

# Annual General Meeting of Australian Financial Complaints Authority Limited

## Minutes

Held at 8.30am on Friday 16 November 2018 in  
The Carrington Room, Sydney Masonic Centre, Level 3, 66  
Goulburn Street, Sydney NSW 2000

## Present

### Directors

The Hon Helen Coonan	Independent Chair
Mr Robert Belleville	Industry Director
Mr Andrew Fairley AM	Industry Director
Ms Carmel Franklin	Consumer Director
Ms Elissa Freeman	Consumer Director
Ms Catriona Lowe	Consumer Director
Ms Claire Mackay	Industry Director
Ms Erin Turner	Consumer Director
Ms Johanna Turner	Industry Director
Mr Alan Wein	Consumer Director

### In attendance

Mr David Locke	Chief Ombudsman and CEO
Mr Adam Buttigieg	Chief Financial Officer
Mr Nicolas Crowhurst	Company Secretary
Mr Michael Ridgway	Executive General Manager – Corporate Strategy and Services
Mr John Stringer	Chief Operations Officer

## Members

As per the Attendance Schedule listed at Appendix 1

## Apologies

Ms Jennifer Darbyshire

Industry Director

## Minutes

### 1. Welcome and Comments from the Independent Chair

The Chair of the Board, the Honourable Helen Coonan, welcomed attendees and acknowledged the traditional owners of the land on which the meeting was being held and their elders past, present and emerging.

The Chair provided an overview of operations since the 1 November 2018 start date for the AFCA scheme, before providing a summary of how and why AFCA was formed. She explained the differences in jurisdiction and increased powers.

The Chair explained the basic approach to the establishment funding and interim funding model, identifying that if there were surplus funds from the establishment costs in operating the Credit and Investments Ombudsman external dispute resolution scheme, there would be a rebate made back to former members of Credit and Investments Ombudsman Limited. This is currently targeted for June 2019.

She explained the strategy that has been developed for AFCA and highlighted the changes in approach from the predecessors. These changes included increased proactivity and broader innovation of solutions for resolving and minimising complaints about financial services.

The Chair explained how AFCA would assist in building trust in the industry and work hard to earn, and keep, the trust of the broad Australian community. Outreach programs will be a particular focus, particularly in rural and regional areas of Australia.

AFCA recognises that superannuation jurisdiction is different to traditional external dispute resolution processes, but AFCA has worked closely with the Superannuation Complaints Tribunal (SCT) and has published on the AFCA website a guide to this jurisdiction and where it replicates or differs from the SCT.

### 2. Comments from the Chief Ombudsman and CEO

The Chief Ombudsman and CEO (CEO), Mr David Locke, said a few words on the first few months of AFCA.

The CEO explained that his early priorities have been the merger, the preparations for the superannuation jurisdiction, the development of the strategy for AFCA through

consultation with staff and external stakeholders, and ensuring sufficient resourcing for the increased workload.

The CEO explained the extent of the recruitment challenge to meet the resourcing need, explaining the objective of seeking the right staff, with the right skills and approach.

The CEO set out the external environment in which AFCA launches. The various external factors have resulted in AFCA's birth being at a dynamic time for financial services. He explained that since his commencement, he has been impressed with the dedication and professionalism of staff.

The CEO noted that due to challenges in negotiating the transfer of the CIO scheme eventuated on 1 September, giving only 20 days for transition of 25,000 members. This led to some difficulties due to time pressures, and we regret that our initial engagement with some members was challenging. This is also the case in terms of the funding arrangements, as mentioned by the Chair.

The CEO outlined the strategic goals for the organisation.

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

The CEO highlighted the need for consistency and for being transparent about the approach that AFCA will take to particular issues. How we interpret fairness and reasonableness will be key to build trust with all stakeholders.

We are reviewing our processes to support the AFCA Rules and seeking to reduce bureaucracy. We will try to engage respectfully and directly to try to resolve issues.

There is a further piece of work relating to our effectiveness in ensuring that consumers are paid when there has been wrongdoing and so we will continue to advocate for a Compensation Scheme of Last Resort.

