



**ASIC**  
Australian Securities &  
Investments Commission

## REGULATORY GUIDE 165

# Internal dispute resolution

May 2019

### About this guide

This guide is for Australian financial services (AFS) licensees, unlicensed product issuers, unlicensed secondary sellers, trustees of regulated superannuation funds (other than self-managed superannuation funds (SMSFs)), trustees of approved deposit funds, retirement savings account providers, Australian credit licensees (credit licensees), credit representatives, unlicensed carried over instrument lenders (unlicensed COI lenders) and securitisation bodies.

It explains what these financial firms must do to have an internal dispute resolution (IDR) system in place that meets ASIC's standards and requirements.

This guide should be read in conjunction with [Regulatory Guide 267](#) *Oversight of the Australian Financial Complaints Authority* (RG 267).

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### About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents.

**Consultation papers:** seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

**Regulatory guides:** give guidance to regulated entities by:

- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

**Information sheets:** provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

**Reports:** describe ASIC compliance or relief activity or the results of a research project.

### Document history

This draft guide was issued in May 2019 and is based on legislation and regulations as at the date of issue.

Previous versions:

- Superseded Regulatory Guide 165 *Licensing: Internal dispute resolution*, issued May 2009, reissued May 2010, July 2010, February 2011, April 2011, June 2013, July 2015 and May 2018
- Superseded Policy Statement 165 *Licensing: Internal dispute resolution*, issued 28 November 2001 and rebadged as a regulatory guide 5 July 2007

### Disclaimer

This guide does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Corporations Act, National Credit Act, SIS Act and other applicable laws apply to you, as it is your responsibility to determine your obligations.

DRAFT

# Contents

<b>A</b>	<b>Overview</b> .....	<b>4</b>
	Financial services dispute resolution framework.....	4
	ASIC's role in internal dispute resolution.....	9
	Application of the IDR requirements.....	11
	Requirements for IDR processes.....	11
<b>B</b>	<b>Application of IDR requirements</b> .....	<b>13</b>
	Definition of 'complaint'.....	13
	Definition of 'complainant'.....	15
	Interaction of IDR with remediation processes.....	17
	Outsourcing IDR processes.....	17
<b>C</b>	<b>Identifying, recording and reporting complaints</b> .....	<b>19</b>
	Adopt the definition of complaint.....	19
	Record all complaints received.....	19
	Report IDR data to ASIC.....	21
<b>D</b>	<b>Maximum IDR timeframes and links to AFCA</b> .....	<b>23</b>
	Acknowledgement of complaint.....	23
	IDR response.....	24
	IDR delay notifications.....	32
	Links between the IDR process and AFCA.....	33
<b>E</b>	<b>Systemic issues</b> .....	<b>35</b>
<b>F</b>	<b>IDR standards</b> .....	<b>37</b>
	Basis for the IDR standards.....	37
	Commitment and culture.....	38
	Enabling complaints.....	39
	Resourcing.....	40
	Responsiveness.....	42
	Objectivity and fairness.....	44
	Policy and procedures.....	45
	Data collection, analysis and internal reporting.....	47
	Continuous improvement.....	49
	<b>Appendix: Transitional arrangements</b> .....	<b>51</b>
	<b>Key terms</b> .....	<b>52</b>
	<b>Related information</b> .....	<b>58</b>

## A Overview

### Key points

Financial firms must have a dispute resolution system that consists of:

- an internal dispute resolution (IDR) process that meets the standards or requirements made or approved by ASIC; and
- membership of the Australian Financial Complaints Authority (AFCA).

Our dispute resolution guidance includes:

- this guide, which sets out how financial firms must meet their obligations; and
- [Regulatory Guide 267](#) *Oversight of the Australian Financial Complaints Authority* (RG 267), which sets out how we will administer ASIC's powers and perform our oversight role over AFCA.

We must, when considering whether to make or approve standards or requirements relating to IDR, take into account:

- Australian Standard [AS/NZS 10002:2014](#) *Guidelines for complaint management in organizations* (AS/NZS 10002:2014); and
- any other matter we consider relevant.

This guidance updates our previous policy on IDR to:

- give effect to the reforms introduced by the *Treasury Laws Amendment (Putting Consumers First—Establishment of the Australian Financial Complaints Authority) Act 2018* (AFCA Act) which implements the Australian Government's response to the Review of the financial system external dispute resolution and complaints framework (Ramsay Review);
- reflect the requirements for effective complaints handling set out in AS/NZS 10002:2014; and
- refine our requirements in some key areas based on our regulatory experience.

## Financial services dispute resolution framework

RG 165.1 Financial firms—including trustees of regulated superannuation funds (except for self-managed superannuation funds (SMSFs)), trustees of approved deposit funds and retirement savings account (RSA) providers (superannuation trustees)—must have in place a dispute resolution system that consists of:

- (a) IDR processes that comply with standards and requirements made or approved by ASIC; and
- (b) membership of AFCA.

Note: See s912A(1)(g) and 1017G(1) of the *Corporations Act 2001* (Corporations Act), s47(1)(h) and (i) of the *National Consumer Credit Protection Act 2009* (National Credit Act), s101(1) and (1A) of the *Superannuation Industry (Supervision) Act 1993* (SIS Act), and s47(10) and (2) of the *Retirement Savings Account Act 1997* (RSA Act).

RG 165.2 Financial firms also have a requirement to comply with those IDR processes.

Note: On publication of this regulatory guide, we will modify s912A(1)(g) and 1017G(1) of the Corporations Act and s47(1)(h) and (i) of the National Credit Act to expressly require financial firms to *have* and *comply with* IDR processes that comply with standards and requirements made or approved by ASIC.

RG 165.3 The AFCA Act also provides ASIC with additional powers to collect and publish IDR data for the purpose of improving transparency around IDR. The AFCA Act:

- (a) requires financial firms to report their IDR activities to ASIC in accordance with ASIC requirements;
- (b) gives ASIC the power to determine, by way of legislative instrument, the information that financial firms must provide about their IDR activities; and
- (c) enables ASIC to publish the IDR data at both aggregate and firm level.

Note: Our requirements for reporting IDR data are set out at RG 165.63–RG 165.66.

RG 165.4 IDR data will also form part of a broader dataset used by ASIC to target ongoing surveillance and enforcement activities.

RG 165.5 A modified regulatory regime applies to some unlicensed credit firms: credit representatives, unlicensed carried over instrument lenders (unlicensed COI lenders), prescribed unlicensed COI lenders, and exempt special purpose funding entities (SPFEs) (including securitisation bodies). These financial firms do not have IDR obligations, but must be a member of AFCA.

Note: See s64 and 65 of the National Credit Act, and regs 23B and 23C of the National Consumer Credit Protection Regulations 2010 (National Credit Regulations).

RG 165.6 Table 1 sets out the dispute resolution requirements by type of financial firm.

**Table 1: Legislative dispute resolution requirements by firm type**

Firm type	Description	Dispute resolution requirements
Australian financial services (AFS) licensees	An AFS licensee is a business carrying out financial services. This includes businesses that: <ul style="list-style-type: none"> <li>• provide financial product advice to clients;</li> <li>• deal in a financial product;</li> <li>• make a market for a financial product;</li> <li>• operate a registered scheme;</li> <li>• provide a custodial or depository service; or</li> <li>• provide traditional trustee company services (traditional services).</li> </ul>	AFS licensees must have a dispute resolution system that consists of: <ul style="list-style-type: none"> <li>• an IDR process that complies with the standards and requirements made or approved by ASIC (set out in this guide) that cover complaints made by retail clients in relation to the financial services provided; and</li> <li>• membership of AFCA.</li> </ul> <p>Note: See s912A of the Corporations Act.</p>

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Firm type	Description	Dispute resolution requirements
Unlicensed product issuers and unlicensed secondary sellers	<p>An unlicensed product issuer is an issuer of a financial product who is not an AFS licensee.</p> <p>An unlicensed secondary seller is a person who offers the secondary sale of a financial product under s1012C(5)(b) or (8) of the Corporations Act and who is not an AFS licensee.</p>	<p>Unlicensed product issuers and unlicensed secondary sellers are required to have a dispute resolution system that consists of:</p> <ul style="list-style-type: none"> <li>• an IDR process that complies with the standards and requirements made or approved by ASIC (set out in this guide) that cover complaints made by retail clients in relation to the financial services provided; and</li> <li>• membership of AFCA.</li> </ul> <p>Note: See s1017G(2) of the Corporations Act.</p>
Superannuation trustees	<p>A trustee of a regulated superannuation fund (other than an SMSF), trustee of an approved deposit fund or an RSA provider.</p>	<p>Superannuation trustees must:</p> <ul style="list-style-type: none"> <li>• be a member of AFCA; and</li> <li>• have an IDR process that complies with the standards and requirements set out in s912A(2)(a)(i) of the Corporations Act.</li> </ul> <p>Note 1: See s101(1)(a)–(c) of the SIS Act.</p> <p>Note 2: However, s101(1)(a)–(c) of the SIS Act does not apply to a trustee if the trustee is required under the Corporations Act to have a dispute resolution system complying with s912A(2) or 1017G(2) of the Act.</p>
Australian credit licensees (credit licensees)	<p>Credit providers and lessors, including those who are assigned the contractual rights of a credit provider or lessor (which can include debt collectors who purchase a debt from a credit provider or lessor).</p> <p>Credit service providers (such as brokers and other intermediaries), and other (such as debt collectors) who act on behalf of the credit provider or lessor.</p>	<p>Credit licensees are required to have a dispute resolution system that consists of:</p> <ul style="list-style-type: none"> <li>• an IDR process that complies with the standards and requirements made or approved by ASIC (set out in this guide) that cover disputes relating to credit activities they and their representatives engage in; and</li> <li>• membership of AFCA.</li> </ul> <p>Note: See s47 of the National Credit Act.</p>
Credit representatives	<p>A credit representative is a person authorised to engage in specified credit activities on behalf of a credit licensee under s64(2) or 65(2) of the National Credit Act. The employees and directors of a credit licensee do not need to be formally authorised—they act as representatives of the credit licensee without a specific authorisation. A person can also be authorised as a credit representative by more than one credit licensee.</p>	<p>Credit representatives do not need to have IDR processes that meet the standards and requirements made or approved by ASIC. This is because a credit licensee’s IDR process must cover disputes relating to its credit representatives.</p> <p>Most credit representatives are required to be separate members of AFCA: see s64 and s65 of the National Credit Act.</p> <p>However, a person who has been sub-authorised under s65(1) of the National Credit Act and is an employee or director of the body corporate that gave the sub-authorisation does not need to be a separate member of AFCA.</p> <p>Note: See reg 16 of the National Credit Regulations.</p>

