

# AFCA News

Edition 4 - September 2019



## AFCA is on the Road

Recently, our Financial Fairness Roadshow was [officially launched](#) in Canberra by Senator the Hon. Jane Hume, and we are now on the road with staff this week in Tasmania talking directly with consumers about how we can help with financial complaints.

This initiative will see us travel right around Australia to increase awareness of AFCA and make sure the public knows there is a free, fair and independent service available for their financial complaints.

At selected regional towns, we'll be hosting free forums for members, consumer advocates and small businesses to learn about our complaints handling processes and talk directly with senior AFCA staff.

Find out more about the AFCA Financial Fairness Roadshow on page 3.

## New appointments to the Senior Leadership Group

Since the last edition of AFCA News, we have appointed a number of senior roles to strengthen our leadership team. I was pleased to [announce the appointment](#) of Dr June Smith as the Deputy Chief Ombudsman, following a nationwide search. June has a wealth of financial sector experience and a proven track record at AFCA and predecessor schemes as a Lead Ombudsman.

We also appointed Evelyn Halls as Lead Ombudsman – Banking and Finance and Hazel Thurlow as Executive General Manager – People and Culture. John Price has extended his remit and is now the Lead Ombudsman for all areas of Insurance.

I look forward to working with June, Evelyn and Hazel to support the organisation as we grow rapidly and begin to accept legacy complaints.

## Enhancing our public reporting

AFCA is committed to being open, transparent and accountable to the public. We play an important public role and recognise that transparency in our data and decisions is essential to rebuilding trust in the financial sector.

We have made recent changes to our approach to comparative reporting, and ASIC has recently changed our Rules, to require AFCA to name financial firms in published determinations. These changes will allow us to provide consumers and small businesses with the tools to make informed choices about the financial products and services they use, and for members to have a statistical understanding of how they compare with their counterparts and areas where they can improve.

Read about our new approach to comparative reporting and naming financial firms in determinations on page 2.

I hope you find this edition useful and informative, we welcome any comments, feedback or article suggestions for our forthcoming editions by email at [publications@afca.org.au](mailto:publications@afca.org.au)

## David Locke

Chief Ombudsman and CEO

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## Comparative Reporting

In accordance with ASIC Regulatory Guide 267 ([RG 267](#)) and our Rules, AFCA must publish information about the complaints we receive and close against each scheme member, including comparative complaint data.

After consulting with stakeholders, we have developed a new approach to comparative reporting which will enhance transparency and provide information in a way that is accessible and useful. Our new approach to comparative reporting of complaint data is available on [our website](#).

Members whose data will appear in the comparative reporting received instructions on how to validate their complaint data. This validation period is now closed. The comparative reports will be published in October 2019 and members will receive access to the final reports 48 hours before publication.

If you have any questions about comparative reporting contact

[compartivereporting@afca.org.au](mailto:compartivereporting@afca.org.au)

## Naming financial firms in AFCA determinations

To increase transparency of complaints handling in the financial services sector and enhance consumer confidence, AFCA will begin [naming financial firms](#) in our published determinations. AFCA has previously undertaken consultation on this change to its Rules, which has been approved by ASIC.

AFCA will adopt the following changes from 1 October 2019:

- Financial firms will be identified in determinations that are issued and published from 1 October 2019.
- The financial firm and any joined financial firm will be named on the front page of the determination. The complainant or other parties will not be named.
- When we issue the determination, we will notify the parties that the determination will be published and that the financial firm or firms will be named.

- A party may apply to AFCA requesting that the determination not be published or that a party not be named in that publication. A financial firm must provide compelling reasons for publication not to occur and relevant supporting documentation.
- The relevant Lead Ombudsman or Deputy Chief Ombudsman will decide whether there are compelling reasons not to publish. Examples of potential compelling reasons can be found in the [Operational Guidelines](#).

AFCA is now required to publicly report every six months on the number of determinations issued and the number of determinations not published due to compelling reasons. We are also required to report to ASIC the number of cases where a financial firm's request to withhold publication of a determination was refused.

For more information about naming financial firms in our published determinations, see our [Rules and Guidelines](#).

## Case study

### Failure to arrange home insurance

The bank provided the complainant with a home loan to purchase her residential property. Before it advanced the loan funds, the bank provided the complainant with quotes for home insurance and mortgage protection insurance (MPI) policies, as required by its internal policies. The complainant says she believed the bank had set up 'all the insurances' and noticed monthly deductions on her statements.

The property subsequently suffered fire damage. However, when the complainant sought to lodge a claim, she discovered there was no home insurance in place.

The bank argued that, while it provided quotations, the complainant was ultimately responsible for taking out home insurance and was clear that there was no policy in place. The bank explained that the monthly deductions were for two separate MPI policies.

