



ASIC
Australian Securities &
Investments Commission



Disputes and deficiencies: A review of complaints handling by superannuation trustees

Report 751 | December 2022

About this report

This report provides insights for compliance by superannuation trustees with enforceable obligations and guidance in Regulatory Guide 271 *Internal dispute resolution*.

In particular, it outlines areas for improvement identified through ASIC's review of the timeliness and content of responses to complaints, systemic issue identification and management, and trustee processes.

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ASIC's focus is to ensure members matter most. Trustees need to put members' interests at the heart of everything they do, including the process for handling complaints.'

Danielle Press | Commissioner, ASIC

About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents: consultation papers, regulatory guides, information sheets and reports.

Disclaimer

This report does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Corporations Act and other applicable laws apply to you, as it is your responsibility to determine your obligations. Examples in this report are purely for illustration; they are not exhaustive and are not intended to impose or imply particular rules or requirements.

Overview of ASIC's review

Background

Complaints handling is an important part of the consumer protection and redress framework in Australia. The superannuation system plays a crucial role in providing retirement incomes for Australians.

Superannuation consumers need to know that when something goes wrong, they can raise the issue and it will be addressed quickly and fairly. Superannuation trustees also need to learn from consumer concerns to address systemic issues promptly and effectively, to minimise adverse business and consumer outcomes in the future.

Under the *Corporations Act 2001*, financial firms must have an internal dispute resolution system that meets the standards and requirements made or approved by ASIC. Under the *Superannuation Industry (Supervision) Act 1993 (SIS Act)*, trustees must provide written reasons for complaints in accordance with requirements determined by ASIC.

[Regulatory Guide 271](#) *Internal dispute resolution (RG 271)*, which came into force on 5 October 2021, outlines updated standards and requirements for IDR procedures approved by ASIC. Certain provisions in RG 271 are enforceable through [ASIC Corporations, Credit and Superannuation \(Internal Dispute Resolution\) Instrument 2020/98](#).

Contraventions of the enforceable standards and requirements may give rise to civil penalty consequences.

Note: In this report we have highlighted the standards and requirements in RG 271 that are enforceable and covered by our review. Other requirements or standards described in this report that have not been highlighted as enforceable reflect guidance in RG 271 to help financial firms comply with their legal obligations.

What we looked at

In 2022, ASIC reviewed a sample of trustees to check their compliance with RG 271, focusing on enforceable requirements relating to timeframes for handling complaints, the content of written responses to complaints, and management of systemic issues identified through complaints. We also looked at a number of the standards set out in RG 271 for effective management of the IDR process, some of which are also enforceable.

ASIC collected and analysed information from a sample of trustees in two stages:

- › In **Stage 1**, we gathered data from **35 trustees** in relation to 38 superannuation funds for the period 5 October 2021 to 28 February 2022. The data related to the volume and timeliness of handling IDR complaints made about superannuation (excluding objections to death benefit distributions).
- › In **Stage 2**, we reviewed additional data and IDR procedures in more detail for a sub-set of **10 trustees** in relation to one super fund each, focusing on the period 5 October 2021 to 30 June 2022.

On 10 August 2022, we released initial observations from Stage 1 of the review in [Media Release \(22-213MR\)](#) *ASIC's surveillance of internal dispute resolution in superannuation identifies concerns*.

We also commissioned an expert consultant to review a sample of complaint responses issued by the Stage 2 trustees to determine the effectiveness of written IDR responses from a consumer's perspective.

Note: For more details on how we selected our samples and the information we gathered and analysed, see [Appendix 1](#) of this report.

What concerns us

In our review, we identified areas where trustees are doing well. We saw that, with sufficient thought, commitment and resourcing, many trustees were exceeding minimum standards of IDR conduct, and handling consumer complaints appropriately.

However, we also saw significant variations in attention to the IDR process and compliance with various enforceable requirements and standards.

There are a number of areas where many trustees need to make improvements.

Timeframes for handling complaints



While most superannuation complaints are responded to in a timely manner, **consistently meeting the maximum response timeframes in RG 271 is challenging some trustees**. We have substantial concerns with the time taken by a small number of the trustees we reviewed.

A high proportion of IDR responses going out late points to deficiencies in the overall IDR process or in resourcing or monitoring, as well as a failure to focus on the interests of members.

Many trustees are routinely failing to inform complainants when a response will exceed the maximum timeframe. This can hinder complainants from exercising their right of escalation to the Australian Financial Complaints Authority (AFCA). Further, when trustees do inform complainants of delays, they often **fail to meet the requirement to explain reasons for the delay**.