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Firm type	Description	Dispute resolution requirements
Unlicensed COI lenders (including prescribed unlicensed COI lenders)	<p>A 'carried over instrument' is a contract or other instrument that was made and in force, and to which an old Credit Code applied immediately before 1 July 2010 (see s4(1) of the <i>National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009</i>).</p> <p>Unlicensed carried over instrument lenders (unlicensed COI lenders) are credit providers or lessors who only have a closed pool of carried over instruments and have chosen not to obtain a credit licence (or to restrict their activities to their carried over instruments, and subsequently cancel their credit licence).</p> <p>Note: A 'prescribed unlicensed COI lender' is an unlicensed COI lender who fails to meet certain probity requirements and who has restrictions placed on their conduct in relation to their carried over instruments. A prescribed unlicensed COI lender must not engage in credit activities with respect to their carried over instruments (other than the activities engaged in solely by being the credit provider or lessor). They must instead appoint a credit licensee to act as a 'representative' to engage in credit activities on their behalf with respect to their carried over instruments.</p>	<p>Unlicensed COI lenders (including prescribed unlicensed COI lenders):</p> <ul style="list-style-type: none"> <li>• must have an IDR process that complies with the standards and requirements made or approved by ASIC (set out in this guide) that cover complaints in relation to the credit activities they engage in with respect to their carried over instruments; and</li> <li>• may choose to join AFCA.</li> </ul> <p>Note 1: Details of the obligations of unlicensed COI lenders are set out in <a href="#">Information Sheet 110 Lenders with carried over instruments</a> (INFO 110), <a href="#">Regulatory Guide 205 Credit licensing: Credit conduct obligations</a> (RG 205), <a href="#">Regulatory Guide 206 Credit licensing: Competence and training</a> (RG 206) and <a href="#">Regulatory Guide 207 Credit licensing: Financial requirements</a> (RG 207).</p> <p>Note 2: A prescribed unlicensed COI lender may arrange for their credit licensee's dispute resolution system to cover complaints in relation to their carried over instruments. However, the prescribed unlicensed COI lender remains responsible for ensuring that the requirements and standards set out in Sections C–E are met.</p> <p>Unlicensed COI lenders who choose not to join the AFCA must keep a register of each of the following:</p> <ul style="list-style-type: none"> <li>• complaints relating to their carried over instruments;</li> <li>• hardship notices made under s72 of the National Credit Code (at Sch 1 to the National Credit Act); and</li> <li>• requests for postponement of enforcement proceedings under s94 of the National Credit Code.</li> </ul> <p>Note 1: Unlicensed COI lenders that make arrangements for a third-party provider or their representative's dispute resolution system to cover complaints relating to their carried over instruments, and that are not a member of AFCA, are still required to meet these register requirements.</p> <p>Note 2: See s47(1A) of the National Credit Act (inserted by Sch 2 to the National Credit Regulations) for details of the information the registers must include.</p>

Firm type	Description	Dispute resolution requirements
Exempt SPFEs	<p>SPFEs include securitisation entities and fundraising special purpose entities that make (or buy) loans or leases and repackage them as investment products to sell to investors.</p> <p>Note: See the definition of 'special purpose funding' entity in s5 of the National Credit Act (inserted by Sch 3 to the National Credit Regulations).</p> <p>SPFEs can either operate under a credit licence or as exempt SPFEs: see the licensing exemption in regs 23B and 23C of the National Credit Regulations.</p> <p>Note: See the definition of 'exempt special purpose funding entity' in reg 3 of the National Credit Regulations.</p>	<p>Exempt SPFEs may rely on a licensing exemption: see regs 23B and 23C of the National Credit Regulations. If they do, they must:</p> <ul style="list-style-type: none"> <li>• enter into a servicing agreement with a credit licensee under which that licensee acts on their behalf; and</li> <li>• be a member of AFCA.</li> </ul> <p>Exempt SPFEs do not have any IDR requirements. We expect that the credit licensee's IDR process will cover complaints about both:</p> <ul style="list-style-type: none"> <li>• credit activities engaged in by the licensee under a servicing agreement; and</li> <li>• conduct of the exempt SPFE (including where changes are sought to the terms of the contract—for example, on the basis of hardship or because the contract was unsuitable or unjust).</li> </ul>
Credit licensees acting on behalf of exempt SPFEs under a servicing agreement	<p>A credit licensee acting on behalf of an exempt SPFE, such as a securitisation entity that makes (or buys) loans or leases and repackages them as investment products to sell to investors.</p>	<p>When performing this role for an exempt SPFE, the credit licensee must:</p> <ul style="list-style-type: none"> <li>• notify ASIC when they enter into a servicing agreement with an exempt SPFE and provide details of its membership with AFCA; and</li> <li>• notify ASIC when they cease to be a party to the servicing agreement.</li> </ul> <p>The credit licensee should also ensure that their IDR process covers:</p> <ul style="list-style-type: none"> <li>• the exempt SPFE's activities; and</li> <li>• complaints that arise when they act as the representative of the exempt SPFE and complaints about the conduct of the exempt SPFE.</li> </ul> <p>The credit licensee must inform a complainant of their right to complain to AFCA or directly refer them to AFCA.</p>
Financial technology (fintech) businesses	<p>A financial technology business relying on a fintech licensing exemption provided by ASIC Corporations (Concept Validation Licensing Exemption) Instrument 2016/1175 and ASIC Credit (Concept Validation Licensing Exemption) Instrument 2016/1176.</p>	<p>Fintech businesses must have a dispute resolution system that consists of:</p> <ul style="list-style-type: none"> <li>• an IDR process that complies with the standards and requirements made or approved by ASIC (set out in this guide); and</li> <li>• membership of AFCA.</li> </ul> <p>Note: See <a href="#">Regulatory Guide 257</a> <i>Testing fintech products and services without holding an AFS or credit licence</i> (RG 257) at RG 257.103–RG 257.110.</p>

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## ASIC's role in internal dispute resolution

- RG 165.7 The objectives of Ch 7 of the Corporations Act are to promote:
- (a) the confident and informed participation of consumers and investors in the Australian financial system (also an objective of ASIC under s1 of the *Australian Securities and Investments Commission Act 2001* (ASIC Act));
  - (b) fairness, honesty and professionalism by those who provide financial services;
  - (c) fair, orderly and transparent markets; and
  - (d) the reduction of systemic risks.

Note: See s760A of Corporations Act

- RG 165.8 Within this framework, we are responsible for overseeing the effective operation of the dispute resolution system, which includes setting the standards and requirements for financial firms' IDR processes and oversight of AFCA.

- RG 165.9 We must, when considering whether to make or approve standards or requirements relating to IDR, take into account:

- (a) [AS/NZS 10002:2014](#); and

Note: AS/NZS 10002:2014 is published by SAI Global and available for purchase on their website. It is also available through public libraries across Australia.

- (b) any other matter we consider relevant.

Note: See regs 7.6.02(1)(a) and 7.9.77(1)(a) of the Corporations Regulations 2001 (Corporations Regulations) and reg 10(1)(a) and item 2.20 of Sch 2 of the National Credit Regulations.

- RG 165.10 This guide sets out our requirements for IDR, taking into account:

- (a) the AFCA Act reforms relating to IDR;
- (b) AS/NZS 10002:2014; and
- (c) our experience in administering this policy.

- RG 165.11 The core IDR requirements in this guide are enforceable.

Note: On publication of this guide, we will issue a legislative instrument that will make the core IDR requirements set out this guide enforceable.

- RG 165.12 We may also vary or revoke:

- (a) a standard or requirement that we have made for IDR; and
- (b) vary or revoke the operation of a standard or requirement that we have approved in its application to IDR.

Note: See regs 7.6.02(2) and 7.9.77(2) of the Corporations Regulations, and reg 10(2) and Sch 2 to the National Credit Regulations.

## The importance of IDR

- RG 165.13 Consumer and small business access to fair, timely and effective dispute resolution is an essential part of the financial services consumer protection framework.
- RG 165.14 As the first step in Australia's financial dispute resolution framework, IDR provides an opportunity for redress to millions of consumers and small businesses each year.
- RG 165.15 The Ramsay Review's [\*Final report: Review of the financial system external dispute resolution and complaints framework\*](#) (Ramsay Review final report) stated at p. 185:
- Effective IDR benefits both firms and consumers. IDR is an important element of financial firms' overall relationship with their customers and is the primary avenue for aggrieved consumers to seek redress. Pressure on [external dispute resolution] is reduced when complaints are resolved directly between firms and their customers.
- RG 165.16 We encourage all financial firms to cultivate an organisational culture that welcomes feedback and values complaints. A positive complaint management culture can produce beneficial outcomes for both consumers and firms, including:
- (a) the opportunity to resolve complaints quickly and directly;
  - (b) the promotion of trusted relationships between the parties;
  - (c) improved levels of consumer confidence and satisfaction;
  - (d) greater understanding of the key drivers of complaints;
  - (e) the ability to identify emerging issues and inform product and service delivery improvements; and
  - (f) reduced AFCA costs.
- RG 165.17 To develop and maintain a positive complaint management culture, financial firms must have a robust IDR process, including all procedures, documents, policies, resources, governance and arrangements in place to manage complaints.
- RG 165.18 Many firms have addressed the foundational aspects of their IDR process. However, we consider more progress can be made in key areas, including:
- (a) achieving organisation-wide understanding of the definition of 'complaint' and the types of matters that must be dealt with in a firm's IDR process;
  - (b) increasing the capture, tracking, analysis and reporting of complaint data;
  - (c) improving timeliness and efficiency;
  - (d) enhancing the quality of written communications and IDR responses;

- (e) strengthening complaint management skills;
- (f) fostering organisation-wide accountability for complaint management; and
- (g) leveraging the power of technology and data analytics to improve both the IDR process and the products and services offered by financial firms.

## Application of the IDR requirements

- RG 165.19 Financial firms must apply the IDR requirements set out in this guide to any expression of dissatisfaction made by a consumer that meets the definition of ‘complaint’ set out in AS/NZS 10002:2014: see RG 165.28–RG 165.37.
- RG 165.20 We have provided guidance on the types of consumer (including small businesses) that financial firms’ IDR processes must cover: see RG 165.38–RG 165.45.
- RG 165.21 If a financial firm resolves a complaint within five business days, they do not have to give the complainant an IDR response: for the definition of ‘IDR response’, see RG 165.74–RG 165.77. They must still, however, comply with the other IDR requirements. For more information, see RG 165.84–RG 165.88.
- RG 165.22 IDR requirements still apply to complaints that fall within a financial firm’s remediation project. For further guidance on how the IDR and remediation process should interact, see RG 165.46–RG 165.50.
- RG 165.23 Financial firms may tailor their IDR process to suit the nature, scale and complexity of their business. We have provided guidance on the issues firms should consider when tailoring their process at RG 165.26–RG 165.27.
- RG 165.24 Financial firms may also outsource part or all of their IDR process. For guidance on the responsibilities that still apply to firms that have outsourced their IDR process, see RG 165.51–RG 165.54.

## Requirements for IDR processes

- RG 165.25 Financial firms must:
- (a) adopt the definition of ‘complaint’ set out in AS/NZS 10002:2014 (see RG 165.28–RG 165.37) and deal with all expressions of dissatisfaction that satisfy this definition under their IDR process;
  - (b) record all complaints received, including those resolved immediately at the first point of contact (see RG 165.57);

- (c) issue a unique identifier and recording prescribed data for each complaint received (see RG 165.58–RG 165.62);
- (d) report the prescribed data to ASIC in accordance with ASIC’s requirements (see RG 165.63–RG 165.65);
- (e) provide IDR responses to complainants that satisfy our minimum content requirements (see RG 165.75–RG 165.77);
- (f) adhere to our maximum IDR timeframes, including for acknowledging the complaint (RG 165.69–RG 165.73), providing an IDR response (RG 165.78–RG 165.117) and providing IDR delay notifications (see RG 165.118–RG 165.121);
- (g) have appropriate links between their IDR process and AFCA (see RG 165.122–RG 165.127);
- (h) identify and escalate systemic issues in accordance with our requirements (see Section E); and
- (i) follow our IDR standards (see Section F).

RG 165.26 There are many different kinds of financial firms providing a diverse range of financial products and services. We do not take a ‘one size fits all’ approach to regulation. What firms need to do to comply with their IDR obligations will vary according to the nature, scale and complexity of their business.

RG 165.27 When reviewing or establishing an IDR process, a financial firm should take into account:

- (a) the size of their business and the number of people in the organisation;
- (b) the products and services offered and the volume and size of transactions the firm is responsible for;
- (c) the nature of their customer base;
- (d) the diversity and structure of their operations (including the extent to which the IDR function is outsourced); and
- (e) the likely number and complexity of complaints.

## B Application of IDR requirements

### Key points

A financial firm must have an IDR process that adopts the definition of 'complaint' set out in [AS/NZS 10002:2014](#).

Financial firms must deal with expressions of dissatisfaction that meet this definition (including complaints made on the firm's social media platform(s)) through their IDR process. The IDR process must meet the IDR requirements set out in this guide.

An IDR process for financial service providers must be able to deal with complaints made by 'retail clients'. We have modified the definition of 'small business' in s761G of the Corporations Act to align with the broader definition of 'small business' set out in the AFCA's [Complaint Resolution Scheme Rules](#) (AFCA Rules).

