



AMP Customer Advocate
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9 August 2019

Ms Jacqueline Rush
Australian Securities and Investment Commission
GPO Box 9827
MELBOURNE VIC 3001

By email: **IDRsubmissions@asic.gov.au**

Dear Ms Rush

CONSULTATION PAPER 311: UPDATE TO RG165

I refer to ASIC's consultation paper in relation to RG165 released on 15 May 2019 and thank you for the opportunity to make a submission on behalf of AMP Limited and its subsidiaries (**AMP**).

General

AMP supports key components of the update to RG165, namely:

- firms should record all complaints, as defined, that they receive;
- firms should assign a unique identifier, which cannot be reused, to each complaint received;
- the proposed minimum content requirements for internal dispute resolution (**IDR**) responses;
- the proposed approach not to issue a separate legislative instrument about the provision of written reasons for complaint decisions made by superannuation trustees;
- that there is no need for any additional minimum content requirements for IDR responses provided by superannuation trustees;
- the proposed approach to the application of AS/NZS 10002:2014.

In relation to the other matters raised in the consultation paper, AMP supports the submissions made to this consultation by the Australian Banking Association (ABA), the Financial Services Council (FSC) and the Association of Superannuation Funds of Australia (ASFA).

While AMP agrees that it is essential for consumers and small businesses to have access to transparent, fair and timely complaints processes, AMP believes that it is also essential for consumers and small businesses that the role of Customer Advocate within firms be permitted to remain operationally separate from the IDR process and to continue to function authoritatively, innovatively, and in pursuit of improved consumer and small business



outcomes. We do not believe this will be achieved through the application of RG165 to the role of Customer Advocate as is proposed by Consultation Paper 311 (CP 311).

Role of the AMP Customer Advocate

The role of the AMP Customer Advocate was established in October 2017. Through Terms of Reference approved by the AMP CEO, the AMP Customer Advocate has a clear mandate to advocate for AMP customers so that they receive fair outcomes and to strategically support AMP in embedding a customer focus.

The AMP Customer Advocate is operationally separate from those AMP business units and teams which are responsible for the design and implementation of products and services for customers, servicing customers and undertaking internal complaints handling processes. Similarly, the AMP Customer Advocate is separate from other functions that have business performance KPIs and the AMP Customer Advocate role charter does not contain any financial metrics or targets.

Key to the ongoing delivery of the AMP Customer Advocate mandate is a well-articulated and proactive approach, along with appropriate resourcing, through four areas of focus:

[Responsibilities | AMP Customer Advocate](#)

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| Advocate Complaint Reviews | With direct delegations from the AMP CEO, ensuring customers who choose an AMP Customer Advocate review receive fair and reasonable outcomes in the circumstances. |
| AMP Customer Complaints Framework | Providing governance and oversight of the operation of the AMP Customer Complaints Framework for the benefit of AMP entity boards, the CEO and the Group Executive. |
| Systemic Customer Issues | Working with operational business units in relation to the identification, assessment and resolution of systemic customer issues; providing assurance in relation to any required customer remediation; and advising AMP entity boards and the CEO in relation to customer outcomes and customer conduct issues. |
| Customer Advocacy | Advocating customer perspectives within AMP and externally including contributing to strategic, policy and regulatory activities across AMP relating to customer issues. |

These four areas of focus demonstrate that the role of AMP Customer Advocate goes beyond the limited role for Customer Advocates suggested in CP311 and encompasses a range of responsibilities to improve customer outcomes that are distinct from the management of customer complaints.

Proposed application of RG165 to the role of Customer Advocate

The ability for a Customer Advocate within a firm to effect improved customer outcomes stems from several factors inherent to the role:

- separation from operational business lines;
- direct access to, and the support of, the CEO, Board and senior management;
- a remit to work across business lines;
- direct contact with customers;
- a mandate to review customer data (including complaints data) to identify and investigate customer systemic issues.

As explained above, the AMP Customer Advocate utilises each of these levers to deliver improved customer outcomes at AMP.



AMP does not believe that it is appropriate that the proposals in CP311 apply to the role of Customer Advocate where the Customer Advocate is undertaking a customer complaint review, at the request of a customer, in circumstances where an IDR outcome has already been provided. We suggest that were these requirements to apply it would undermine the ability of the Customer Advocate to provide the tangible benefits to customers it is designed to deliver.