Content of written responses to complaints



The content of written complaint responses was generally compliant with RG 271, except that **AFCA contact details were omitted in a significant proportion of IDR responses**.

All trustees can improve the readability and consumer focus of IDR responses: see [Report 752](#) *Review of written responses to superannuation complaints* (REP 752), which contains insights and practical tips for writing consumer-centric responses to complaints.

Management of systemic issues



Compliance with **requirements related to systemic issues needs attention**, commonly around identifying and investigating possible systemic issues from complaints, analysis of complaints data and reporting.

Standards for effective complaint management



Some **trustee/board reports we reviewed lacked sufficient detail** on IDR metrics to communicate fund performance including deficiencies, for example on timeliness. Even if some or all of the IDR process is outsourced, it is essential that trustees are made aware of performance that falls short of the obligations in RG 271.

Some trustees need to work on **embedding a consumer-centric approach** to internal dispute resolution, and on ensuring they **use intelligence from complaints for continuous improvement**.

What we are doing next

- › ASIC has recently written to five trustees included in Stage 1 of our review to highlight areas for improvement.
- › We are in the process of contacting trustees included in Stage 2 of our review, about our observations on their compliance with RG 271 obligations. These trustees will need to take action to address any compliance concerns, and report back to ASIC.
- › In addition, ASIC is considering other regulatory action where more serious concerns were identified.
- › From 2023, ASIC will require trustees and other financial firms to report IDR data to us every six months. More details on this reporting can be found on the ASIC website: see [Internal dispute resolution data reporting](#).
- › ASIC will continue to monitor whether trustees comply with requirements and standards set out in RG 271. Where we identify non-compliance, we will consider the full range of regulatory tools available, including enforcement action.

What we expect all trustees to do

Trustees should use the information in this report to assess their own IDR process, looking at their compliance with legal obligations in RG 271 and how complaints can be used to drive improvements for all members.

At a minimum, trustees should consider whether they have effective, fit-for-purpose arrangements and resourcing for:

- › responding to complaints on time, in particular those that need a written response
- › ensuring responses to complainants contain the right information and can be easily understood
- › learning from complaints to detect systemic issues and make improvements, and
- › ensuring internal reporting to the board (or equivalent) and senior management for monitoring internal dispute resolution contains information that will allow them to properly understand if IDR performance is deficient.

We further expect trustees to take active steps to address areas they identify as needing improvement.

Going forward, trustees need to be vigilant in checking if they are complying with their legal obligations and make improvements as necessary from time to time to meet these obligations.

Timeframes for handling complaints



Timeliness is central to effective complaint management and a key performance measure.

We looked at the time taken to acknowledge superannuation complaints and the proportion of complaints recorded as closed within five business days.

We also considered timeliness for issuing final written IDR responses and informing complainants when there is a delay in handling their complaint.

Acknowledging complaints

An acknowledgement confirming receipt of a complaint should be issued within 24 hours (or one business day), or as soon as practicable: see RG 271.51.

What we found

Trustees largely acknowledged identified complaints in a timely manner.

We reviewed data on **31,932 complaints** received by **10 trustees** in Stage 2, which told us that:

- › **93%** of complaints were acknowledged
- › on average, it took **1 day** to issue an acknowledgement, and
- › nearly all complaints (or **97%**) that were not acknowledged were resolved at first point of contact or within the first five business days.

Complaints closed within the first five business days

Enforceable requirements

Trustees must record all complaints they receive: see RG 271.179.

This requirement applies even though some complaints can be resolved within five business days without the need for a written IDR response to be provided: see RG 271.71–RG 271.75.

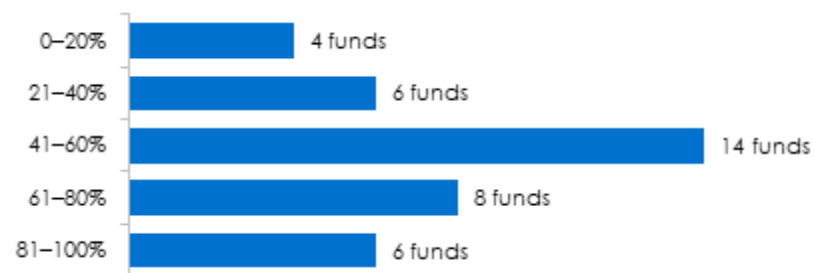
What we found

A large proportion of complaints were resolved within five business days, but some trustees may be under-recording those complaints.