The IDR requirements also continue to apply to complaints that fall under a remediation project.

Financial firms may tailor their IDR process to suit the nature, scale and complexity of their business. If they outsource part or all of their IDR process, the IDR requirements still apply.

### Definition of 'complaint'

- RG 165.28 [AS/NZS 10002:2014](#) sets out the following definition of 'complaint' at p. 6:
- [An expression] of dissatisfaction made to or about an organization, related to its products, services, staff or the handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required.
- RG 165.29 Expressions of dissatisfaction that satisfy this definition must be dealt with under a firm's IDR process, which in turn must meet the requirements set out in this guide.
- RG 165.30 AFS licensees' IDR processes must cover 'complaints' against the licensee: see s912A of the Corporations Act. Credit licensees' IDR processes must cover 'disputes in relation to the credit activities engaged in by the licensee': see s47 of the National Credit Act. In this guide, we use 'complaint' to mean both 'complaints' and 'disputes' as used in those requirements. Similarly, we use the word 'complainant' to refer to a person either making a complaint against an AFS licensee or raising a dispute about credit activities that are engaged in by a credit licensee.
- RG 165.31 We expect firms to take a proactive approach to identifying complaints. A consumer or small business is not required to expressly state the word

‘complaint’, or put their complaint in written form, to trigger a financial firm’s obligation to deal with a matter according to our IDR requirements.

Note: Our guidance about accessibility of the IDR process, including complaint lodgement methods, is set out in RG 165.147–RG 165.153.

- RG 165.32 Financial firms should not categorise an expression of dissatisfaction as ‘feedback’, an ‘inquiry’, a ‘comment’ or similar (and therefore not a complaint to be dealt with in the firm’s IDR process) because:
- (a) the complainant expresses their dissatisfaction verbally;
  - (b) the firm considers that the matter does not have merit; or
  - (c) a goodwill payment is made to the complainant to resolve the matter without any admission of error.
- RG 165.33 Financial firms structure and resource their complaint management function(s) differently. Smaller firms may have one person responsible for complaints, along with other duties. Medium-sized and large firms may empower their frontline staff to resolve complaints at the first point of contact, and also provide further opportunities for matters to be considered by a specialist complaints team if complainants are not satisfied with the initial action taken. Some firms, especially in the banking sector, also offer customer advocates as an additional escalation point.
- RG 165.34 Regardless of a firm’s structure, it is the complainant’s expression of dissatisfaction (that meets the definition of ‘complaint’ in RG 165.28) that triggers a firm’s obligation to deal with the matter according to our IDR requirements, *not* the referral of a complaint to a specialist complaints or IDR team.

### **What is not a ‘complaint’**

- RG 165.35 We do not expect firms to deal with the following matters through their IDR process:
- (a) staff grievances or work-related problems;
  - (b) simple requests for information; and
  - (c) comments made about a firm where a response is not required—for example:
    - (i) feedback provided in surveys; or
    - (ii) reports intended solely to bring a matter to a financial firm’s attention—for example, that an automatic teller machine (ATM) is damaged.

## Complaints made on social media

- RG 165.36 Social media is now a legitimate avenue for raising complaints. As the emergence of social media has changed long-established patterns of how consumers complain, we expect firms to be proactive in identifying complaints made on social media platforms, and to determine the types of social media complaints that should be dealt with through their IDR process.
- RG 165.37 At a minimum, we expect that a firm's IDR process will deal with complaints made:
- (a) on a firm's own social media platform(s); and
  - (b) by a complainant who is both identifiable and contactable.

## Definition of 'complainant'

### Small business complaints

- RG 165.38 Any IDR process for financial service providers must be able to deal, at a minimum, with complaints made by 'retail clients', as defined by s761G of the Corporations Act and its related regulations.
- RG 165.39 The [AFCA Rules](#) define 'small business' as a business that had less than 100 employees at the time of the act or omission by the financial firm that gave rise to the complaint: see Section E.1 of the AFCA Rules. A small business includes a primary producer, if that primary producer is also a small business.

Note: The AFCA Rules define a primary producer as a primary production business within the meaning of s995.1(1) of the *Income Tax Assessment Act 1997*.

- RG 165.40 We have modified (for IDR purposes only) the definition of 'small business' in s761G of the Corporations Act to align it with the broader definition in the AFCA Rules. This guarantees consistent dispute resolution access for small business complainants through both IDR and external dispute resolution (EDR).

Note: On publication of this guide, we will issue a legislative instrument that will modify the definition of 'small business' in s761G of the Corporations Act.

### Traditional trustee complaints

- RG 165.41 The IDR process for trustee companies providing traditional services (traditional trustees) must be able to deal with complaints made by retail clients. For traditional services, these specifically include individuals and small businesses who:
- (a) directly engage a trustee company to provide traditional services (e.g. to prepare a will, trust instrument, power of attorney or agency arrangement); and

- (b) do not directly engage the services of the trustee company, but who may request an information return. These persons include:
  - (i) beneficiaries (including beneficiaries named in a deceased's will, people who have an interest in the estate of someone who has died without a will, and people who have commenced legal proceedings to be included as a beneficiary of a deceased's estate); and
  - (ii) certain other persons involved in charitable and other trusts (e.g. the settlor of a trust, or a person who has the power to appoint or remove a trustee or vary any of the terms of the trust).

Note: See s601RAB(3) and 761G of the Corporations Act, and regs 7.1.28A and 5D.2.01 of the Corporations Regulations.

RG 165.42 An 'information return' must include certain information about the trust, including information about income earned on the trust's assets, expenses and the net value of the trust's assets: see s601RAC(1)(e) of the Corporations Act and regs 5D.2.01, 5D.2.02 and 7.1.28A of the Corporations Regulations.

### Superannuation-related complaints

RG 165.43 At a minimum, an IDR process for regulated superannuation funds (except for SMSFs), approved deposit funds and RSA providers must be able to deal with complaints made by:

- (a) a beneficiary or former beneficiary of a fund;
- (b) the executor or administrator of the estate of a former beneficiary of a fund; and
- (c) in relation to the payment of a death benefit, any person who:
  - (i) has, or claims to have, an interest in the death benefit; or
  - (ii) is, or claims to be, entitled to death benefits through a person with an interest in the death benefit.

Note: We will continue to review our requirements for the coverage of IDR processes for regulated superannuation funds (except for SMSFs), approved deposit funds and RSA providers and will update this regulatory guide if required.

### Credit-related complaints

RG 165.44 At a minimum, an IDR process for credit must be able to handle complaints made about the credit activities engaged in by the credit licensee or its credit representatives, or an unlicensed COI lender: s47(1)(h) of the National Credit Act and Sch 2 to the National Credit Regulations. This will involve covering complaints made by consumers of credit, lessees and guarantors as defined under the National Credit Act.



- RG 165.45 We encourage firms to develop IDR processes that have broader coverage than outlined at RG 165.44, and that are consistent with the nature of their business and their dealings with consumers and investors. In particular, we encourage all credit licensees to deal with complaints from small businesses—as defined in the AFCA Rules—under their IDR processes.

## Interaction of IDR with remediation processes

- RG 165.46 The [Ramsay Review final report](#) acknowledged (at p. 4) the close interaction of remediation processes and IDR:
- Remediation processes interact closely with both IDR and EDR. Systemic issues are often identified through trends in IDR complaints or in disputes handled by the firm’s EDR scheme.
- RG 165.47 Financial firms may initiate a remediation process where:
- (a) a systemic issue has been identified; and
  - (b) it is necessary to proactively identify consumers who have been affected to compensate them for any loss they have suffered.
- RG 165.48 AFCA may also ask a member firm to remediate consumers to resolve a systemic issue that the scheme has identified, and we may direct a financial firm to remediate consumers.
- RG 165.49 Where a complainant has made a complaint to a financial firm and that complaint is within the scope of the review and remediation, the IDR requirements set out in this guide (including maximum IDR timeframes) will generally apply to that matter. The inclusion of a complaint in a firm’s review and remediation process does not exempt the firm from its IDR obligations.
- RG 165.50 If a consumer complains about a decision made by a firm as part of its remediation process, the consumer should be directed to AFCA, and not to the firm’s IDR process. In most cases, because the firm has already reviewed the decision given to the consumer, there would be little value in re-examining this decision. Doing so would be likely to add an unnecessary layer of complexity and result in delays for the consumer.

## Outsourcing IDR processes

- RG 165.51 Some financial firms outsource part, or all, of their IDR process. Outsourcing might be to external parties or to other entities within a related corporate group.
- RG 165.52 A financial firm that outsources part, or all, of its IDR process remains responsible for ensuring that the service provider’s IDR processes comply with all the requirements in this regulatory guide.

RG 165.53 Outsourcing must also be done in a way that ensures accessibility for consumers and maintains a customer-centric approach.

RG 165.54 Firms that outsource part, or all, of their IDR process must:

- (a) have measures in place to ensure that due skill and care is taken in choosing suitable service providers;
- (b) monitor the ongoing performance of service providers; and
- (c) appropriately deal with any actions by service providers that breach service level agreements or fall short of their obligations under this regulatory guide.

## C Identifying, recording and reporting complaints

### Key points

This section sets out our core requirements for identifying complaints and recording and reporting data from firms' IDR processes.

Financial firms must:

- adopt the definition of 'complaint' set out in AS/NZS 10002:2014;
- record all complaints received, including issuing a unique identifier and recording prescribed data for each complaint; and
- report recurring data on their IDR processes and the operation of their IDR processes to ASIC in accordance with ASIC's requirements.

### Adopt the definition of complaint

- RG 165.55 A financial firm must have an IDR process that adopts the definition of 'complaint' set out at p. 6 of [AS/NZS 10002:2014](#):
- [An expression] of dissatisfaction made to or about an organization, related to its products, services, staff or the handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required.
- RG 165.56 Expressions of dissatisfaction that satisfy this definition must be dealt with under a firm's IDR process. For more information on the definition and when the core IDR requirements apply, see RG 165.28–RG 165.37.

### Record all complaints received

- RG 165.57 Financial firms must record all complaints they receive, including complaints resolved immediately and/or by their frontline staff.
- Note: A transition period applies to the commencement of this requirement—see Table 4 in the appendix.
- RG 165.58 Financial firms must give each complaint they receive a unique identifier or case reference number.
- Note: A transition period applies to the commencement of this requirement—see Table 4 in the appendix.
- RG 165.59 We expect firms to have an effective system for recording information about each complaint they receive. The system must enable firms to track the progress of each individual complaint and to conduct analytics. It must also

support effective reporting of complaints data to ASIC: see RG 165.63–RG 165.66.

RG 165.60 Firms may design their complaints system to suit the nature, scale and complexity of their business, including the number of complaints they receive. Firms that receive few complaints might, for example, use a spreadsheet. We expect firms with large volumes of complaints firms to use specialised complaints software or to integrate complaint management data fields into existing customer relationship management systems.

RG 165.61 Regardless of the system adopted, financial firms must record the data set out in Table 2 for each complaint received.

Note: A transition period applies to the commencement of this requirement—see Table 4 in the appendix.

RG 165.62 Most of the data set out in Table 2 must also be reported to ASIC. This data is marked in the table. Further descriptions of the data fields that must be reported to ASIC are set out in the draft *Internal dispute resolution data dictionary* (IDR data dictionary) at Attachment 2 to CP 311.

**Table 2: Data to be recorded for every complaint**

Data element name	Required for IDR data reporting purposes?
Complaint unique identifier or case reference number	Yes
Complainant's name and contact details	No
Complaint lodgement channel	No
Description of complaint from complainant's perspective	Yes
Name of staff member responsible for complaint	No
Complainant type	Yes
Complainant gender	Yes
Complainant age	Yes
Aboriginal or Torres Strait Islander	Yes
Complainant geographic state	Yes
Complaint status	Yes
Date received	Yes
Details of any actions taken to manage complaint, including contact with the complainant	No

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Data element name	Required for IDR data reporting purposes?
Date closed	Yes
Date re-opened (if applicable)	Yes
Reason for re-opening	Yes
Date closed after re-opening	Yes
If referred back from AFCA: <ul style="list-style-type: none"> <li>• EDR status</li> <li>• EDR reference number or case ID code</li> <li>• EDR date</li> </ul>	Yes
Product or service line	Yes
Product or service category	Yes
Complaint issue	Yes
Complaint outcome	Yes
Complaint remedy	Yes
Financial compensation (if any)	Yes
Possible systemic issue or regulatory breach (if applicable)	No
Any recommendations for product, service or system improvements arising from the complaint (if applicable)	No

Note: We will be consulting on whether the data element 'Possible systemic issue or regulatory breach' should be a mandatory field.