Importantly, customer rights are not diminished by seeking the assistance of the AMP Customer Advocate and there is no requirement that customers do so. Where a customer does seek the assistance of the AMP Customer Advocate, they will not be disadvantaged, and AMP will honour the outcome of the review. In undertaking a review of a customer's complaint, the AMP Customer Advocate will go beyond regulatory compliance and consider all the circumstances of the customer and their relationship with AMP.

In this way, the AMP Customer Advocate can often improve customer outcomes, by providing a new or enhanced outcome to the customer. This is because the AMP Customer Advocate has the capacity to make deeper enquiries into complex matters, and has the authority delegated from the CEO to provide an outcome which is fair and reasonable in the circumstances.

AMP's key concerns are as follows:

The role of Customer Advocate does not extend to primary investigation or decision making

The primary role of the AMP Customer Advocate is to assist customers who are not satisfied with how AMP has resolved their complaint. The AMP Customer Advocate may assist the IDR process, for example to provide guidance, and in this case RG165 should apply, as the complaint remains within the IDR process. However, assisting the IDR process is very different to forming part of it. The role of the AMP Customer Advocate is deliberately designed to be separate from AMP's IDR process, to deliver a range of improved customer outcomes, including to provide customers with a choice in relation to resolution of their complaint through an impartial review of an IDR decision when requested by a customer.

RG165 timelines may not be in the best interests of customers who seek a Customer Advocate review

Imposing specific and limited timeframes will reduce the capacity for the AMP Customer Advocate to provide improved consumer outcomes. The option to utilise the AMP Customer Advocate is a customer-led process. Once an IDR decision is made, the course of action taken, and the time taken to initiate that course of action, which may be weeks or months, is determined entirely by the customer. It is unlikely that limiting the time in which a customer may elect to have their complaint reviewed by the AMP Customer Advocate will improve customer experience.

Similarly, many matters raised with the AMP Customer Advocate are complex and challenging and in these cases, the IDR timeline may not work to a customer's advantage as it will limit the ability for the AMP Customer Advocate to consider, and provide, an improved customer outcome where it is needed.

Analysis of systemic issues and escalation of issues

A core strength of the AMP Customer Advocate model is the ability to draw on insights identified from complaint investigations to identify and pursue the remedy of systemic issues that affect customers. The function is structured to address potential conflicts of interest and represent the customer voice with senior executives, including the CEO and Board. The application of strict timeframes would limit the AMP Customer Advocate's ability to provide a detailed review of customer complaints, often required due to complexity and customer vulnerability. It would also limit a significant source of the AMP Customer Advocate's purpose and opportunity to deliver improved customer outcomes.



Customers' right to complain to AFCA

AMP acknowledges that all customers have the right to take their complaint to AFCA for further review, however, AMP disagrees that the role of Customer Advocate can delay the exercise of this right. At AMP, at the conclusion of the IDR process, all customers are informed that if they are dissatisfied with the outcome provided, they may take their complaint to AFCA.

As noted above, there is no requirement to first seek review by the AMP Customer Advocate. If a customer chooses to have the AMP Customer Advocate review their complaint, they may still take their complaint to AFCA if they are dissatisfied with the outcome of the AMP Customer Advocate review. The outcome provided by the AMP Customer Advocate, while binding on AMP, is not binding on customers and customers are advised of their right to take their complaint to AFCA, both when they request a review by the AMP Customer Advocate and when they receive an outcome from the AMP Customer Advocate.

Additionally, the AMP Customer Advocate operates with a broader Terms of Reference than AFCA, providing an avenue for customers who might otherwise not have an escalation option available to them other than a court. In addition, customers many seek a review by the AMP Customer Advocate after an AFCA determination in order to address issues AFCA could not consider.

AMP is clear in all IDR responses, and in other material made available to the customer, about the options available to the customer, the role of the AMP Customer Advocate and the role of AFCA. We do not believe AMP customers are confused about these options, however, we are committed to reviewing AMP's customer facing material to minimise any potential for confusion and to enable customers to make an informed decision about the relative benefits of the next steps available to them.

If you have any questions in relation to this submission or would like to discuss it further, please contact me directly.

Yours sincerely

A handwritten signature in black ink, appearing to read "Melanie Howard-McDonald".

Melanie Howard-McDonald

AMP Customer Advocate