For the **49,029 complaints** received by **35 trustees** (for 38 super funds) that we looked at in Stage 1, we found that:

- › **63%** of complaints were closed within five business days, but
- › some trustees recorded a much lower proportion closed in five business days than other trustees, as shown in Figure 1.

Figure 1: Proportion of complaints closed in five business days (Stage 1)



Note: For the data underlying this figure, see Table 4 (accessible version).

Timeliness of responses to general superannuation complaints

Enforceable requirements

RG 271 sets a maximum timeframe of 45 calendar days to issue a written IDR response for a trustee complaint that is not an objection to the distribution of a death benefit (in this report, a 'general superannuation complaint'), with limited exceptions: see RG 271, Table 2.

The limited exceptions allowable are if resolution of the complaint is particularly complex or there are circumstances beyond the trustee's control: see RG 271.64–RG 271.65.

What we found

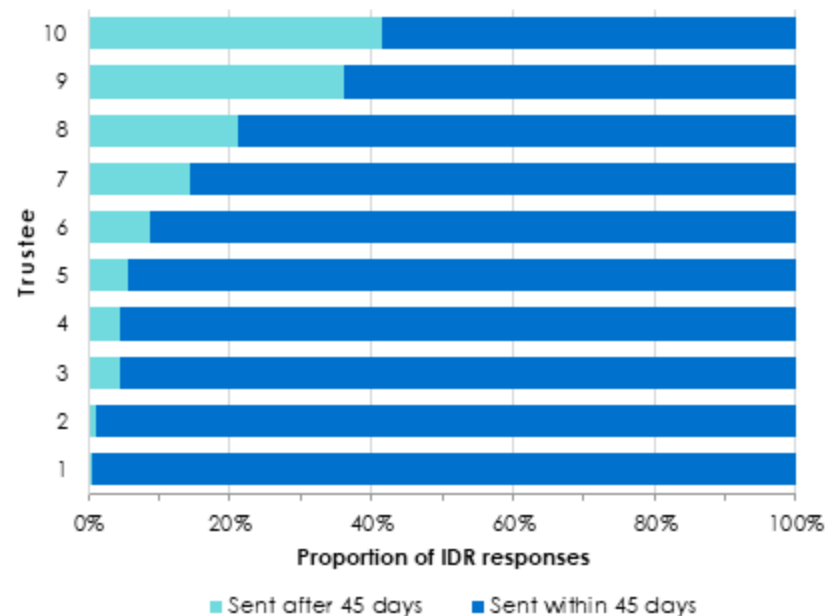
General superannuation complaints were mostly handled in a timely manner. However, a number of trustees had a much higher proportion of complaints exceeding 45 days than other trustees, pointing to apparent deficiencies in their IDR framework and potential breaches of RG 271 requirements.

In reviewing timeframes for **14,719 IDR responses** issued by **35 trustees** in Stage 1, we found that for general superannuation complaints:

- › **24 days** was the average time taken to issue an IDR response
- › **97.3%** of responses were sent within 45 days, while **2.7%** of responses were sent after 45 days, and
- › **7 of 38** super funds sent **more than 10%** of responses after 45 days.

In Stage 2, we looked at **6,401 IDR responses** issued by **10 trustees**, to compare how they performed over a longer period. We continued to see that some trustees were worse than others at issuing IDR responses within 45 days, as shown in Figure 2.

Figure 2: Time taken to send IDR responses for general superannuation complaints (Stage 2)



Note: For the data underlying this figure, see Table 5 (accessible version).

A late response means a person is uncertain about the outcome of their complaint for a longer period. Significant delays can create financial uncertainty and other stresses for those consumers.

Trustees need to take proactive steps to ensure complaint responses are only sent late when there is genuine complexity or circumstances beyond the trustee's control.

We asked the **10 trustees** in Stage 2 to explain how they monitored the resolution of complaints against the maximum response timeframe.

Nine trustees gave us some detail on processes or controls they had in place, such as a workflow alert or regular meetings. However, **only one trustee** explained that they looked at the reasons why a complaint may not meet the required timeframe when they handled each complaint: see Case study 1.

Case study 1: Specific processes help manage delays

One trustee had a formal process in place for if a complaint would exceed the maximum response timeframe. Staff were accountable to show that the complaint was highly complex or subject to circumstances outside the trustee's control and therefore fell within a limited exception to exceed the response timeframe allowed under RG 271: see RG 271.64–RG 271.65.

The same trustee also had a weekly dedicated 'escalation forum' to identify complaints with the potential to exceed maximum timeframes and develop solutions to ensure timely resolution of those complaints.