## Report IDR data to ASIC

RG 165.63 The [Ramsay Review final report](#) found that transparency around IDR needs to be strengthened, as there is 'currently no comprehensive, consistent, comparable, publicly available IDR data' (p. 186).

RG 165.64 The AFCA Act established a mandatory IDR reporting regime to improve the transparency of firms' IDR activities and performance. The AFCA Act introduced legislative amendments that:

- (a) require financial firms to report their IDR activities to ASIC in accordance with ASIC's requirements;
- (b) give ASIC the power to determine, by way of legislative instrument, the information that financial firms must provide about their IDR activities; and

- (c) enable ASIC to publish the data at both aggregate and firm level.

Note 1: A transition period applies to the commencement of this requirement—see Table 4 in the appendix.

Note 2: Financial firms must give ASIC information about their IDR processes and the operation of their IDR processes—see s912A(1)(g)(ii) and 1017G(1)(d) of the Corporations Act, s47(1)(ha) of the National Credit Act, s47(1)(c) of the RSA Act, and s101(1)(c) of the SIS Act. ASIC may publish this IDR data, including firm-specific data—see s243C of the ASIC Act.

RG 165.65 We will also use IDR data, as part of a broader dataset, to target ongoing surveillance and enforcement activities.

RG 165.66 All financial firms that are required to report IDR data to ASIC under the amendments introduced by the AFCA Act must:

- (a) report against a set of prescribed data variables (set out in the draft IDR data dictionary) for each complaint received. This includes a unique identifier and a summary of the complaint;

Note 2: The draft IDR data dictionary is in Attachment 2 to CP 311.

- (b) provide IDR data reports to ASIC as unit record data (i.e. one row of data for each complaint);
- (c) report to ASIC every six months (by the end of the calendar month following each reporting period); and

Note: Financial firms must lodge a ‘no IDR data’ report if they have not received any new or re-opened complaints in the reporting period, or there have been no status changes to complaints reported in a previous period.

- (d) lodge IDR data reports through the [ASIC Regulatory Portal](#) as comma-separated value (CSV) files.

Note: Our reporting requirements will be set out in a legislative instrument when this regulatory guide is published.

## D Maximum IDR timeframes and links to AFCA

### Key points

This section sets out the maximum timeframes for financial firms to:

- acknowledge a complaint;
- provide an IDR response to a complainant about their complaint; and
- provide an IDR delay notification to a complainant, if necessary.

We also set out our expectations about how firms' IDR processes will interact with AFCA.

- RG 165.67 Timeliness is central to effective complaint management and is a key performance measure of a firm's IDR process. Findings from ASIC's research into the consumer experience of the IDR journey indicate that delays and frictions in the IDR process can create real barriers for consumers and damage the consumer–firm relationship.

Note: See [Report 603](#) *The consumer journey through the Internal Dispute Resolution process of financial service providers* (REP 603).

- RG 165.68 Important measures of timeliness include the length taken to acknowledge a complaint and to provide the complainant with an IDR response.

### Acknowledgement of complaint

- RG 165.69 All financial firms must acknowledge receipt of each complaint promptly. We expect that firms will acknowledge the complaint within 24 hours (or one business day) of receiving it.
- RG 165.70 If it is not possible for the financial firm to acknowledge the complaint within 24 hours, the firm should acknowledge it as soon as practicable.
- RG 165.71 Financial firms may acknowledge a complaint verbally or in writing (email, post or social media channels). When determining the appropriate method of communication, we expect firms to take into account the method used by the complainant to lodge their complaint and any preferences they may have expressed about communication methods.
- RG 165.72 If the financial firm resolves the complaint immediately (at the first point of contact), we consider the complaint to be acknowledged when the firm provides the complainant with a unique identifier or case reference number.

- RG 165.73 If the firm does not resolve the complaint immediately, we consider the complaint to be acknowledged when the firm provides the complainant with:
- (a) a unique identifier or case reference number; and
  - (b) an explanation of the IDR process, including the relevant timeframe within which an IDR response will be provided.

## IDR response

### Definition of 'IDR response'

- RG 165.74 An 'IDR response' is written communication from a financial firm to the complainant, informing them of:
- (a) the final outcome of their complaint at IDR (either confirmation of actions taken by the firm to fully resolve the complaint or reasons for rejection or partial rejection of the complaint);
  - (b) their right to take the complaint to AFCA if they are not satisfied with the IDR response; and
  - (c) the contact details for AFCA.

The IDR response must be provided within the relevant maximum IDR timeframe.

Note: In order to give an IDR response, unlicensed COI lenders who have not joined AFCA must inform the complainant of the final outcome of their complaint at IDR within 30 days.

- RG 165.75 If a financial firm rejects or partially rejects the complaint, the IDR response must clearly set out the reasons for the decision by:
- (a) identifying and addressing all the issues raised in the complaint;
  - (b) setting out the financial firm's findings on material questions of fact and referring to the information that supports those findings; and
  - (c) providing enough detail for the complainant to understand the basis of the decision and to be fully informed when deciding whether to escalate the matter to AFCA or another forum.
- RG 165.76 The level of detail in an IDR response should reflect the complexity of the complaint and the nature and extent of any investigation conducted by the firm.
- RG 165.77 Superannuation trustees satisfy the requirement to provide written reasons for a decision (see s101(1)(d) of the SIS Act and s47(1)(d) of the RSA Act) when they provide an IDR response.



## Maximum timeframes

RG 165.78 Financial firms must provide an IDR response to a complainant no later than 30 days after receiving the complaint, unless a different timeframe applies.

Note: In exceptional circumstances, if a financial firm cannot provide an IDR response within the relevant maximum IDR timeframe, the firm must send the complainant an IDR delay notification. For the requirements for an IDR delay notification, see RG 165.118–RG 165.121.

RG 165.79 Different timeframes apply to:

- (a) complaints about a traditional trustee (see RG 165.89–RG 165.92);
- (b) complaints about superannuation trustees (see RG 165.93); and
- (c) certain types of credit complaints (see RG 165.94–RG 165.109).

RG 165.80 There are also different requirements for complaints resolved with five business days of receipt: see RG 165.84–RG 165.88.

RG 165.81 Table 3 summarises the maximum IDR timeframes for all complaints.

**Table 3: Maximum IDR timeframes for financial firms to provide an IDR response or IDR delay notification**

Complaint type	Maximum timeframes for IDR response or IDR delay notification	More information
Standard complaints	No later than 30 calendar days after receiving the complaint  Note: If a standard complaint is resolved to the complainant's satisfaction by the end of the fifth business day after the complaint was received, an IDR response is not required unless an exception applies: see RG 165.84–RG 165.88.	RG 165.78
Traditional trustee complaints	No later than 45 calendar days after receiving the complaint	RG 165.89– RG 165.92
Superannuation trustee complaints	No later than 45 calendar days after receiving the complaint	RG 165.93
Credit-related complaints involving default notices	No later than 21 calendar days after receiving the complaint	RG 165.94– RG 165.99

Complaint type	Maximum timeframes for IDR response or IDR delay notification	More information
Credit-related complaints involving hardship notices or requests to postpone enforcement proceedings	<p>No later than 21 calendar days after receiving the complaint</p> <p><b>Insufficient information</b></p> <p>If the credit provider or lessor does not have sufficient information about a hardship notice to make a decision, they must request the information no later than 21 calendar days after receiving the complaint. The complainant must provide the information within 21 days of receiving the request.</p> <p>Once the credit provider or lessor has received the requested information, the credit provider has a further 21 calendar days to provide an IDR response.</p> <p>If the credit provider or lessor does not receive the requested information within 21 days of requesting the information, the credit provider or lessor has 7 days to provide an IDR response.</p> <p><b>Agreement reached</b></p> <p>If agreement is reached about a hardship notice or request to postpone enforcement proceedings, the credit provider or lessor has 30 calendar days to confirm the terms or conditions in writing.</p>	<p>RG 165.100– RG 165.109</p>

RG 165.82 There are many variables that can affect complaint response times. This includes the complexity of the issues raised, the availability of information and the resources available for dealing with complaints. However, we consider that the pursuit of best practice should result in firms regularly meeting or outperforming the maximum IDR timeframes.

RG 165.83 The maximum IDR timeframes do not:

- (a) recommence where new information is provided about the complaint; and
- (b) affect shorter timeframes for IDR required under applicable industry codes of conduct or practice or the AFCA Rules.

#### **Complaints resolved within five business days of receipt**

RG 165.84 If a financial firm resolves a complaint to the complainant's satisfaction by the end of the fifth business day after receipt, the firm does not need to provide an IDR response to the complainant, unless an exception applies: see RG 165.85.

RG 165.85 Financial firms must provide a written IDR response, even where the complaint is resolved to the complainant's satisfaction by the end of the fifth business day, if:

- (a) the complainant requests a written response; or
- (b) the complaint is about:
  - (i) hardship;
  - (ii) a declined insurance claim;

- (iii) the value of an insurance claim; or
- (iv) a decision of a superannuation trustee;

This is the case even if the firm resolves the complaint to the complainant's satisfaction by the end of the fifth business day.

- RG 165.86 Firms must still apply all the other IDR requirements set out in this guide to complaints they resolve within five business days of receipt. This includes:
- (a) acknowledging the complaint (see RG 165.69–RG 165.73);
  - (b) capturing and recording the prescribed complaint data (see RG 165.57–RG 165.62); and
  - (c) reporting data about the complaint to ASIC in accordance with our IDR data reporting requirements (see RG 165.63–RG 165.66).

- RG 165.87 Complaint files should not be closed and categorised as resolved without adequately assessing the complainant's level of satisfaction with the actions taken by the firm.

- RG 165.88 When determining whether a complaint has been resolved to a complainant's satisfaction, therefore, we expect firms to consider whether:
- (a) the complainant has confirmed (verbally or in writing) that they are satisfied with the action(s) taken by the financial firm in response to the complaint and do not wish to take the matter further; or
  - (b) other circumstances exist that make it reasonable for the firm to form the view that the complaint has been resolved to the complainant's satisfaction.

### **Traditional trustee complaints**

- RG 165.89 A traditional trustee must provide an IDR response to a complainant within 45 days.
- RG 165.90 During the 45-day maximum IDR timeframe, a traditional trustee must:
- (a) on receiving the complaint, use their best endeavours to identify and notify other people who may request an information return (i.e. other beneficiaries) and who may reasonably have an interest in the outcome of the complaint. We encourage traditional trustees to do this as quickly as possible;
  - (b) where relevant to the efficient and fair handling of the complaint at IDR, consider the views of those identified at RG 165.90(a); and
  - (c) keep those identified at RG 165.90(a) informed of the progress of the complaint at key stages of the IDR process, including when the trustee gives an IDR response or IDR delay notification.

- RG 165.91 Under the 45-day maximum IDR timeframe, time stops running when:
- (a) another person commences legal proceedings to be included as a beneficiary and the outcome would affect the handling of the complaint at IDR; or
  - (b) the traditional trustee applies for an opinion, advice or direction from a court to reasonably handle the complaint at IDR (e.g. where the trustee company is acting as a manager or administrator of the trust property).

RG 165.92 Time starts to run again once the court determines whether the other person should be included as a beneficiary, or provides an opinion, advice or otherwise gives a direction, and the time to lodge an appeal (if relevant) has passed.

### **Superannuation trustee complaints**

RG 165.93 Trustees of regulated superannuation funds (except for SMSFs), trustees of approved deposit funds and RSA providers must provide an IDR response to a complainant within 45 days.

