Credit reporting	Complaints about consumer or commercial credit reporting.
Decline of financial difficulty request	The financial firm declines a request for assistance made on the basis of financial difficulty. For example: <ul style="list-style-type: none"> • a request for assistance, such as a repayment variation, is declined and no offer is made by the financial firm • the financial firm has not provided reasons for its decision to decline a request for assistance.
Default judgment obtained	The financial firm has obtained default judgment, but the complainant considers that it should be stayed or delayed on the basis of financial difficulty.
Default notice	The financial firm issues a default notice under section 88 of the <i>National Consumer Credit Protection Act 2009 (Cth)</i> or section 80 of the <i>Uniform Consumer Credit Code</i> when the complainant is in financial difficulty (regardless of whether assistance has been requested).
Delay	The financial firm followed instructions, but not within an agreed or acceptable timeframe. For example: <ul style="list-style-type: none"> • redemption requests actioned only after the unit price has dropped • renewal notices not issued on time • insurance cover not arranged on time • delay in clearing a cheque or payment • loan approval delay • settlement delay.
Delay in claim handling	The financial firm has delayed actioning or processing a complainant's claim. For example: <ul style="list-style-type: none"> • delay in handling an insurance claim • delay in processing a chargeback request or EFT claim.

Issue	Definition
Denial of claim	<p>The financial firm has denied the complainant's claim. For example:</p> <ul style="list-style-type: none"> • the denial of a claim for insurance benefits • an unsuccessful request for a cardholder chargeback • a disputed merchant chargeback • a PayPal buyer/seller complaint.
Denial of claim – exclusion/condition	<p>An insurance claim is denied on the basis that loss or damage occurred as the result of an excluded event, or a breach of an insurance policy condition. For example:</p> <ul style="list-style-type: none"> • damage caused by an event, such as a flood, and the event is excluded under an insurance policy • where a claim on a life insurance policy relates to an excluded medical condition under the policy, such as a pre-existing illness or injury.
Denial of claim – no proof of loss	<p>The financial firm denies an insurance claim on the basis that the complainant failed to establish that a loss has occurred that is covered under the policy, or there is a failure to establish ownership of goods that were allegedly lost/damaged.</p>
Failure to act in client's best interests	<p>Failure to act in the client's best interests in providing financial advice.</p>
Failure to follow instructions/agreement	<p>Failure to follow instructions or to act in accordance with an agreement (written or oral). For example:</p> <ul style="list-style-type: none"> • breach of contract (written or oral) • failure to follow written instructions (e.g. direct debit authority not followed, payee name on cheque ignored, internet banking instructions not followed) • non-redemption following request, failure to sell stock, failure to buy or sell a financial product when requested to do so • insurance cover not arranged, including renewals • insurance policy not cancelled • sum insured not increased, or change of vehicle not noted on the contract.
Financial firm failure to respond to request for assistance	<p>The financial firm fails to respond to a request for assistance due to financial difficulty. The request may be actual or implied.</p>
Inappropriate advice	<p>Inappropriate or insufficient financial advice provided. For example:</p> <ul style="list-style-type: none"> • inappropriate product or investment strategy advice • inappropriate client advice • general financial advice provided when personal advice was needed.

Issue	Definition
Incorrect fees/costs	<p>The financial firm has charged the complainant the wrong amount of fees or other costs for the product or service provided. For example:</p> <ul style="list-style-type: none"> fees/costs not charged in accordance with disclosed information fees/costs excessive, inappropriate or wrong.
Incorrect premiums	<p>Incorrect premium charged by the financial firm. For example:</p> <ul style="list-style-type: none"> the financial firm has charged the complainant the wrong amount of premium for the insurance provided the broker has charged the client the wrong amount of premiums for the insurance provided.
Interpretation of product terms and conditions	<p>The complainant does not agree with the financial firm's interpretation of the terms and conditions of a product or service. For example:</p> <ul style="list-style-type: none"> disagreement about a definition disagreement about the interpretation of another term or condition. <p>Please note: if the complaint concerns the denial of an insurance claim use the most appropriate 'Denial of claim' classification.</p>
Misleading product/service information	<p>The financial firm provided information about a financial product or service that was misleading, or misrepresented the features of the product or service. For example:</p> <ul style="list-style-type: none"> the financial firm provided information about a banking, insurance or investment product or service that was both inaccurate and misrepresented the product or service, or misled the complainant. <p>Please note: If the complaint relates to a fee or charge use 'Fee disclosure' or 'Fixed interest loan break cost disclosure' instead.</p>
Mistaken internet payment	<p>A payment made to the wrong person via internet banking. For example:</p> <ul style="list-style-type: none"> where the sender entered a wrong account number or BSB where an error by the sending or receiving financial firm has resulted in the payment being sent to the wrong bank account.
Repayment history information	<p>The financial firm has incorrectly placed RHI on a credit file</p>
Request to suspend enforcement proceedings	<p>The financial firm continues action to recover a debt after a financial difficulty request has been made. For example:</p> <ul style="list-style-type: none"> the financial firm continues or commences legal proceedings the financial firm commences or continues general recovery action, including taking possession of secured property and inappropriate collection activity (including harassment claims after a financial difficulty request).

Issue	Definition
Responsible lending	AFCA uses the term responsible lending to refer to whether a financial firm has appropriately provided credit to a consumer considering laws, any applicable codes and good industry practice that apply to it.
Service quality	<p>Other service-related issues that do not fit within other service categories. For example:</p> <ul style="list-style-type: none"> • staff behaviour • other service issues.
Unauthorised transaction	<p>Unauthorised transactions performed on a complainant's account. For example:</p> <ul style="list-style-type: none"> • unauthorised direct debit • forged cheques and withdrawal slips • stolen card ATM withdrawals • credit card transactions not authorised by the cardholder • purchase or sale of investments without written or verbal authority to do so • an insurance claim paid to someone other than the insured and/or a refund provided to another party.
Unconscionable conduct	<p>A statement or action by the financial firm that is so unreasonable or unjust that it is against good conscience. For example:</p> <ul style="list-style-type: none"> • not allowing enough time to consider a contract • requiring someone to sign a blank agreement.

Acronym glossary

Acronym	Definition
ACAP	AFCA Consumer Advisory Panel
ACR	Authorised credit representatives
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
BCCC	Banking Code Compliance Committee
BNPL	Buy now pay later
CALM	Consumer advocate liaison meetings
CIO	Credit and Investments Ombudsman
COBCCC	Customer Owned Banking Code Compliance Committee
CSLR	Compensation Scheme of Last Resort
EDR	External dispute resolution
GICGC	General Insurance Code Governance Committee
IBCCC	Insurance Brokers Code Compliance Committee
ICA	Insurance Council of Australia
IDR	Internal dispute resolution
LifeCCC	Life Insurance Code Compliance Committee
NCC	National Credit Code
OAIC	Office of the Australian Information Commissioner

Contact us

Australian Financial
Complaints Authority

1800 931 678 (Free call)
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