This trustee sent 99% of its IDR responses to general superannuation complaints within 45 days.

All trustees should have practical processes and controls in place to detect and address issues causing delays when they are dealing with complaints.

Timeliness of responses to death benefit distribution complaints

Enforceable requirements

Objections to a trustee decision on distribution of a superannuation death benefit must be treated as a complaint: see RG 271.32(b) and RG 271.81.

Due to multiple beneficiaries being involved with these types of complaints, trustees have a longer timeframe to respond to them compared to general superannuation complaints.

Trustees must issue a written IDR response for death benefit distribution complaints within 90 calendar days starting from the expiry of the 28-day period the trustee provided to parties to object to its proposed distribution decision: see RG 271.80–RG 271.82.

What we found

No substantial concerns were noted regarding the time taken to handle death benefit distribution complaints, taking the nature of these complaints into account.

We looked at **139 responses** by **10 trustees** in Stage 2, for death benefit distribution complaints. We noted that:

- › **90.6%** of responses were sent within 90 days, while **9.4%** of responses were sent after 90 days, and
- › surprisingly, **2 trustees** recorded no death benefit distribution complaints.

Informing complainants of delays

Enforceable requirements

Written responses to complaints can be provided outside of the 45-day or 90-day maximum response timeframe for superannuation complaints in certain circumstances, such as complaint complexity or circumstances beyond the trustee's control.

In such cases, an IDR delay notification with prescribed content must be issued *before* the maximum response timeframe expires: see RG 271.64 and RG 271.66.

What we found

There were widespread failures to meet the enforceable requirement to send an IDR delay notification when a complaint response was not issued within the prescribed timeframe.

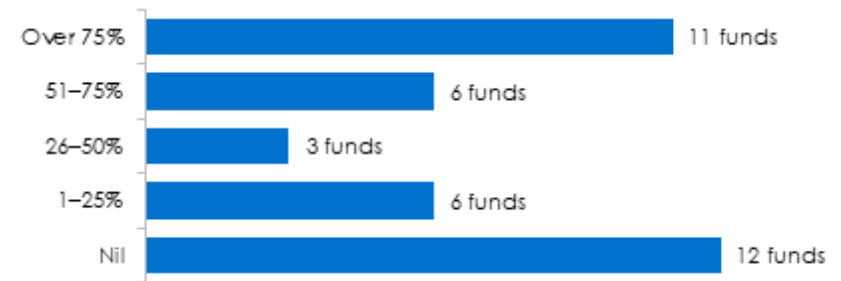
For **35 trustees** covering 38 funds we looked at in Stage 1:

- › overall, an alarming **48%** of complainants who should have been issued an IDR delay notification were not sent one, and
- › **most trustees** failed to send some IDR delay notifications for their funds, as shown in Figure 3.

We also reviewed compliance with these requirements by **10 trustees** in Stage 2, which covered a longer period than Stage 1. We saw a similar rate of failure to send IDR delay notifications, as shown in Figure 4.

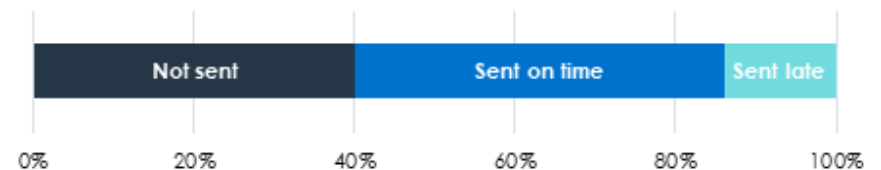
We noted that **6 of 10 trustees** reviewed in Stage 2 had practical controls in place to ensure IDR delay notifications were issued. This was in addition to their written procedures, such as an automated notification email or workflow system task.

Figure 3: Rate of failure to send IDR delay notifications (Stage 1)



Note: For the data underlying this figure, see Table 6 (accessible version).

Figure 4: Sending of required IDR delay notifications (Stage 2)



Note: For the data underlying this figure, see Table 7 (accessible version).

Trustees must comply with the requirement to issue IDR delay notifications and should strengthen their practices to ensure this occurs. Controls supporting this requirement should be automated where possible.

IDR delay notifications are critical to safeguard a consumer's right to escalate a delayed complaint.

Content of IDR delay notifications

Enforceable requirements

An IDR delay notification must inform the complainant of the reasons for the delay, their right to complain to AFCA and AFCA's contact details: see RG 271.66(a)–(c).

What we found

When IDR delay notifications were sent, they frequently left out mandatory information explaining the reasons why the trustee had not yet reached a decision on the complaint.