Note: For complaints about insurance in superannuation, trustees, insurers and/or administrators must have arrangements in place to ensure the maximum IDR timeframe is complied with regardless of whether the complainant lodges their complaint with the insurer or trustee.

### **Certain credit complaints**

#### *Complaints involving default notices*

RG 165.94 If a complaint involves a default notice, the credit provider or lessor must provide an IDR response to the complainant within 21 days.

Note: An exemption applies for complaints about hardship notices or requests to postpone enforcement proceedings that the complainant has previously sought and the provider or lessor has rejected or not considered. Given the urgency of these cases, the complainant may take their complaint directly to AFCA once the timeframes in the National Credit Code have passed—for more information, see RG 165.100–RG 165.109.

RG 165.95 A credit provider or lessor must give a borrower a ‘default notice’ before commencing enforcement proceedings to recover money, take possession of property or sell property: see s88 of the National Credit Code. The default notice must:

- (a) inform the borrower or lessee that they must remedy the default within 30 days; and
- (b) substantially meet the pro forma notice requirements in Form 12A and Form 18A of the National Credit Regulations.

Note: See s208 of National Credit Code and regs 6, 86, 105K and Forms 12, 12A and 18A of the National Credit Regulations, as amended by the National Consumer Credit Protection Amendment Regulation 2013 (No. 1).

- RG 165.96 A complaint may involve a default notice if, for example, the complainant:
- (a) alleges that the default notice was not served;
  - (b) disputes the amount specified in the default notice or whether the default notice was rectified; or
  - (c) has a dispute about the lender's communications leading up to the issue of the default notice.

- RG 165.97 While the complaint is being handled at IDR during the 21 days, and for a reasonable time thereafter, credit providers (including debt collectors), credit service providers, their credit representatives and unlicensed COI lenders must refrain from commencing or continuing with legal proceedings or any other enforcement action (i.e. debt collection activity), unless the statute of limitations is about to expire.

Note: We also expect financial firms to refrain from commencing or continuing with legal proceedings or other enforcement action (i.e. debt collection activity), unless the statute of limitations is about to expire, while they are considering a hardship notice or request to postpone enforcement proceedings.

- RG 165.98 This will enable the complaint to be genuinely dealt with at IDR. The 'reasonable time thereafter' will also allow the complainant the opportunity to lodge their complaint with AFCA if the complaint cannot be resolved at IDR.

- RG 165.99 We expect that a sufficient timeframe for a complainant to lodge a complaint with AFCA will be at least 14 days after receiving the IDR response. This may be longer, depending on the particular circumstances of the complaint (e.g. if the complainant needs more time to lodge a dispute with AFCA because of accessibility issues).

*Credit complaints involving hardship notices or requests to postpone enforcement proceedings*

- RG 165.100 Credit providers, credit service providers, lessors and unlicensed COI lenders must treat complaints involving hardship notices or requests to postpone enforcement proceedings as urgent matters.

- RG 165.101 Where a complaint is about a hardship notice or request to postpone enforcement proceedings, the following maximum IDR timeframes apply:
- (a) the credit provider or lessor has 21 days to consider and agree to:
    - (i) a change in the terms of the credit contract or lease for hardship (under s72 and 177B of the National Credit Code); or
    - (ii) the request to postpone enforcement proceedings (under s94 and s179H of the National Credit Code); or

- (b) if the credit provider or lessor requires further information about a hardship notice, they have up to:
  - (i) 28 days from the date the information is requested, but not received; or
  - (ii) 21 days from when they consider they have received the information requested (see s72 and s177B of the National Credit Code).

Note: See [Information Sheet 105 FAQs—Dealing with consumers and credit \(INFO 105\)](#) for more information on timeframes for responding to a hardship notice when further information is required.

- RG 165.102 If the complaint is not resolved within these timeframes, there will be no further time at IDR to deal with the complaint (unless RG 165.106 applies) and the complainant should be referred to AFCA to handle the complaint.
- RG 165.103 A borrower or guarantor may give a credit provider a hardship notice or request the postponement of enforcement proceedings. A lessee may also give a hardship notice or request the postponement of enforcement proceedings for leases entered into on or after 1 March 2013.
- RG 165.104 Credit providers and lessors must have a dedicated telephone number and, where possible, a fax number, postal address and email address to accept and deal with hardship notices.
- RG 165.105 We expect that credit providers, credit service providers, lessors and unlicensed COI lenders will have systems in place to easily identify a complaint involving a hardship notice or a request to postpone enforcement proceedings.
- RG 165.106 We confirm in [RG 267](#) that the AFCA Rules may allow AFCA a discretion to vary timeframes that apply to complaints that are referred back to financial firms for consideration. This may include complaints when no agreement is reached within the maximum IDR timeframes for complaints about hardship notices or requests to postpone enforcement proceedings.

Note: See RG 267.187–RG 267.197 for more information about ‘refer back arrangements’.

- RG 165.107 If a borrower and the credit provider or lessor have reached an agreement about a hardship notice or postponement of enforcement proceedings, the credit provider or lessor has a further 30 days to confirm in writing:
- (a) the terms of change to the credit contract or lease (see s73 or 177C of the National Credit Code); or
  - (b) the conditions of postponement of enforcement proceedings (see s95 or 179J of the National Credit Code).

RG 165.108 The credit provider must inform the complainant of their right to complain to AFCA and provide AFCA's contact details at certain points during the process of dealing with a hardship notice and/or request to postpone enforcement proceedings. This information must be provided when the credit provider:

- (a) advises the complainant in writing whether the provider has changed the terms of their credit contract or lease for hardship or postponed enforcement proceedings;
- (b) requests further information to assess a hardship notice; and
- (c) agrees to a change to contract or lease terms or postponement request and notifies the complainant in writing of the terms of the variation or conditions of the postponement. The credit provider must send this written notice within 30 days of the agreement being reached.

Note: This requirement does not apply to an unlicensed COI lender who has not joined AFCA.

RG 165.109 We recognise that complaints involving hardship notices or postponement of enforcement proceedings may also involve issues relating to default notices. A complainant may lodge their complaint directly with AFCA if the complaint involves a default notice, issued after a credit provider or credit service provider has considered and/or decided not to grant a change to the terms of the credit contract or lease for hardship or postponement of enforcement proceedings. Where this is the case, RG 165.106–RG 165.108 will apply.

### **Multi-tier IDR processes**

RG 165.110 The maximum IDR timeframes for acknowledging a complaint (see RG 165.69–RG 165.73) and providing an IDR response (see RG 165.78–RG 165.109) or IDR delay notification (see RG 165.118–RG 165.127) apply to all IDR processes, including those that include internal appeals or escalation mechanisms (multi-tier IDR processes).

RG 165.111 Many financial firms operate multi-tier IDR processes that typically comprise a combination of some or all of the following:

- (a) consideration of the complaint by frontline staff or an initial point of contact; and if not resolved,
- (b) if frontline staff do not resolve the complaint, an initial review of the complaint by an operational area (e.g. claims or underwriting); and
- (c) if the operational area does not resolve the complaint, a further review and decision by a centralised 'complaints team'.

RG 165.112 Financial firms generally aim to resolve the majority of complaints at the first point of contact, within a short timeframe.

RG 165.113 Firms may arrange their complaint management resources and processes to suit the nature, scale and complexity of their business; however, complainants should not be disadvantaged by the use of multi-tier IDR processes by financial firms.

RG 165.114 Regardless of the structure of a firm's IDR process, the firm's obligation to deal with a matter according to our IDR requirements is triggered when the complainant's expression of dissatisfaction meets the definition of 'complaint' set out in RG 165.28. It is not triggered by the referral of a complaint to a specialist complaints or IDR team.

Note: See RG 165.28–RG 165.37 for our guidance about the definition of 'complaint'.

### Customer advocates

RG 165.115 Many financial firms have introduced the role of 'customer advocate'.

RG 165.116 The Ramsay Review considered the impact of the customer advocate role within banks. The Ramsay Review final report made the following finding (at p. 195):

The appointment of Customer Advocates could potentially assist with the resolution of disputes, but these positions have only recently been created and it is too soon to evaluate their role. Improved IDR data should make it easier to assess the impact of Customer Advocates in the future.

RG 165.117 We expect financial firms to ensure that any involvement customer advocates may have in the management or consideration of individual complaints does not adversely impact complainants by:

- (a) extending the IDR process beyond the relevant maximum IDR timeframe; or
- (b) preventing complainants from exercising their right to access AFCA by, for example, presenting the customer advocate as a mandatory step in the IDR process.

Note: We have set out further information on the customer advocate's role in improving financial firms' IDR processes, and our requirements for financial firms in relation to customer advocate recommendations, at RG 165.205–RG 165.206.

### IDR delay notifications

RG 165.118 If a financial firm is unable to respond to a complaint within the relevant maximum IDR timeframe, or any shorter timeframe detailed in the AFCA Rules or an applicable industry code of conduct or practice, the firm must send an 'IDR delay notification' to the complainant before the end of that period. We expect this to occur only in exceptional circumstances.



- RG 165.119 The IDR delay notification must inform the complainant about:
- (a) the reasons for the delay;
  - (b) their right to complain to AFCA if they are dissatisfied; and
  - (c) the contact details for AFCA.
- RG 165.120 Superannuation trustees satisfy the requirement to provide written reasons for the failure by a trustee to make a decision on a complaint (see s101(1)(d) of the SIS Act and s47(1)(d) of the RSA Act) when they provide an IDR delay notification.
- RG 165.121 Unlicensed COI lenders who have not joined AFCA must, before the end of the 30-day period, inform the complainant of the reasons for the delay.

## Links between the IDR process and AFCA

- RG 165.122 For the financial dispute resolution system to be fully effective, financial firms need to establish appropriate links between their IDR process and AFCA. The IDR process must require the firm, if a complaint has been through the IDR process but remains unresolved, or is not resolved within the relevant maximum IDR timeframe, to:
- (a) inform the complainant that they have a right to pursue their complaint with AFCA; and
  - (b) provide details about how to access AFCA.
- RG 165.123 The IDR responses and IDR delay notifications financial firms provide to complainants must contain these details.
- RG 165.124 Firms must also provide details about how a complainant can access AFCA in a range of disclosure documents, including:
- (a) Financial Services Guides;
  - (b) Product Disclosure Statements (PDSs), including short-form PDSs;
  - (c) Credit Guides;
  - (d) periodic statements (including exit statements); and
  - (e) forms and notices issued under the National Credit Code.
- RG 165.125 Firms' broader communications to consumers about their arrangements for managing complaints—including the publicly available complaint management policy, brochures explaining how to complain, relevant website FAQs and call centre scripting must also effectively inform complainants of:
- (a) their right to take their complaint to AFCA if they are dissatisfied; and
  - (b) the contact details of AFCA.

- RG 165.126 A financial firm may wish to directly refer a complaint to AFCA for resolution. This may occur where a firm has given an IDR response to the complainant, but the complaint remains unresolved and the complainant has not escalated it to AFCA. Firms wishing to make such a referral must obtain the consent of the complainant(s) to do so.
- RG 165.127 For complaints involving hardship notices or requests for postponement of enforcement proceedings, there may be an increased need for financial firms to directly refer complaints to AFCA, because interest and other default charges may continue to accrue. The complainant's consent to the referral must also be obtained in these circumstances.

## E Systemic issues

### Key points

Consumer complaints are a key risk indicator for systemic issues within a financial firm. The early identification and resolution of systemic issues by financial firms should prevent these matters being escalated to AFCA.

Boards and financial firm owners must set clear accountabilities for complaints handling functions, including setting thresholds for and processes around identifying systemic issues that arise from consumer complaints.

Financial firms must also have robust systems in place to ensure that possible systemic issues are escalated internally, followed up and reported on.

