

AFCA Complaint Fee Guide

Purpose

The purpose of this guide is to provide members with information on how and when AFCA will charge complaint fees.

In accordance with the requirements of the *Corporations Act 2001*, and ASIC Regulatory Guide 267, (which sets out ASIC's powers and oversight role over the AFCA), our complaint services are free to consumers and are funded by industry. Financial firms that are AFCA members fund the AFCA scheme.

AFCA is a not-for-profit organisation which operates as a 'user pays' service. Complaint fees charged to member financial firms cover the cost of AFCA investigating and handling a complaint, whether or not a complaint is upheld. The fee applicable to a complaint does not depend on the complaint outcome, the merits of a complaint or how long a complaint has been in a particular complaint status.

Predecessor scheme complaints

AFCA is managing and operating the predecessor Financial Ombudsman Service (FOS) scheme and the predecessor Credit and Investments Ombudsman (CIO) scheme. Any existing FOS or CIO complaints received prior to 1 November 2018 will continue to be dealt with under the FOS Terms of Reference or the CIO Rules until they are resolved. Existing complaint fees that are applicable to FOS or CIO complaints will continue to apply to these matters, in accordance with the FOS and CIO scheme fee schedules.

AFCA's funding model

From 1 July 2022, AFCA transitioned to a new permanent funding model. The model's "user-pays" approach means firms who frequently receive complaints will pay a fair share towards AFCA's service, while costs will remain low for firms with few or no complaints.

The model has been designed to be efficient, sustainable, responsive and support early resolution of complaints.



AFCA Complaint fees

The AFCA scheme commenced operating from 1 November 2018. AFCA complaint fees apply to all complaints received from that date.

AFCA has a two-point approach to the calculation of complaint fees, based on the following:

1. The stage in the AFCA complaint resolution process where increases in complaint fees are triggered. Complaint fees are based on a number of factors, including the complexity and level of resources required to deal with a complaint at each stage of the process.

Complaints that are unable to be resolved at a stage in the process, including where a complaint response has not been received from

a financial firm within the required timeframe, normally progress to the next stage and incur the applicable complaint fee for that stage, once progressed.

2. The AFCA stage that a complaint is resolved in (registration and referral, fast track, case management or decision).

For more information about work streams and how a complaint is allocated see *Appendix 1: Stream Allocation*.

The following table shows the complaint fees for each resolution point and stage for complaints closed from 1 July 2023.

All figures in this document exclude GST.

Stages	Complaint Closed Status	Invoice Service Code	Resolution point	Fast Track	Standard & Complex
ALL					
Registration & Referral	CRGR	RGR	Registration & Referral	\$80.16	\$80.16
Rules Review	CTOR	N/A	Rules Review	\$0	\$0
Case Management	CFCM1/CCM1	FCM1/CM1	Case Management 1	\$951.23	\$1,865.06
	CCM2	CM2	Case Management 2		
	CCM2	CM2C	Case Management - Conciliation		
	CFPRV	FPRV	Fast Track - Preliminary View		
	CPRV	PRV	Decision - Preliminary View		
Decision	CFDEC	FDEC	Fast Track - Decision	\$2,746.82	\$8,090.82
	CDEC	ODEC	Decision - Ombudsman		
	CDEC	PDEC	Decision - Panel		
	CDEC	OCON	Ombudsman Conference		

All figures exclude GST and are reflective of the simplified fee structure under the funding model. GST of 10% is applied upon invoicing

AFCA 2008 Legacy Complaint fees

Complaints that are categorised and handled as 2008 legacy complaints have a different complaint fee schedule that will apply and be invoiced to all members. This includes Superannuation complaints, as legacy complaints will not be funded by the superannuation levy.

The following table shows the complaint fees for each resolution point and stream for legacy complaints closed from 1 July 2023.

All figures in this document exclude GST.