In reviewing a sample of **70 IDR delay notifications** sent out by **10 trustees** in Stage 2, we saw that:

- › **100%** of notifications contained the requisite AFCA information
- › reasons for delays were included in only **46%** of notifications, and
- › even when included, **reasons were not always adequate**.

Issue: Generic reasons given for delays

Five trustees only made generic references to the complaint 'taking longer than expected', or similar messaging, in their IDR delay notifications. We do not consider this alone to be an adequate reason to give complainants.

Trustees must explain why they are taking longer than expected and cannot respond to the complainant within the maximum response timeframe in all IDR delay notifications.

Trustees should follow this up with their staff or service providers, enhance the template used to create IDR delay notifications, and ensure training on this requirement occurs.

Including a clear explanation for a delay helps complainants:

- › be confident the trustee is genuinely trying to resolve their complaint, and
- › consider whether or not to escalate their complaint to AFCA at that point in time.

Content of written responses to complaints



Consumers need to be able to understand the outcome of their complaint and the reasons behind that outcome.

We collected samples of written IDR responses from the **10 trustees** in **Stage 2** to check if they met the minimum content requirements set out in RG 271. We looked at both general superannuation complaints and death benefit distribution complaints.

Minimum content in written responses

Enforceable requirements

At a minimum, IDR responses must inform complainants of:

- (a) the final outcome of their 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: see RG 271.53.

What we found

When looking at IDR responses for general superannuation complaints, minimum content was included in most, but not all, cases.

For **350 responses to general superannuation complaints** we found that:

- › **96%** of responses clearly explained the outcome, while in **4%** of responses, the outcome was unclear
- › **4%** of responses left out information about the right to go to AFCA, and
- › **16%** of responses did not include contact details for AFCA or only provided AFCA contact details in a separate attachment.

Issue: Failure to mention AFCA

For one trustee, 20% of its IDR responses failed to mention AFCA in any way. The responses did not reflect the trustee's response template, which had AFCA information as standard.

We also noted that trustees incorrectly omitted AFCA information if the complainant had lodged their complaint with AFCA before or during the IDR process.

Issue: Information about AFCA in a separate document

Information about AFCA was sometimes in a separate attached or linked document rather than in the body of the IDR response. That response did not always mention that those documents had important information about the complainant's right of escalation.

Better practice is to include the required information about AFCA in the body of an IDR response. By only including it in an attachment, the person may be less able to understand and access their right to escalate to AFCA.

Some trustees may need to conduct training or further monitoring, including of service providers, to ensure the mandatory content is included in every IDR response.

Reasons for decisions in written responses

Enforceable requirements

If a complaint is rejected then the IDR response must set out reasons for the decision by:

- (a) identifying and addressing the issues raised in the complaint
- (b) setting out findings and supporting information on material questions of fact, and
- (c) providing enough detail for the complainant to understand the basis of the decision: see RG 271.54.

What we found

In written responses to general superannuation complaints, reasons for the trustee's decision were not always explained in enough detail for the complainant to understand the complaint outcome.

For the **350 responses to general superannuation complaints** we assessed, we considered that:

- › **90%** of responses addressed the complainant's issues, while **10%** of responses did not address all issues
- › **90%** of responses set out the trustee's findings relevant to the complaint and information supporting those findings, and
- › **83%** of responses were detailed enough to explain the basis for the trustee's decision, but
- › **17%** of responses could have benefited from further detail.

While requirements around including written reasons are only enforceable if some or all of a complainant's issues are rejected, it is best practice to explain the basis for the decision on the complaint in all cases.

A person is disadvantaged if they do not understand the reasons behind a decision about their complaint. In particular, providing clear reasons for a decision allows the person to make an informed choice about whether to contest the decision or escalate the complaint.

Responses to death benefit distribution decisions

Enforceable requirements

Responses to death benefit distribution complaints must contain the same minimum content and information on reasons as for other types of complaints, except for AFCA content where the complaint decision is to vary distribution of the death benefit: see RG 271.84(a), RG 271.85(a).

What we found

Responses to death benefit distribution complaints always explained the outcome of the complaint clearly, but sometimes left out sufficient detail on the reasons for that outcome.

Looking at the sample of **118 responses** to death benefit distribution complaints we collected, we observed that:

- › **all responses** clearly stated the outcome of the complaint and provided some reasons for the trustee's decision
- › there was some disparity in the quality of reasons provided (in ASIC's view, **1 in 5** responses could have benefited from more detail explaining the basis for the trustee's decision)
- › **content related to AFCA** was correctly included where the trustee reaffirmed its decision on distribution of the death benefit, and
- › for **3 trustees**, there was at least one instance where the distribution decision was varied but incorrect information was provided on the complainant's options if they remained dissatisfied.