- RG 165.128 Consumer complaints are a key risk indicator for systemic issues within a financial firm. A systemic issue is a matter that affects, or has the potential to affect, more than one complainant (e.g. where there is a mistake in how interest is calculated or in how a fee is applied).
- RG 165.129 Boards and financial firm owners must set clear accountabilities for complaints handling functions, including setting thresholds for and processes around identifying systemic issues that arise from consumer complaints.
- RG 165.130 Reports to the board and executive committees must include metrics and analysis of consumer complaints including about systemic issues that arise out of those complaints.
- RG 165.131 We expect financial firms and, in particular, staff who are responsible for processing new complaints and/or managing complaints to have an appropriate ‘systemic focus’. This focus will help them identify and escalate potential systemic issues arising from complaints.
- RG 165.132 Financial firms must identify possible systemic issues from complaints by:
- (a) requiring staff who record new complaints and/or manage complaints to consider whether each complaint raises a matter that is possibly systemic;
 

Note: Firms should consider building a mandatory ‘flag’ into their complaints management systems that requires staff to evaluate the potential systemic impact of the issues raised in each complaint.
  - (b) regularly analysing complaint data sets; and
  - (c) conducting root cause analysis on recurring complaints and complaints that raise systemic concerns to identify the underlying causes.

- RG 165.133 Firms must also:
- (a) promptly escalate possible systemic issues to appropriate areas for action; and
  - (b) have processes and systems in place to ensure that these escalations are followed up and reported on internally in a timely manner.
- RG 165.134 The early identification and resolution of systemic issues by financial firms should prevent these matters being escalated to AFCA. AFCA also has a statutory responsibility to identify, refer and report systemic issues to a regulator where it considers that there is a systemic issue arising from its consideration of a complaint: see RG 267.65.
- RG 165.135 AFCA must make a report to a regulator (ASIC, the Australian Prudential Regulation Authority or the Australian Taxation Office) as soon as practicable—but no later than 15 days—after AFCA considers that there is a systemic issue.

## F IDR standards

### Key points

Our IDR standards reflect the requirements for effective complaint management in [AS/NZS 10002:2014](#) and other matters we consider appropriate, given our own regulatory experience.

We expect that our IDR standards can be adapted by financial firms to suit the nature, scale and complexity of their business.

This section sets out our IDR standards for:

- top-level commitment to effective, fair and timely complaint management;
- enabling complaints;
- resourcing;
- responsiveness;
- objectivity and fairness;
- complaint management policies and procedures;
- data collection, analysis and internal reporting; and
- continuous improvement of the IDR process.

### Basis for the IDR standards

RG 165.136 Financial firms must comply with our IDR standards for the design, implementation, and ongoing improvement of financial firms' IDR processes. 'Process' refers to the totality of all procedures, documents, policies, resources, governance and arrangements in place to manage complaints.

RG 165.137 Our IDR standards reflect the requirements for effective complaint management set out in AS/NZS 10002: 2014 and other matters we consider appropriate given our own regulatory experience. AS/NZS 10002: 2014 does not apply exclusively to financial services or credit, and has been drafted broadly so that it can:

- (a) apply to any industry in which consumers participate; and
- (b) be implemented by a business of any size.

RG 165.138 We expect that the IDR standards can be adapted by financial firms to suit the nature, scale and complexity of their business.

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## Commitment and culture

RG 165.139 We expect financial firms to develop and maintain a positive complaint management culture that welcomes and values complaints. A positive complaint management culture can produce beneficial outcomes for both consumers and financial firms.

### Top-level commitment

- RG 165.140 Boards (if applicable), chief executives and senior management must be actively interested in and support effective complaint management by:
- (a) having board and/or senior management oversight of the IDR process;
  - (b) providing adequate resources, including training and support to staff managing complaints;
  - (c) establishing and promoting a complaint management policy and procedure;
  - (d) implementing information technology (IT) systems and reporting procedures to ensure timely and effective complaint management and monitoring; and
  - (e) establishing clear roles and responsibilities for the management of complaints.
- RG 165.141 Credit licensees with credit representatives must ensure there are sufficient resources to deal with complaints involving credit representatives and that staff of credit representatives are educated about the credit licensee's IDR process.

### People focus

- RG 165.142 The culture of the firm must:
- (a) recognise that everyone has a right to complain; and
  - (b) be open to receiving complaints and demonstrate a commitment to resolving complaints through action.
- RG 165.143 The firm must encourage staff to:
- (a) treat complainants with respect, be helpful and adopt a user-friendly approach to complaint management. This is particularly important where complaints involve default notices, hardship notices or requests for postponement of enforcement proceedings.

## Enabling complaints

RG 165.144 Firms should encourage complaints and make it easy for people to voice their concerns by developing an IDR system that is readily accessible and easy to use. Firms should proactively identify people who might need additional assistance.

### Visibility

RG 165.145 Firms must widely publicise information about how and where complaints may be made, by:

- (a) publishing the Complaint Management Policy online and make it available in hard copy on request. Information about the IDR process should be readily available, not just at the time a consumer wishes to make a complaint;
- (b) including information about the IDR process in product welcome packs. It is a requirement to include details about accessing the IDR process in Financial Services Guides, PDSs, Credit Guides and periodic statements; and
- (c) providing training to all staff, not just complaints management staff, about the IDR process.

RG 165.146 Firms must also implement proactive and innovative approaches to promoting awareness about the IDR process and sourcing complaints from vulnerable people and groups.

### Accessibility

RG 165.147 The IDR process must be easy to understand and use, including by people with disability or language difficulties. This can be achieved by firms:

- (a) ensuring that information provided to the public about the IDR process is available in a range of languages and formats (including large print, Braille or audiotape);
- (b) using Australian Sign Language (AUSLAN) video presentations of material on their website;
- (c) enabling people to adjust the font size of information on their website;
- (d) offering text telephone (TTY) and the National Relay Service (NRS) to complainants; and
- (e) offering translation services to complainants or making staff available who are cross-culturally trained.

RG 165.148 The process must be flexible about how complaints are lodged and offer multiple lodgement methods—including telephone, email, letter, in person,

or online. Complaints do not need to be in writing—in some cases, insisting that complaints are in written form can be a disincentive to the complainant.

- RG 165.149 Firms should provide a toll-free or local call telephone number.
- RG 165.150 Firms must train staff to proactively identify, support and assist people who need help to make a complaint.
- RG 165.151 Firms must allow representatives to lodge complaints on behalf of complainants. Such representatives might include financial counsellors, legal representatives, family, friends and members of parliament. Firms should not put in place barriers to accepting authorities from these representatives.
- RG 165.152 Firms must continuously review the effectiveness of IDR communications.

### **No charges or detriment**

- RG 165.153 The IDR process must be free to complainants. We consider that:
- (a) material explaining the IDR process must be provided free of charge to complainants; and
  - (b) complainants must be able to make or pursue their complaint via the IDR process free of charge.

## **Resourcing**

- RG 165.154 Senior management must ensure that the IDR system is properly resourced so that it operates fairly, effectively and efficiently. Top-level management should regularly review whether the IDR system is adequately resourced.

### **Staff numbers**

- RG 165.155 Staffing numbers must be sufficient to deal with complaints in a fair and effective manner within maximum IDR timeframes. This includes resourcing the IDR function to deal with intermittent spikes in complaint volumes.
- RG 165.156 Credit licensees with credit representatives must ensure the IDR process is able to deal with complaints involving credit representatives. This may involve having a contact person to facilitate the referral of complaints about credit representatives to the credit licensee.

### **Roles, responsibilities and empowerment**

- RG 165.157 Staff expected to play a role in the firm's IDR process include:
- (a) the chief executive (or equivalent) and senior management;
  - (b) the manager responsible for the IDR process;



- (c) staff managing complaints;
- (d) business unit managers; and
- (e) frontline staff.

RG 165.158 All staff must understand their roles and responsibilities in relation to the IDR process.

RG 165.159 Firms must empower staff to effectively implement the firm's IDR process, as relevant to each staff member's role.

RG 165.160 Firms must provide staff with appropriate authority and guidance to be able to resolve complaints.

### **Skills, attributes and training**

RG 165.161 Complaint management staff must have the knowledge, skills and attributes to effectively perform their roles, including:

- (a) knowledge of this regulatory guide, consumer protection laws relating to financial products and services, AFCA approaches and relevant industry codes of practice;
- (b) an understanding of the products and services offered by the financial firm;
- (c) empathy, respect and courtesy;
- (d) awareness of cultural differences and the ability to identify and assist complainants who need additional assistance;
- (e) strong verbal and written communication skills; and
- (f) analytical thinking and good judgement.

RG 165.162 Firms must incorporate these skills and attributes into key human resource documents for complaint management staff, including position descriptions, development plans and performance assessments.

RG 165.163 Firms must provide targeted induction and ongoing training to staff who handle complaints. Topics may include:

- (a) the firm's IDR policy and process, including roles, responsibilities, authority and escalation points;
- (b) the requirements of this guide;
- (c) financial services consumer protection laws, AFCA position statements and industry codes of practice;
- (d) the firm's products and services;
- (e) how to identify and help complainants who need additional assistance;
- (f) dealing with unreasonable complainant conduct;

- (g) effective communication and negotiation techniques;
- (h) effective written communications;
- (i) complaint data capture and internal reporting;
- (j) issues identification and analysis; and
- (k) identifying and escalating possible systemic issues.

### **Materials and equipment**

- RG 165.164 Complaint management staff must have adequate materials and equipment to handle complaints. This includes scripts, FAQs, checklists, sample letters and templates, specialist support materials, complaint management IT systems and finances.

### **Health, safety and support**

- RG 165.165 Firms must develop health and safety policies to support staff involved in complaint management. This may include:
- (a) policies and procedures for managing unreasonable conduct by complainants;
  - (b) protecting the identity of staff where required; and
  - (c) providing access to internal debriefing sessions or employee assistance programs.

### **Continual review**

- RG 165.166 Firms must regularly review the adequacy of IDR resources.

## **Responsiveness**

- RG 165.167 Firms' IDR processes must work efficiently and be capable of responding to each complaint in a timely and flexible manner.

### **Early resolution**

- RG 165.168 Firms must actively encourage staff to resolve complaints, wherever possible, at the first point of contact.
- RG 165.169 Firms' data analysis and internal reporting must measure and actively monitor the volume of complaints resolved at first point of contact.

## Acknowledging complaints

- RG 165.170 Complaints must be acknowledged in accordance with the requirements set out at RG 165.69–RG 165.73.

## Triaging complaints

- RG 165.171 When a complaint is received, complaint management staff should assess and prioritise complaints according to the urgency and severity of the issues raised. Example of matters that should be prioritised include where:
- (a) the complainant is experiencing domestic or financial abuse;
  - (b) the complainant has a serious or terminal illness; or
  - (c) a delay in addressing the complaint could adversely affect the complainant's basic living conditions.

## Responding flexibly

- RG 165.172 Firms must deal with complaints with as little formality as possible and avoid requirements (e.g. that a complaint must be lodged in writing) that restrict complainants' access to the IDR process.
- RG 165.173 Firms must adopt a range of flexible complaint management approaches that promote early resolution, wherever appropriate.

## Remedies

- RG 165.174 Firms must consider a broad range of possible remedies when attempting to resolve complaints. Remedies may include:
- (a) an explanation of the circumstances giving rise to the complaint;
  - (b) an apology;
  - (c) provision of assistance and support;
  - (d) a refund or waiver of a fee or charge;
  - (e) a goodwill payment;
  - (f) a payment of compensation;
  - (g) a waiver of a debt;
  - (h) replacing damaged or lost property;
  - (i) correcting incorrect or out-of-date records;
  - (j) repairing physical damage to property;
  - (k) changing the terms of a contract;
  - (l) ceasing legal or other action that may cause detriment; and
  - (m) undertaking to set in place improvements to systems, procedures or products.

- RG 165.175 Firms must ensure that any agreed resolution outcomes are implemented in a timely manner when a complaint is closed.

### **Maximum IDR timeframes**

- RG 165.176 Financial firms must adhere to the maximum IDR timeframes for acknowledging a complaint (see RG 165.69–RG 165.73), providing an IDR response (see RG 165.78–RG 165.109) and providing an IDR delay notification (see RG 165.118–RG 165.127).