Complaint Closed Status	Invoice Service Code	Resolution point	Fast Track	Standard	Complex
ALL					
CRGR	RGR	Registration & Referral		\$80.16	
CTOR	N/A	Rules Review		\$0	
CFCM1/CCM1	FCM1/CM1	Case Management 1		\$2,066.55	
CCM2	CM2	Case Management 2		\$5,163.89	\$5,836.16
CCM2	CM2C	Case Management - Conciliation		\$5,512.45	\$6,393.85
CFPRV	FPRV	Fast Track - Preliminary View	\$4,944.78		
CFDEC	FDEC	Fast Track - Decision	\$9,227.27		
CPRV	PRV	Decision - Preliminary View		\$13,126.32	\$16,373.04
CDEC	ODEC	Decision - Ombudsman		\$20,610.72	\$26,352.24
CDEC	PDEC	Decision - Panel			\$30,933.50
	OCON	Ombudsman Conference		\$3,286.56	

All figures exclude GST. All fees have been adjusted for CPI of 6.88%.

The AFCA 2008 legacy complaint fees listed in the table above are not cumulative. So, for example, if a complaint is resolved at case management 1, a fee of \$2,066.55 is charged, not \$2,146.71 (\$80.16 + \$2,066.55).

Joinder Complaints

Where AFCA considers it is appropriate to consider related complaints involving different financial firms together (joinder complaints, as described in A.6 of the AFCA Rules) each financial firm will incur the complaint fee applicable at the point of resolution and stage. As each complaint is managed separately and considered on its individual merits, this is the case even when a joint determination is issued.

Invoicing of complaint fees

The cost of a complaint is triggered and invoiced upon closure of a complaint file. Complaints are resolved and closed at various stages in the complaint resolution process.

In limited circumstances, AFCA may invoice in advance for a particular complaint or complaints at the end of each complaint stage, rather than at the point of closure. AFCA will advise a member beforehand where this occurs.

Free Complaint Rebate

From 1 July 2023, all members will be eligible to receive five free complaints from the commencement of the financial year (1 July to 30 June).

Free complaints will be automatically applied to the first five complaints closed and invoiced in the financial year, irrespective of stage. Members will not be able to choose which complaints the rebate applies to.

Invoices

AFCA members will receive one invoice at the start of every month from AFCA for all complaints closed during the preceding month. The invoice identifies the complaint, the resolution point and work stream at which the complaint was closed at (fast track, standard or complex) as well as any free complaints rebated.

Complaint re-openings

If, after a complaint is closed and the member is invoiced, the complaint is subsequently re-opened and reclosed at a different stage to the original one invoiced, after the complaint is finalised and re-closed the member will be invoiced for the new complaint fee and credited for the original complaint fee. In these circumstances the original complaint fee already invoiced for services provided needs to be paid within 30 day invoice terms.

Administration arrangements for complaints reopened

When a complaint is reopened by AFCA within six months of closure, the same complaint file and case reference will normally be used. The complaint will normally be reopened in the same stage and resolution point it was closed in.

If it has been more than six months since the complaint was closed, taking into account that the issues in a complaint have often evolved and additional information needs to be considered and dealt with, a new complaint file and case reference will normally be created. Any relevant complaint fees will apply to the complaint.

Further information relating to reopened complaints can be found in the complaint reopen guide available on our Secure Services Member Portal, on the complaint process page.

Fee Adjustments

If a complaint has been finalised and closed in a particular stage, there are only limited circumstances in which AFCA would either waive or amend the applicable complaint fee. This may occur, however, where the complaint has not been correctly progressed in accordance with the AFCA process. Our fees are a reflection of the work done by us and the stage at which the complaint is closed, not the merits of the complaint.

The onus is on a member financial firm to raise concerns with AFCA about a fee they have been invoiced as soon as possible. Whilst this will depend on each particular case, we would normally expect that a member advises us of their concerns within 14 days of receipt of a complaint fee invoice. If a member believes a complaint has been lodged against it in error, we would expect the member to contact us within 14 days of being notified of the complaint.