Distribution of a death benefit is a sensitive matter for the people involved.

Comprehensive reasons must be included in an IDR response to provide reassurance that the trustee properly and fairly considered the objections that were raised.

A failure to adequately explain reasons could lead to complainants not understanding the decision, with more complaints escalated to AFCA unnecessarily.

Consumer-focused review of written IDR responses

ASIC recognises that writing IDR responses can be particularly challenging for trustees who operate in a complex environment highly prescribed by legislation, where consumer understanding may be low.

Separate to our review of IDR responses against the regulatory requirements of RG 271, ASIC engaged Susan Bell Research to review the quality and effectiveness of IDR responses from a consumer readability perspective.

Susan Bell Research conducted an evaluation of 274 IDR responses for general superannuation complaints issued by the 10 trustees in Stage 2: see [REP 752](#).

REP 752 highlights the elements identified in the research as undermining the effectiveness of written IDR responses and includes ways in which these responses can be improved: see Table 1.

Table 1: Writing consumer-focused IDR responses

Areas for improvement found by Susan Bell Research

Suitability of templates/standard formatting used to create responses

Use of jargon, inappropriately complex language and lengthy explanations which make responses hard to read

Presentation of high-value information, such as the complaint outcome

Recognising accountability

Spelling, grammar and proof-reading

ASIC encourages all trustees, their service providers and other financial firms to consider the findings in REP 752 and the practical tips it contains.

Management of systemic issues



Consumer complaints are a key risk indicator of systemic issues.

A systemic issue is a matter that affects, or has the potential to affect, more than one consumer.

All financial firms must have a robust system in place to ensure that possible systemic issues are identified from complaints, investigated, followed up and reported on.

It is important that trustees use complaints as an early warning system to detect systemic issues and address them as quickly as possible to reduce or prevent any negative impact on consumers.

Focusing on systemic issues also supports effective risk management, including mitigating the risk of downstream remediation costs. The prudential standards established by the Australian Prudential Regulation Authority (APRA) require trustees to have a risk management framework to appropriately manage the risks to its business operations.

In Stage 2 of our review, we looked at how the trustees met requirements around managing systemic issues contained in RG 271.

Oversight of systemic issues

Enforceable requirements

Trustee boards must set clear accountabilities for complaints handling functions, including the management of systemic issues identified through consumer complaints: see RG 271.118.

Reports to the board and/or executive committees on complaints must contain metrics and analysis of systemic issues identified through those complaints: see RG 271.119.

What we found

Accountability for systemic issues was not always clear, and most trustees had no or minimal content on systemic issues in complaint reporting.

On reviewing information provided by **10 trustees** in Stage 2 in relation to managing systemic issues, we found that:

- › **50%** of trustees had clearly nominated who was accountable for systemic issues identified from complaints
- › only **2 of 10** trustees had relevant metrics, and
- › for most trustees, reports on complaints did not cover metrics or analysis about possible systemic issues.

Trustees should implement fit-for-purpose oversight of systemic issues to indicate they are serious about learning from complaints to better serve consumers and comply with legal obligations.

Identification and investigation of systemic issues

Enforceable requirements

Financial firms must:

- › support staff to escalate possible systemic issues identified from complaints
- › regularly analyse complaint data sets to identify systemic issues
- › promptly escalate possible systemic issues for investigation and action, and
- › have timely internal reporting on the outcome of investigations, including actions taken: see RG 271.120.

What we found

This area of work needs improvement by most trustees. Only a few trustees met all the requirements for identifying, investigating, and handling systemic issues.

We looked at trustee processes for using information from complaints to identify and act on possible systemic issues. We observed that:

- › **8 of 10** trustees had a clear method for staff to escalate a complaint issue that indicated a systemic problem (a common method was a flag in the complaint management system), and
- › **6 of 10** trustees could explain the process to analyse data to identify systemic issues (the process was unclear for two trustees and two trustees said they did not conduct any analysis), but
- › **only 2 of 10** trustees took a proactive approach to analyse data, identify, manage and remediate systemic issues (these two trustees also had better oversight and reporting on systemic issues).

Tips: Positive practices for analysis of complaint data we observed

- › Use AI/machine learning to identify possible systemic issues from complaint data.
- › Liaise with service providers to ensure monthly analysis of complaint data and findings reported to the trustee.
- › Present findings to a complaint governance forum where actions are assigned to address underlying issues.