### **Closing complaints**

- RG 165.177 When closing a complaint, firms must record the complaint outcome, complaint remedy and financial compensation amount (if any) in accordance with our prescribed data collection fields: see the draft IDR data dictionary at Attachment 2 to CP 311.
- RG 165.178 Firms must ensure that complaint resolution outcomes (e.g. refunds, fee waivers, correction of records, compensation payments) are implemented in a timely manner when a complaint is closed.

## **Objectivity and fairness**

- RG 165.179 We expect firms to develop processes that ensure each complaint is managed objectively, equitably and without actual or perceived bias.

### **Objectivity**

- RG 165.180 Complaint management staff must manage complaints objectively and without actual or perceived bias. This requires that:
- (a) IDR processes allow adequate opportunity for each party to make their case;
  - (b) wherever possible, the complaint is considered by staff not involved in the subject matter of the complaint. We recognise that this will not always be possible for a small financial firm;
  - (c) IDR processes allow for other persons who may request an information return (e.g. beneficiaries), and who may reasonably have an interest in the outcome of a traditional services complaint, to be identified, notified and their views considered, where relevant to the efficient and fair handling of the complaint.

## Confidentiality

- RG 165.181 Firms must not disclose personally identifiable information concerning the complaint, unless it is needed for the purpose of addressing the complaint. This type of information should be actively protected from disclosure.
- RG 165.182 Firms can only disclose personally identifiable information if the complainant gives their consent.

## Unreasonable complainant conduct

- RG 165.183 Each complaint should be managed in an equitable manner, including those lodged by complainants who display unreasonable or challenging behaviour. Firms must develop a policy for dealing with unreasonable or challenging complainant conduct.

Note: For more information about dealing with unreasonable conduct by complainants, see Appendix E to AS/NZS 10002:2014.

## Postponement of action

- RG 165.184 Where appropriate, financial firms must postpone actions that could adversely affect the complainant until the complaint has been finalised and an IDR response has been provided: see RG 165.100–RG 165.109 regarding the postponement of legal proceedings or other enforcement action while the financial firm is considering a hardship notice or request to postpone enforcement proceedings.

## Policy and procedures

- RG 165.185 Complaint management documentation is a key component of a financial firm's IDR process. Firms must have a publicly available complaint management policy and an internal complaint management procedure. Firms must provide material that explains their IDR process free of charge to complainants.

## Public complaint management policy

- RG 165.186 A firm's complaint management policy must explain:
- (a) how consumers may lodge a complaint with the firm (e.g. online, by email, by phone and in person);
  - (b) the options available to assist complainants who might need additional assistance to lodge a complaint;

- (c) the firm's key steps for dealing with complaints, including acknowledgement, assessment and investigation, and provision of an IDR response;
- (d) response timeframes; and
- (e) details about accessing AFCA where a complaint is not resolved.

RG 165.187 The complaint management policy must be readily available to the public, in a range of formats and languages. In particular, the policy must appear on the firm's website in an accessible location.

### **Internal complaint management procedure**

RG 165.188 Firms must have a documented internal complaint management procedure to support the public complaint management policy.

RG 165.189 The procedure must be a comprehensive and useful tool for staff who deal with complaints, providing a step-by-step guide to the entire IDR process, and clearly setting out staff roles and responsibilities.

RG 165.190 The internal complaint management procedures must be anchored to the IDR requirements set out in this regulatory guide, including the IDR standards. At a minimum, we expect a firm's internal procedures to address our requirements for:

- (a) the definition of 'complaint' and the types of matters that must be dealt with in accordance with our IDR requirements (see RG 165.28–RG 165.37);
- (b) proactively identifying and assisting complainants who might need additional assistance (see RG 165.144–RG 165.153);
- (c) recording all complaints, including those resolved immediately (see RG 165.57);
- (d) giving all complaints a unique identifier or case reference number (see RG 165.58);
- (e) recording prescribed data for each complaint (see RG 165.59–RG 165.62);
- (f) acknowledging complaints (see RG 165.69–RG 165.73);
- (g) assessing and prioritising complaints according to the urgency of the issues raised (see RG 165.171);
- (h) protecting personally identifiable information concerning the complaint (see RG 165.181–RG 165.182);
- (i) dealing with unreasonable complainant conduct (see RG 165.183);

- (j) investigating complaints, conducting negotiations and exploring resolution options, including appropriate remedies (see RG 165.172–RG 165.173);
- (k) providing an IDR response within maximum IDR timeframes (see RG 165.78–RG 165.109);
- (l) the content of IDR responses, including reasons for decision (see RG 165.75–RG 165.77);
- (m) closing complaints (see RG 165.177–RG 165.178);
- (n) identifying and escalating systemic issues and complaint trends (see Section E); and
- (o) reporting internally about complaints (see RG 165.198–RG 165.199); and
- (p) reporting IDR data to ASIC (see RG 165.63–RG 165.66).

### **Regular review**

- RG 165.191 Firms must regularly review the adequacy of complaint management documentation, including the complaint management policy and internal procedure.

## **Data collection, analysis and internal reporting**

- RG 165.192 Firms must have an effective system for recording information about each complaint they receive. The system must enable firms to keep track of the progress of each complaint and to conduct data analytics. It must also support effective reporting of complaints to ASIC.

### **System**

- RG 165.193 Firms must establish and maintain an effective system for recording and tracking information about each complaint that is received.
- RG 165.194 Firms should design their complaints system to suit the nature, scale and complexity of their business, including the number of complaints they receive. Firms that receive few complaints might, for example, use a spreadsheet. We expect firms with large volumes of complaints firms to use specialised complaints software or to integrate complaint management data fields into existing customer relationship management systems.

### **Record all complaints received**

- RG 165.195 Firms must record each complaint in accordance with the requirements set out at RG 165.58–RG 165.62.

## Conduct ongoing data analysis

- RG 165.196 Firms should analyse complaint data regularly so that they can:
- (a) monitor the performance of the IDR process;
  - (b) identify possible systemic issues and areas where product or service delivery improvements are required; and
  - (c) identify matters that are likely to need to be reported to ASIC under s912D of the Corporations Act.
- RG 165.197 To monitor the performance of the IDR process, firms must collect and analyse the following items of data (at a minimum) at regular intervals:
- (a) number of complaints received;
  - (b) number of complaints closed;
  - (c) nature of complaints (e.g. product and problem);
  - (d) time taken to acknowledge complaints;
  - (e) time taken to resolve or finalise complaints;
  - (f) complaint outcomes, including:
    - (i) number of complaints resolved;
    - (ii) number of complaints unresolved;
    - (iii) number of complaints abandoned/withdrawn; and
    - (iv) details of amounts paid to complainants to resolve complaints;
  - (g) possible systemic issues identified;
  - (h) number of complaints escalated to AFCA; and
  - (i) complainant demographics.

## Report complaints data internally and publicly

- RG 165.198 Staff responsible for a financial firm's IDR process must provide regular reports about complaints data to senior management and the firm's board (or equivalent). These reports should include:
- (a) number of complaints received;
  - (b) number of complaints closed;
  - (c) circumstances giving rise to complaints (e.g. products, services, and issues and reasons);
  - (d) time taken to acknowledge complaints;
  - (e) time taken to resolve or finalise complaints;
  - (f) complaint outcomes including:
    - (i) number of complaints resolved;



- (ii) number of complaints unresolved;
- (iii) number of abandoned/withdrawn; and
- (iv) details of amounts paid to complainants to resolve complaints;
- (g) possible systemic issues identified;
- (h) underlying causes of complaints;
- (i) complaint trends;
- (j) number of complaints escalated to AFCA;
- (k) complainant demographics; and
- (l) recommendations for improving products or services.

RG 165.199 Firms should also report on complaints in their annual reports.

## Continuous improvement

RG 165.200 Firms must monitor and review the performance of their IDR process. This must include monitoring of complaint metrics, ongoing quality assurance and regular reviews.

### Complaint metrics and monitoring

RG 165.201 Firms must monitor the key metrics for complaint management set out in RG 165.197 on an ongoing basis.

### Quality assurance

RG 165.202 Firms must carry out regular and ongoing quality assurance of complaint management activity by frontline and specialist complaints teams, including monitoring whether:

- (a) complaints are being recorded in the firm's complaint management system;
- (b) telephone contact and correspondence with complainants is clear and customer focused;
- (c) complaint outcomes are fair; and
- (d) dissatisfied complainants are being provided with their escalation options, including AFCA.

### Compliance audits

RG 165.203 Firms must conduct regular compliance audits to identify and address issues of non-conformity with this regulatory guide and internal requirements.

RG 165.204 Unless the number of complaints is very small, we would expect compliance audits to be undertaken at least annually. Where non-compliance with this regulatory guide is identified, appropriate action must be taken—such as performance feedback, re-training and enhanced supervision for complaints management staff and, where appropriate, rectification for the complainants adversely affected by the non-compliance.

### **Customer advocate recommendations**

RG 165.205 Firms with customer advocates must genuinely consider any recommendations made by customer advocates to improve the complaint management process.

RG 165.206 There must be a transparent process for responding to recommendations made by customer advocates.

### **Review program**

RG 165.207 Senior management should conduct or arrange regular reviews of the IDR system to:

- (a) consider the suitability, effectiveness and efficiency of the IDR system;
- (b) assess whether systemic issues are being promptly identified and remedial action taken to address the issues;
- (c) assess whether the remedial action is prioritised and effective;
- (d) identify improvements that need to be made; and
- (e) assess customer satisfaction (e.g. through surveys).

RG 165.208 For a smaller firm with few complaints, senior management could undertake the IDR system review in conjunction with the compliance audit.

RG 165.209 For a larger firm, the internal audit function or an appropriately qualified independent consultant could undertake the IDR system review.

RG 165.210 The financial firm should develop a plan to action review recommendations. These actions must be tracked by senior management to ensure that sustainable improvements are made.

### **Other improvement activities**

RG 165.211 Firms should also consider other improvement activities, including:

- (a) conducting benchmarking exercises;
- (b) establishing a feedback mechanism for staff to record improvement opportunities;
- (c) encouraging innovation in complaint management practices; and
- (d) recognising and rewarding exemplary management of complaints.

## Appendix: Transitional arrangements

- RG 165.212 We acknowledge that some of the IDR reforms in this guide represent significant change for financial firms. Firms will need to undertake internal capacity building to develop processes and systems, and upskill staff who are responsible for dealing with complaints.
- RG 165.213 To enable financial firms to prepare for the new IDR requirements, transition periods will apply to the requirement to:
- (a) provide an IDR response within reduced maximum IDR timeframes;
  - (b) record all complaints received by the firm
  - (c) assign a unique identifier to each complaint received;
  - (d) record prescribed complaint data for each complaint received; and
  - (e) report prescribed IDR data to ASIC in accordance with ASIC's requirements.
- RG 165.214 We consider that the transition periods set out in Table 4 are sufficient to enable financial firms to prepare for the new IDR requirements while ensuring the key reforms are implemented in a timely manner.
- RG 165.215 All other requirements set out in this regulatory guide are applicable from the date the guide is published.

