

Systemic issues

This fact sheet outlines AFCA's process for considering possible systemic issues and how we work with financial firms to address them.

We are committed to identifying and resolving systemic issues as efficiently as possible.

Regulatory Guidance RG 267 requires AFCA to have processes and systems in place to identify potential systemic issues. We identify possible systemic issues in different ways, for example:

- through consideration of consumer complaints
- proactive analysis of complaint information and trends, and
- through external sources (e.g. financial counsellors or community legal centres).

If the Systemic Issues team believes that the issue might impact multiple consumers and/ or small businesses, we will seek to make an informed decision about whether the matter is, in fact, a systemic issue.

What do we need from you?

As part of our process, we will first contact a financial firm by telephone to discuss an issue. We will then send out a letter outlining the details of the issue and ask for further information within an advised timeframe.

We encourage you to engage with AFCA during a systemic issues investigation. In some cases, our concerns can be satisfied in the early stages to resolve an issue quickly for all parties.



Our process for dealing with a systemic issue

1 Identify

We identify a possible systemic issue from various sources.

2 Refer

We refer the possible systemic issue to you so you can provide us with further information about the issue.

3 Form a view

After reviewing your response, we will form our view and let you know the outcome in writing. An AFCA decision maker is usually involved in forming our view.

4 Report

If the issue is a systemic issue, we report it to ASIC as we are required to do under RG267 and s1052E, Corporations Act. 2001 (Cth).

5 Resolve

We work with you to ensure issues are addressed and consumer harm is remediated.

6 Update

We provide an update to ASIC on how a financial firm resolved an issue.

Under the AFCA Rules we can share information with regulators, if required, at any stage of our process.

How do we assess a systemic issue?

We take many things into account, including:

- the information available to us from any relevant AFCA complaint, complaint information analysis and external sources
- the information provided by you, including any additional comments
- obligations under relevant laws, regulations and industry standards, and
- consumer impact.

We are likely to decide an issue is systemic where the error or conduct:

- is an issue that is likely to have an effect on consumers or small businesses beyond an individual complaint
- has had a detrimental effect on consumers or small businesses or could pose a future risk of harm to consumers or small businesses
- is a breach of a statutory or regulatory obligation or good industry practice.

Want more information?

For any questions or more information about our process or systemic issues visit afca.org.au/systemicissues or contact us at systemicissues@afca.org.au