#### AFCA approach

We found that both parties contributed equally to the loss suffered by the complainant as a result of not having home insurance because:

- the bank failed to comply with its internal policy and good industry practice, which required it to ensure there was adequate insurance over the property, and
- the complainant failed to take reasonable care to protect her own interests, given her contractual obligation to arrange insurance, the regular reminders provided on her account statements and the fact that she had not received annual renewal notices.

Based on the circumstances, it was fair that the bank be liable for 50% of the complainant's loss. The bank was required to assess the claim she would have had under the home insurance policy and compensate her for 50% of that amount (after allowing for the premiums which would have been paid).

## AFCA Financial Fairness Roadshow

AFCA is on the road to raise awareness about our one-stop-shop dispute resolution service.

This national Roadshow will stop at over 80 metro, regional and rural communities across Australia.

We'll be in train stations, shopping centres, and public spaces talking to consumers about financial disputes and raising awareness of AFCA as a free, fair and independent service to resolve financial complaints.

The AFCA Roadshow started this week in Tasmania and we'll be continuing the Roadshow in Victoria, the Australian Capital Territory and southern New South Wales this spring. In early 2020 we will continue through more of NSW, along with Queensland, South Australia, Western Australia and the Northern Territory.

At multiple stops along the way we are also hosting forums for members, small businesses and consumer advocates to hear from senior leaders about our complaints handling process and trends we're observing, we are also keen to hear insights and experiences from attendees.

To see when we're coming to your area, visit [afca.org.au/roadshow](https://afca.org.au/roadshow)



## AFCA's Top 10 tips for financial advisers

AFCA has put together a list of top tips for financial advisers to keep in mind to follow best practice and minimise disputes.

- 1. Take detailed file notes**
- 2. Clear goals and strategy**
  - E.g. to retire at 65 on an income of \$50,000 pa, not just “wealth creation” or “capital security”
  - How will the recommended strategy achieve the goals and objectives?
- 3. Turn clients away when appropriate**
  - If you don't offer the product or have the requisite expertise
  - Consider carefully how to proceed if clients are seeking a return that does not match their risk profile
- 4. Explain the risks**
  - Especially for clients who want to act against your advice
  - Test the understanding / sensitivity testing
  - Explain the risk / reward trade off
- 5. Explain what types of services you are providing**
  - General, personal advice and scaled advice (reasonable attempts to obtain information)
  - Execution only
  - One off or ongoing advice, fees
- 6. Use templates carefully**
  - Errors, irrelevant references, reflect a lack of care and diligence
  - Don't use cookie cutter Statements of Advice
- 7. Use risk profiling tools carefully**
  - Consider inconsistencies in answers provided
  - Consider the client as a whole
  - Don't amend the risk profile lightly
- 8. Super switching and SMSFs**
  - Need good reasons to recommend a switch
  - Need compelling reasons to recommend an SMSF, especially where the account balance is low
  - Set out alternatives
- 9. Understand and explain the products**
  - Don't cut and paste from the PDS
- 10. Be clear about the advice relationship with clients you know**
  - Treat the person as you would another client
  - Declare any conflicts

### Christmas closure

AFCA will be closed from 5:00pm AEDT on Friday 20 December 2019 and will reopen at 9:00am AEDT on Monday 30 December 2019.

The offices in Melbourne and Sydney will be closed during this period and our staff will not be contactable by phone or email.

Any responses that are due during the closure period, will instead have their deadline extended until COB Monday 30 December. Members will still be able to submit responses through the secure services portal during the closure dates.

The AFCA offices will also be closed on Wednesday 1 January 2020 for the New Year's Day public holiday.

If you have questions about the Christmas closure, please email [membership@afca.org.au](mailto:membership@afca.org.au)

## Follow us on LinkedIn

The LinkedIn page for one of our predecessor schemes, Financial Ombudsman Service will shut down soon.

Follow us our [Australian Financial Complaints Authority LinkedIn page](#) to continue to receive AFCA updates.

## September current matters

- UK travel firm Thomas Cook
- Sterling Group investors

[View all current matters here](#)

## Upcoming AFCA member events

11 October 2019

AFCA Investments and Advice Forum – Perth

[Register now](#)

## AFCA Financial Fairness Roadshow events

As part of our Financial Fairness Roadshow, we are hosting free forums in regional areas for small businesses, consumer advocates and members:

- Breakfast forums for small business owners  
[Find out more](#)
- Forums for AFCA members  
[Find out more](#)
- Forums for consumer advocates  
[Find out more](#)

## Events we're attending

[Visit our website to view all upcoming events on our events calendar](#)

## Feedback and questions

If you have any financial questions, article suggestions or want to know more about AFCA processes, email [publications@afca.org.au](mailto:publications@afca.org.au) and we'll do our best to provide an answer in a future edition.

## Connect with us on social media



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Australian Financial Complaints Authority



Australian Financial Complaints Authority



AFCA\_org\_au

## Contact us

**Australian Financial  
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