

8 August 2019

Jacqueline Rush  
Senior Policy Adviser  
Australian Securities and Investments Commission  
GPO Box 9827  
Melbourne VIC 3001

By email: [IDRSubmissions@asic.gov.au](mailto:IDRSubmissions@asic.gov.au)

Dear Ms Rush

**Submissions on Consultation Paper 311 – Update to RG165: Internal Dispute Resolution**

Thank you for the opportunity to make a submission on proposed updates to RG 165 as set out in Consultation Paper 311.

This submission is made by RACV Insurance Services Pty Ltd (RACV), a subsidiary of Royal Automobile Club of Victoria (RACV) Limited and holder of Australian financial services licence number 230039.

RACV distributes general insurance products underwritten by Insurance Manufacturers of Australia Pty Limited (IMA) and in Victoria RACV is a market leader in motor vehicle, home buildings and home contents insurance. It also provides customers with boat, caravan and trailer insurance products, and entered the commercial insurance market in 2002, with the launch of products for farms and small businesses underwritten by Insurance Australia Limited. RACV also distributes Pet Insurance and Travel Insurance, underwritten by Insurance Limited Australia, RACQ and Tokio Marine respectively.

RACV delivers its products to the Victorian community through a network of shops throughout both metropolitan and country Victoria, through its Member Call Centre, and via other channels such as agencies. It currently provides insurance services to almost one million customers and RACV members.

RACV wishes to provide feedback to the following questions posed by ASIC:

**B1Q1 Do you consider that complaints made through social media channels should be dealt with under IDR processes?**

**If no, please provide reasons. Financial firms should explain:**

- (a) how you currently deal with complaints made through social media channels; and**
- (b) whether the treatment of social media complaints differs depending on whether the complainant uses your firm's own social media platform or an external platform.**

RACV submits that complaints or feedback published by consumers on a social media account or platform that is not owned or operated by the firm, or where the firm does not have a commercial relationship with the operator of the social media account or platform, should be expressly excluded from the definition of 'complaint' for the purposes of RG165. While RG 165.37 indicates that ASIC does not expect a firm's IDR process will deal with complaints made on platform's other than a firm's own social media platform(s), RACV considers that clarity is necessary with respect to this evolving communication channel.

RACV generally agrees that complaints made through social media channels should be dealt with under IDR processes and this is consistent with RACV's current practice for customer feedback or complaints received by RACV through social media accounts owned and controlled by or on behalf of RACV.

It is not feasible for RACV to monitor content across platforms and social media accounts that are not owned or controlled by or on behalf of RACV, or where RACV does not have a commercial relationship with the operator of the platform or social media account. For example, comments that may be made on a product review or comparison site operated by a provider with whom RACV has no commercial relationship, or the social media account of another company unrelated to RACV.

In RACV's experience, consumers who lodge a complaint with RACV via social media and expect a response from RACV, whether explicitly or implicitly, will do so on an RACV owned social media account. The monitoring of unrelated platforms and social media accounts for complaints for the purposes of RG165 is, in RACV's view, unlikely to be an efficient use of resources and accordingly RACV submits that complaints through such channels should be excluded from the definition of 'complaint' for the purposes of RG 165.

**B2Q1 Do you consider that the guidance in draft updated RG 165 on the definition of 'complaint' will assist financial firms to accurately identify complaints?**

The guidance gives a very broad meaning to 'expression of dissatisfaction' and consequently the types of consumer feedback that will fall within the scope of RG 165 as a 'complaint' will also be broad. To assist firms to accurately apply the definition of 'complaint' and educate front line staff, RACV would like ASIC to consider a complaint to be recorded only once all existing avenues and options have been exhausted to satisfactorily resolve a customer's line of enquiry.

**B2Q2 Is any additional guidance required about the definition of 'complaint'? If yes, please provide: (a) details of any issues that require clarification; and (b) any other examples of 'what is' or 'what is not' a complaint that should be included in draft updated RG 165.**

Further to our feedback in response to B2Q1, whether a consumer has expressed dissatisfaction is subjective and can be interpreted in different ways. For example, a consumer may express their unhappiness or disappointment in response to the amount of an insurance quote or about the availability of a feature or benefit under an insurance policy. Some consultants may regard these as 'complaints' and others may consider these as questions for discussion depending, for example, on the tone or manner in which the matter is raised by the consumer.

Therefore, RACV again would like ASIC to consider a complaint to be recorded only once all existing avenues and options have been exhausted to satisfactorily resolve a customer's line of enquiry.

**B4Q1 Do you agree that firms should record all complaints that they receive? If not, please provide reasons.**

Please refer to responses in B2Q1 and B2Q2.

We agree that all complaints handled as part of the IDR process should be recorded. However, should ASIC's proposed definition of 'complaint' remain, this is a very broad concept of 'an expression of dissatisfaction', and will significantly increase both the time spent by front line staff collecting information and the volume of data captured. This will in turn have a significant impact on business resourcing and the time spent with consumers resolving their complaints and inquiries. We expect the additional record keeping burden will impede the prompt resolution of complaints and inquiries that can be resolved quickly on first contact without need to be handled in accordance with an escalated IDR process. RACV expects the customer experience will be adversely impacted due to the additional length of time taken in handling the required task of recording each inquiry/expression of dissatisfaction.

Should firms be required to capture every 'expression of dissatisfaction', RACV seeks further clarification and understanding of the purpose of ASIC requesting to receive the scale of this data.

**B5Q2 Do you consider that the data set proposed in the data dictionary is appropriate? In particular:**

- (a) Do the data elements for 'products and services line, category and type' cover all the products and services that your financial firm offers?**
- (b) Do the proposed codes for 'complaint issue' and 'financial compensation' provide adequate detail?**

RACV is concerned by some of the proposed fields in Table 3 'Complainant demographics' in the IDR Data Dictionary which may be particularly intrusive to consumers and will not in all cases be relevant to the resolution of a complaint. RACV submits that the following complainant demographic fields should not be mandatory and should only be provided if they have previously been collected about the consumer in circumstances consistent with the *Privacy Act 1988* (Cth):

- Item 11, complainant gender,
- Item 12, complainant age,
- Item 13, Aboriginal or Torres Strait Islander descent.

The 'Other' category has the potential to create unforeseen issues such as the non-detection of systemic issues. Such issues may get lost in amongst 'Other' items not categorised. RACV seeks the inclusion of a definition as to the categories provided and suggests the inclusion of the parameters of information to fit into each category.

**B11Q1 Do you agree with our proposals to reduce the maximum IDR timeframes? If not, please provide:**

- (a) reasons and any proposals for alternative maximum IDR timeframes; and**
- (b) if you are a financial firm, data about your firm's current complaint resolution timeframes by product line.**

RACV agrees in principle with the proposals to reduce the maximum IDR timeframes, provided they take into account circumstances which are beyond the control of the firm which may prolong the time it takes for a complaint to be handled in accordance with the IDR process.



These factors include:

- Circumstances where the firm is waiting on further information from the complainant which is necessary to continue the IDR process;
- Circumstances where the firm waiting on further information or an assessment from third party over which the firm has no control.

We thank you for the opportunity to submit on the consultation paper. We would be happy to provide and further information that may be of assistance.

Yours sincerely



PHIL TURNBULL  
EXECUTIVE GENERAL MANAGER  
MOTORING & MOBILITY