We gathered data on how many complaints were recorded as indicating a possible systemic issue or had a possible systemic issue identified after later analysis: see Case study 2.

Case study 2: Identifying possible systemic issues in practice

From the Stage 2 data we collected for the period 5 October 2021 to 30 June 2022, 3.3% of 31,932 complaints were flagged as identifying a possible systemic issue.

Within this data, one trustee had over 3,400 complaints, but none were recorded as having identified a possible systemic issue. This was despite the trustee telling us they had a policy to review complaints for possible systemic issues.

It is an **enforceable** requirement in RG 271 to regularly analyse complaint data to identify systemic issues. It is not good enough to only have a documented process saying this will be done—it needs to occur in practice.

Some trustees had very little detail in their documented complaint management procedures about identifying and dealing with systemic issues.

Issue: No definition of 'systemic issue' in procedures

Only 6 of the 10 trustees defined 'systemic issue' in their documented procedures. Without a set definition it would be difficult for staff and service providers to consistently identify possible systemic issues. Some systemic issues may therefore get overlooked causing ongoing harm to consumers. This may also add to a trustee's remediation costs in the future.

We noted some differences in how trustees investigated whether possible issues were actually systemic problems affecting members, and then acted to address those issues.

Issue: Taking too long to investigate systemic issues

One trustee reviewed in Stage 2 advised that it had raised 15 incidents from issues in 188 complaints over a period of nearly 9 months, but it was still reviewing if any were actual systemic issues. This raises concerns that any adverse impacts on members are not being dealt with promptly.

Issues that could be systemic should be identified and investigated to give trustees the valuable opportunity to quickly address problems affecting their members.

A failure to investigate and resolve systemic issues in a timely manner raises questions about whether the trustee is ensuring financial services are provided efficiently, honestly and fairly.

Standards for effective complaint management



Effective internal dispute resolution is about more than just how complaints are responded to day-to-day.

Section E of RG 271 sets out standards for effective complaint management. We looked at how the **10 trustees** in **Stage 2** met the standards set for oversight of the IDR process, culture, accessibility, resourcing, empowering staff and financial delegations, and responsiveness.

Oversight of the IDR process

To support effective complaint management, a trustee board and/or senior management should have oversight of the IDR process: see RG 271.128. Where a trustee outsources some or all of their IDR process, they remain responsible for ensuring the service provider complies with RG 271 and must monitor the performance of their service providers: see RG 271.45–RG 271.48.

Enforceable standards

Reports about complaints data must be regularly provided to senior management and the board (or equivalent): see RG 271.183.

In Stage 2 of our review, we made inquiries to determine whether:

- › the board or senior management took a role in IDR oversight
- › appropriate metrics to measure IDR performance were set, and
- › adequate reporting and monitoring occurred.

What we found

About half of complaint reports left out details about whether complaints were handled within maximum response timeframes.

In looking at complaints reports for the **10 trustees** in Stage 2, we observed that:

- › **all trustees** received reports on the IDR process at an appropriate level and frequency, generally quarterly, at board committee level
- › **most but not all** of the 10 trustees set appropriate metrics to assess complaint performance, but not all actually reported on them
- › **3 of 10** trustees conducted quality assurance activities (two on the quality of IDR responses and one on a broad range of IDR issues), and
- › often **complaint reporting lacked content on timeliness**: see Table 2.

Table 2: Measuring and reporting on timeliness (Stage 2)

Finding	No. of trustees
Appropriate metrics set on timeliness	7
Reports don't show late IDR responses	5
Aged open complaints not identified in reports	6

Reports on complaints should include sufficient data to identify if IDR performance, including by service providers, complies with RG 271 enforceable requirements. This is essential so trustees can take action to address any shortfalls in performance.

Culture and member focus

ASIC expects all financial firms to develop and maintain a positive complaint management culture that welcomes and values complaints: see RG 271.127.

In Stage 2 of our review, we wanted to see if trustees lived up to this expectation and put their members and complainants at the heart of their IDR process.

We asked the Stage 2 trustees to tell us the steps they had taken to encourage positive, member-focused management of complaints and a culture that welcomes and values complaints. We also looked at how these trustees used information from complaints to improve the experience for their members more generally.

What we found

We have seen positive steps towards making dispute resolution more member centric, but some trustees have further work to do.