We will also work with members to inform members and provide information to help members improve their processes and avoid any matters being escalated to AFCA.

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

The current EDR system is targeted towards educated, white, English speaking, middle-class complainants. Despite this, it is often hard and confusing for this demographic. For other consumers who may not have this level of education or have language challenges, this is even harder and it needs to be simplified for all.

There will be an increased focus on small business, and we understand that many small businesses are time and resource poor. Timeliness is key as well, given that cashflow is so important for small businesses.

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

We recognise that the membership experience is currently decentralised throughout AFCA. This is not efficient for many members and so we will restructure to provide a dedicated member services team overseen by senior leadership.

We also acknowledge that many members do not have any complaints and see AFCA as a necessary evil. We will work hard to provide and add value to the AFCA membership, in consultation with members, to share our information and data.

### **Highly skilled and engaged people with the tools they need to deliver high quality outcomes**

We will work hard to attract the right people and retain them. It is critical to the member and consumer experience that people contacting AFCA not need to explain themselves multiple times.

The CEO recognised the efforts of Shane Tregillis, Raj Venga and Helen Davis, as well as the Boards of FOS and CIO. He thanked the staff, senior leadership team and the AFCA Board.

He also thanked the members for being supportive of the new organisation and indicated that AFCA would welcome members coming in to meet with staff, and that AFCA staff will be available to provide outreach and communication to all stakeholders.

The focus will be to be helpful and helpful for all.

### **3. Ordinary business**

The meeting received and considered the AFCA General Purpose Financial Report for the year ending 30 June 2018. The motion was carried unanimously.

The Chair invited questions relating to the General Purpose Financial Report.

#### **Peter Ridler, Consumer Household Equipment Rental Providers Association (CHERPA)**

The transfer of CIOL was not reflected in the Report due to timing, but the charging fees for both CIOL and AFCA was frustrating at the time. Mr Ridler thanked AFCA for explaining the situation and resolving his query.

#### 4. General questions

The Chair invited any general questions for the directors or management from the members in attendance.

##### **Rooma Nanda, All R Loans**

*Never had a complaint and has a 5-star rating, but last year there was a complaint over a \$2m settlement failure. The customer made a complaint to CIO in May 2017 and sent all relevant information. There were several changes in CIO staff necessitating a lot of repetition and it took 18 months to resolve. Despite there not being any wrongdoing, CIO awarded professional costs and charged dispute resolution fees. The consumer has now lodged a new complaint with AFCA. Why is this allowed?*

The CEO acknowledged that this wasn't a good experience and offered to look into the specifics of the complaint. He invited all members to contact him and let him know about any issues so that we can make changes to improve the service we provide.

##### **Ian Stewart, CHERPA**

*Why does EDR only bind the financial firm, but not the consumer? This is unequitable and should be looked at.*

The CEO explained that this would be a policy decision for government, and so this needs to be a decision there. AFCA needs to operate within the terms of its authorisation though. The model however is a common one across different industries and geographic jurisdictions.

The CEO explained that there was a mechanism for the first one or two disputes to be 'free' to alleviate some pressures on smaller members.

##### **Peter Ridler, CHERPA**

*How will AFCA deal with frivolous or serial complainants? With the Responsible Lending obligations on credit licensees, AFCA should educate advocacy groups about what complaints are frivolous or vexatious, or about how consumers should act when they have a complaint.*

The CEO advised that AFCA will not accept a complaint prior to the financial firm having the opportunity to resolve the complaint internally. There are mechanisms in place to prevent frivolous complaints though and we will ensure that the process is fit for purpose and focuses on the right issues.

## Rooma Nanda, All R Loans

*Brokers are being unfairly targeted as consumers cannot challenge the large banks. An example is allegations of fraud on loan documents which often are attributed to the broker. AFCA should intervene where this occurs.*

The CEO explained that under the AFCA scheme, we will have the ability to join all relevant parties to a complaint and resolve any joint liability or assign liability to the relevant party. We will try to do so fairly and impartially on the evidence.