**Table 4: Transitional timeframes**

Requirement	RG 165 reference	Application date
To provide an IDR response to a complainant within reduced maximum IDR timeframes	RG 165.78– RG 165.117	31 March 2020
To record all complaints received by the financial firm, including those that have been resolved immediately and/or by the firm's frontline staff	RG 165.57	30 June 2020
To assign a unique identifier to each complaint received by the firm	RG 165.58	30 June 2020
To record prescribed complaint data for each complaint received by the firm	RG 165.59– RG 165.62	30 June 2020
To report IDR data to ASIC in accordance with ASIC's data reporting requirements	RG 165.64– RG 165.66	30 June 2021

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## Key terms

Term	Meaning in this document
AFCA	Australian Financial Complaints Authority—the EDR scheme for which an authorisation under Pt 7.10A of the Corporations Act is in force
AFCA Act	<i>Treasury Laws Amendment (Putting Consumers First—Establishment of the Australian Financial Complaints Authority) Act 2018</i>
AFCA Rules	Complaint Resolution Scheme Rules—A document setting out AFCA’s jurisdiction and procedures, to which financial firms are contractually bound
AFS licence	An Australian financial services licence under s913B of the Corporations Act that authorises a person who carries on a financial services business to provide financial services  Note: This is a definition contained in s761A of the Corporations Act.
AFS licensee	A person who holds an Australian financial services licence under s913B of the Corporations Act
ASIC	Australian Securities and Investments Commission
ASIC Act	<i>Australian Securities and Investments Commission Act 2001</i>
AS/NZS 10002:2014	Australian Standard AS/NZS 10002:2014 <i>Guidelines for complaint management in organizations</i>
beneficiary	Means: <ul style="list-style-type: none"> <li>• a beneficiary under a deceased’s will;</li> <li>• where a person has died without a will, a person who has an entitlement or interest in the deceased’s estate under a state or territory law;</li> <li>• a person who has commenced a proceeding in a court under a state or territory law to be included as a beneficiary of a deceased’s estate; and</li> <li>• a beneficiary of a trust (excluding charitable trusts)</li> </ul> Note: See regs 7.1.28A and 5D.2.01 of the Corporations Regulations.
carried over instrument	Has the meaning given in s4 of the <i>National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009</i>
complaint	An expression of dissatisfaction made to or about an organisation—related to its products, services, staff or the handling of a complaint—where a response or resolution is explicitly or implicitly expected or legally required  Note: This is the definition given in AS/NZS 10002:2014.

Term	Meaning in this document
consumer or complainant	A person or small business. It includes, at a minimum: <ul style="list-style-type: none"> <li>• an individual consumer or guarantor;</li> <li>• a superannuation fund member or third-party beneficiary eligible to make a complaint to AFCA under s1053, or taken to be a member of a regulated superannuation fund or approved deposit fund, or a holder of an RSA, as provided for by s1053A;</li> <li>• a small business with less than 100 employees, including a primary production business (as defined in the <i>Income Tax Assessment Act 1997</i>)</li> </ul>
Corporations Act	<i>Corporations Act 2001</i> , including regulations made for the purposes of that Act
Corporations Regulations	Corporations Regulations 2001
credit	Credit to which the National Credit Code applies Note: See s3 and 5-6 of the National Credit Code.
credit activity (or credit activities)	Has the meaning given in s6 of the National Credit Act
credit contract	Has the meaning given in s4 of the National Credit Code
Credit Guide	A document that must be provided to a consumer by a credit provider, credit service provider, credit representative or debt collector under the National Credit Act
credit licence	An Australian credit licence under s35 of the National Credit Act that authorises a licensee to engage in particular credit activities
credit licensee	A person who holds an Australian credit licence under s35 of the National Credit Act
credit provider	Has the meaning given in s5 of the National Credit Act
credit representative	A person authorised to engage in specified credit activities on behalf of a credit licensee under s64(2) or 65(2) of the National Credit Act
credit service	Has the meaning given in s7 of the National Credit Act
credit service provider	A person who provides credit services
CSV file	Comma-separated value file
declined insurance claim	Where an insured person (the retail client) makes a claim on an insurance policy and: <ul style="list-style-type: none"> <li>• the insurer declines or does not accept the claim; or</li> <li>• the insurer does not determine the claim within 10 business days of receiving all the information necessary to do so</li> </ul>

Term	Meaning in this document
disputant	Has the same meaning as complainant
dispute	Has the same meaning as complaint
EDR	External dispute resolution
exempt SPFEs	Exempt special purpose funding entities
financial firm	<p>Firms covered by s912A(1)(g) and s1017G(1) of the Corporations Act, s47(1)(h) of the National Credit Act, s47(1) of the RSA Act and s101(1) of the SIS Act, which include:</p> <ul style="list-style-type: none"> <li>• AFS licensees;</li> <li>• unlicensed product issuers;</li> <li>• unlicensed secondary sellers;</li> <li>• credit licensees;</li> <li>• regulated superannuation funds (other than SMSFs);</li> <li>• approved deposit funds;</li> <li>• RSA providers;</li> <li>• annuity providers;</li> <li>• life policy funds; and</li> <li>• insurers</li> </ul> <p>Note: We may require other financial entities, under a licensing or relief condition, to have an IDR process that complies with the standards and requirements mentioned in s912A(2)(a)(i) in relation to AFS licensees.</p>
financial product	<p>Generally a facility through which, or through the acquisition of which, a person does one or more of the following:</p> <ul style="list-style-type: none"> <li>• makes a financial investment (see s763B);</li> <li>• manages financial risk (see s763C);</li> <li>• makes non-cash payments (see 763D)</li> </ul> <p>Note: Div 3 of Pt 7.1 of the Corporations Act for the exact definition.</p>
financial service	Has the meaning given in Div 4 of Pt 7.1 of the Corporations Act
Financial Services Guide	<p>A document required by s941A or 941B to be given in accordance with Div 2 of Pt 7.7</p> <p>Note: This is a definition contained in s761A of the Corporations Act.</p>
hardship notice	<p>Means:</p> <ul style="list-style-type: none"> <li>• for credit contracts entered into before 1 March 2013, to which the National Credit Code applies, an application for a change to the terms of the contract for hardship; and</li> <li>• for credit contracts or leases entered into on or after 1 March 2013, to which the National Credit Code applies, a hardship notice under s72 or 177B</li> </ul>

Term	Meaning in this document
IDR	Internal dispute resolution
IDR data dictionary	<i>Internal dispute resolution data dictionary</i> Note: See Attachment 2 to CP 311.
IDR process	An internal dispute resolution process that meets the requirements and approved standards of ASIC under RG 165
IDR response	A written response to a complaint, which must be given to the complainant in accordance with RG 165.74–RG 165.77
INFO 110 (for example)	An ASIC information sheet (in this example numbered 110)
information return	A trustee company providing traditional services must give certain information to beneficiaries, settlors of trusts, and certain other parties within 30 days of a request.  Such information must include: <ul style="list-style-type: none"> <li>• the income earned on the trust's assets;</li> <li>• the expenses of the trust, including remuneration, commission or other benefits received by the trustee company; and</li> <li>• the net value of the trust's assets</li> </ul> Note: See s601RAC1(e) of the Corporations Act and regs 5D.2.01, 5D.2.02 and 7.1.28A of the Corporations Regulations.
licensee	An AFS licensee or a credit licensee
multi-tiered IDR processes	IDR processes that include internal appeals or escalation mechanisms
National Credit Act	<i>National Consumer Credit Protection Act 2009</i>
National Credit Code	National Credit Code at Sch 1 to the National Credit Act
National Credit Regulations	National Consumer Credit Protection Regulations 2010
PDS	A Product Disclosure Statement—a document that must be given to a retail client for the offer or issue of a financial product in accordance with Div 2 of Pt 7.9 of the Corporations Act  Note: See s761A for the exact definition.
primary producer	A primary production business within the meaning of s995.1(1) of the <i>Income Tax Assessment Act 1997</i>  Note: This is the meaning given in the AFCA Rules.
Ramsay Review	Review of the financial system external dispute resolution and complaints framework

Term	Meaning in this document
Ramsay Review final report	Final report: Review of the financial system external dispute resolution and complaints framework (May 2017)
reg 16 (for example)	A regulation of a set of regulations as specified (in this example numbered 16)
retail client	A client as defined in s761G of the Corporations Act and Div 2 of Pt 7.1 of the Corporations Regulations
RG 267 (for example)	An ASIC regulatory guide (in this example numbered 267)
RSA	A retirement savings account as defined in the RSA Act
RSA Act	<i>Retirement Savings Accounts Act 1997</i>
s64 (for example)	A section of the Corporations Act, unless otherwise specified (in this example numbered 64)
SIS Act	<i>Superannuation Industry (Supervision) Act 1993</i>
securitisation body	Means a 'special purpose funding entity' (credit), which includes both: <ul style="list-style-type: none"> <li>• A securitisation entity; and</li> <li>• A fundraising special purpose entity</li> </ul> <p>Note: See the definition in s5 of the National Credit Act.</p>
servicing agreement	An agreement between a securitisation body and a credit licensee as defined in s5 of the National Credit Act
small business	A business that had less than 100 employees at the time of the act or omission by the financial firm that gave rise to the complaint. A small business includes a primary producer, if that primary producer is also a small business. <p>Note: This is the meaning given in the AFCA Rules.</p>
SMSF	A self-managed superannuation fund
sole beneficiary	Means the only beneficiary under a will, the only person who has an entitlement or interest in the deceased's estate under a state or territory law or the only beneficiary of a trust (excluding charitable trusts)
SPFE	A special purpose funding entity
traditional services	Means traditional trustee company services as defined by s601RAC of the Corporations Act
unlicensed COI lender	Has the meaning given in s5 of the National Credit Act, as modified by item 2.4 of Sch 2 of the National Credit Regulations
unlicensed product issuer	An issuer of a financial product who is not an AFS licensee



<b>Term</b>	<b>Meaning in this document</b>
unlicensed secondary seller	A person who offers the secondary sale of a financial product under s1012C(5), (6) or (8) of the Corporations Act and who is not an AFS licensee
value of an insurance claim	Means the monetary amount or value to be paid out to an insured person (the retail client) under an insurance policy, once the insured person has made a claim on the policy

## Related information

### Headnotes

AFCA, AFS licence, AFS licensees, Australian Financial Complaints Authority, complaint, complainant, consumer, credit licensees, credit representatives, dispute resolution requirements, EDR, external dispute resolution, financial firms, financial services, IDR processes, IDR standards, IDR requirements, internal dispute resolution, maximum timeframes, multi-tier IDR processes, remediation processes, reporting requirements, small business, superannuation trustees, systemic issues, traditional trustee

### Legislative instruments

[ASIC Corporations \(Concept Validation Licensing Exemption\) Instrument 2016/1175](#)

[ASIC Credit \(Concept Validation Licensing Exemption\) Instrument 2016/1176](#)

### Regulatory guides

[RG 139](#) *Approval and oversight of external dispute resolution schemes*

Note: RG 139 has been replaced by RG 267. We will withdraw RG 139 when the last complaints made to the Financial Ombudsman Service (FOS) and Credit and Investments Ombudsman (CIO) are closed.

[RG 205](#) *Credit licensing: General conduct obligations*

[RG 206](#) *Credit licensing: Competence and training*

[RG 207](#) *Credit licensing: Financial requirements*

[RG 257](#) *Testing fintech products and services without holding an AFS or credit licence*

[RG 267](#) *Oversight of the Australian Financial Complaints Authority*

### Information sheets

[INFO 105](#) *FAQs—Dealing with consumers and credit*

[INFO 110](#) *Lenders with carried over instruments*

## Legislation

AFCA Act

ASIC Act, s1, 243C

Corporations Act, Ch 7; s601RAB, 601RAC, 760A, 761G, 912A, 1012C, 1017G

Corporations Regulations, regs 5D.2.01, 5D.2.02, 7.1.28A, 7.6.02, 7.9.77

*Income Tax Assessment Act 1997*, s995.1(1)

National Credit Act, s5, 47, 64, 65; National Credit Code, s72, 73, 88, 94, 95, 177B, 177C, 179H, 179J, 208; *National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009*, s4(1).

National Credit Regulations, regs 3, 6, 10, 16, 23B, 23C, 86, Schs 2 and 3, Forms 12, 12A, 18A; National Consumer Credit Protection Amendment Regulation 2013 (No. 1)

RSA Act, s47

SIS Act, s101

## Reports

[REP 603](#) *The consumer journey through the Internal Dispute Resolution process of financial service providers*

## Media and other releases

[18-371MR](#) *ASIC research highlights need for improved consumer complaints experience*

## Other documents

AFCA, [Complaint Resolution Scheme Rules](#)

Australian Standard [AS/NZS 10002:2014](#) *Guidelines for complaint management in organizations*

Ramsay Review, [Final report: Review of the financial system external dispute resolution and complaints framework](#), May 2017