If a member financial firm disagrees with the stream a complaint is allocated to, we expect the member to raise their concerns with us as early as possible while the complaint is still open, not after it is closed and an invoice has been issued.

Systemic issues

For more information about the cost of systemic issues investigations, see *Appendix 2: Systemic Issues*.

Further information

If you have any further queries about this information, please contact our billing and accounts team on 1300 56 55 62 or accounts@afca.org.au.



Appendix 1: Stream Allocation

Summary

A complaint that progresses from registration and referral to case management is assessed and allocated to the appropriate stream and case worker at the beginning of case management – fast track, standard or complex. The stream that a complaint is allocated to is based on a number of factors, including:

- The complexity and number of issues raised in the complaint
- The claim amount
- The time and effort required to investigate and resolve the complaint

Fast Track

Complaints that are suitable for fast track are typically single issue, low value complaints that generally do not require a detailed investigation. They are suitable for fast information gathering and resolution through expedited negotiation, preliminary view or decision by an adjudicator.

Standard

Complaints that are suitable for the standard stream typically require AFCA to investigate, gather and consider more information to deal with the issues raised in the complaint. However, they generally involve straightforward issues and may be more likely to be resolved by agreement through negotiation, conciliation or preliminary view.

Complex

Complaints that are suitable for the complex stream generally require detailed investigation and consideration. They may involve a number of issues, including conduct and disclosure issues, and often involve higher claim amounts. These complaints are less likely to resolve by agreement through negotiation or conciliation and are more likely to require a decision by AFCA.

While a complaint may commence in a particular stream it may, on occasion, be appropriate to change streams where the issues raised change/expand during AFCA's consideration of the complaint. If this occurs, the complaint may be redirected to a more appropriate stream.

When a complaint changes streams between fast track and standard/complex, it is the stream in which it is closed that determines the fee.

If a member believes that the complaint has been streamed incorrectly this needs to be raised early in AFCA's consideration of the complaint. Once the complaint is finalised and closed AFCA will generally not adjust the fee on the basis of the stream.

Appendix 2: Systemic Issue Fees

Systemic issue fees are charged separately from the amount charged for resolving individual complaints. A single fee is charged for a systemic issue investigation, irrespective of the number of related complaints.

Four different charging levels can apply, reflecting the time taken to investigate the matter and the level of expertise required.

Level One \$7,428.16

- The issues reviewed did not require detailed research
- Few documents had to be considered
- The number of contacts with the AFCA member were few

Level Two \$17,280.36

- The issues reviewed were more complex
- The number and complexity of the documents considered were moderate
- Several approaches had to be made to the AFCA member
- Legal or industry specialist advice was required

Level Three \$27,106.91

- The issues were complex and required detailed examination
- The documents were complicated and quite numerous
- The number of contacts with the AFCA member was significant
- Detailed legal or industry specialist advice was required

Discretionary

This fee is charged in limited circumstances where:

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- For both definite and possible systemic issues, a high level of investigation was required to determine whether the issue was systemic
- There was a lack of cooperation or response from the AFCA member
- Visits and meetings with the AFCA member were required
- Broad principles of resolution had to be modified on a case by case basis

Owner	Approver	Version	Date	Comments
Adam Buttigieg		1.0	01/11/2018	Document updated for AFCA
Adam Buttigieg		1.1	21/06/2019	New invoice rates for 2019-20, section for AFCA 2008 legacy complaints, wording adjustments to clarify fee adjustments and details, and slight expansion in explanations of each resolution status
Adam Buttigieg		1.2	25/05/2020	New invoice rates for 2020-21, removal of GI transitional fees and the free decision rebate as per Board approved changes (8/5/2020) for 2020-21
Jesse Agbinya		1.3	09/06/2021	New invoice rates for 2021-22 as per Board approved changes (14/5/2021) for 2021-22
Jesse Agbinya		1.4		New invoice rates for 2022-23, re-introduction of 5 free complaints as per Board approved changes and new funding model for 2022-23
Rachel Bushby		1.5		New invoice rates for 2023-24