## 5. Closing

The Chair of the Board thanked all attendees and closed the formal meeting at 9.36am.

## Appendix 1: Attendance Register

Name	Member Name
Marc Adam	Finance in Sydney
Shimul Akter	Abaz Pty Ltd
Dima Al-Khamayseh	Aussie Home Loans
Melanie Barrett	Taxi Care Club Ltd
Jingyao Bi	The Pinnacle Finance
Godwin Chin	Bank of China
Gary Donovan	IPF Digital Australia Pty Ltd
Mandeep Gupta	CTBS Partners
Ashlea Hitchcock	TravelCard
Hin Yan Ho	The Pinnacle Finance
George Karayianidis	Taxi Care Club Ltd
Fui Lip Kong	Bank of China (Australia) Ltd
Matthew Leslie	Suncorp
Chiu Leung	The Pinnacle Finance
Susie Li	Lazard Asset Management Pacific Co

Name	Member Name
Ying Li	Confident Mortgage Care
Tsz Leung Lui	The Pinnacle Finance
Patrick Maloney	Maloney's Financial Services
Stuart Mangion	Blue Ocean Financial Services
Rooma Nanda	All R Loans
Peter Ridler	CHERPA
Ian Stewart	CHERPA
Vikas Surana	Mega ICBC
Raymond Toh	SYNC01
Hon Yam Wong	The Pinnacle Finance

### Proxies held by the Chair

Member Name and ID	Proxy
Abraham Muchnik - ACR	Directed – For
Watzdorf Nominees Pty Ltd (42351)	Directed – For
Wharton Capital Limited (37085)	Undirected



<b>Member Name and ID</b>	<b>Proxy</b>
<b>Sophia Stavropoulos Pty Ltd - ACR</b>	Directed – For
<b>Karen Jane Wright (52208) – ACR</b>	Directed – For
<b>Bond Street Custodians Limited (11554)</b>	Undirected
<b>Fundcorp Pty Ltd (25342)</b>	Undirected
<b>Macquarie Agricultural Funds Management Ltd (12480)</b>	Undirected
<b>Macquarie Bank Limited (10019)</b>	Undirected
<b>Macquarie Investment Management Limited (10635)</b>	Undirected
<b>Macquarie Investment Services Limited (10636)</b>	Undirected
<b>Macquarie Private Portfolio Management Ltd (10640)</b>	Undirected
<b>Macquarie Securitisation Ltd (15504)</b>	Undirected
<b>Virgin Money Home Loans Pty Ltd (32022)</b>	Undirected
<b>Australian Investment Exchange Ltd (10860)</b>	Directed – For
<b>Avanteos Investments Ltd (11084)</b>	Directed – For
<b>BW Financial Advice Ltd (11468)</b>	Directed – For
<b>CBFC Leasing Ltd (13346)</b>	Directed – For
<b>CBFC Ltd (13370)</b>	Directed – For

<b>Member Name and ID</b>	<b>Proxy</b>
<b>Colonial First State Investments Ltd (10318)</b>	Directed – For
<b>Commonwealth Bank of Australia (10008)</b>	Directed – For
<b>Commonwealth Financial Planning Ltd (11450)</b>	Directed – For
<b>Commonwealth Insurance Ltd (12812)</b>	Directed – For
<b>Commonwealth Private Limited (12599)</b>	Directed – For
<b>Commonwealth Securities Ltd (10325)</b>	Directed – For
<b>Count Financial Ltd (10332)</b>	Directed – For
<b>Financial Wisdom Ltd (10427)</b>	Directed – For
<b>Homepath Pty Ltd (13371)</b>	Directed – For
<b>Residential Mortgage Group Pty Ltd</b>	Directed – For
<b>The Colonial Mutual Life Assurance Society Ltd (10320)</b>	Directed – For

## Proxies held by others

<b>Member Name and ID</b>	<b>Proxy</b>
<b>Bank of China (Australia) Ltd</b>	Fui Lip Kong – Directed – For