In looking at the **10 trustees** in Stage 2:

- › **7 of 10** trustees had initiatives we would consider as fostering a positive, member-focused approach, while the other three trustees referred us to actions taken that were focused on compliance rather than putting members at the heart of their IDR process, and
- › **50%** of trustees described how they used information from complaints to improve the experience of members generally, while the remaining trustees either did not describe how they did this or had no set process.

Table 3 summarises the most common initiatives trustees used to encourage a positive complaint culture and learn from complaints.

Table 3: Examples of culture and member-focused initiatives (Stage 2)

Initiative	No. of trustees
Training for relevant consumer facing staff	5
Quality assurance program	3
Regular reviews of complaint drivers	4
Dedicated customer experience program/forum	2
Reporting to board on service insights from complaints	4

Case study 3: Using complaints to improve member services

One trustee identified that the top subject of member complaints was payment of superannuation on financial hardship grounds. The trustee analysed the drivers behind those complaints and made changes to address them, including changing an application form, enhancing how queries were handled, and shortening the target processing timeframe.

In the first month after making improvements, the trustee saw a 40% reduction in follow-up calls about those types of payments, a 73% reduction in complaints about delays in those payments, and a 50% reduction in all types of complaints related to financial hardship payments.

All trustees need to embed a culture that views complaints as a valuable opportunity to resolve problems for consumers and improve their products and services.

Accessibility

Enforceable standards

An IDR process must be easy to understand and access by consumers, including by people with disability or language difficulties: see RG 271.134. It must also be free of charge to complainants: see RG 271.141.

A trustee must have a publicly available, readily accessible complaints policy: see RG 271.172.

What we found

There were minimal barriers for consumers to access the complaint process, but support for people with disability or language difficulties could be better.

When we checked how **10 trustees** in Stage 2 ensured they met accessibility standards, we identified that:

- › **no trustees** charged for handling complaints or claimed that accessing internal dispute resolution incurred a cost
- › **all trustees** had a publicly available IDR policy document online (six trustees made this available two clicks away from the homepage, with three clicks for three trustees and four clicks for one trustee)
- › **only 3 of 10** trustees had an IDR policy that was readily available in a language other than English, with some trustees offering a translation service instead
- › **5 of 10** trustees provided information stating their IDR policy was available in other formats for people with a disability, with options including the National Relay Service or an Auslan interpreter, and
- › **8 of 10** trustees explained the steps involved in dealing with complaints in their public IDR materials, while the other two trustees lacked enough detail in our view.

Case study 4: 'Easy English' guide to help consumers

One trustee had an 'Easy English' guide to making a complaint available on its website. The guide had large, well-spaced text, pictures to assist and a succinct breakdown of how to make a complaint, including how the IDR process works, where to get help, and the right to go to AFCA.

A similar guide was available in 10 other languages and in video form (including with an Auslan interpreter).

Issue: Implying that complaints need to be in writing

Some information provided by trustees to consumers was contrary to guidance in RG 271:

- › one trustee's website content on feedback and complaints incorrectly implied that a complaint needed to be made in writing, and
- › an internal procedure document for another trustee directed staff to encourage complainants to make complaints in writing.

Trustee processes should not implicitly or explicitly suggest or require complaints to be in writing, which creates disincentives for members to make a complaint and does not meet accessibility standards.

Resourcing

Enforceable standards

An IDR process must be resourced so that it operates fairly, effectively and efficiently: see RG 271.142.

Staffing numbers must be sufficient to deal with complaints in a fair and effective manner within maximum IDR timeframes and deal with intermittent spikes in complaint volumes: see RG 271.143.

What we found

Trustees had different approaches to resourcing. We observed there can be a strong correlation between performance on timeliness and resourcing.

We asked **10 trustees** in Stage 2 to tell us about the resources they had in place for internal dispute resolution, outside of resources that only deal with complaints on first contact, such as contact centre staff.

We also asked those trustees to tell us how they ensured their resourcing was adequate.

From the trustees' responses, we found that:

- › **most trustees outsourced** some or all IDR functions **to service providers**, such as external or related party administrators
- › trustees employed their **own dedicated staff** to help manage the IDR process
- › **some trustees reviewed resourcing more frequently**, with some conducting monthly or weekly meetings (including with service providers) to forecast complaint volumes and discuss resourcing, while other trustees only appeared to review the adequacy of their resourcing arrangements annually or ad hoc, and

- › **50%** of trustees could explain **quantifiable measures** they used to determine necessary staff resources, while the remaining trustees used a subjective approach.

We also observed that one trustee whose internal complaint reports noted a gap in resourcing had a high proportion of complaints exceeding maximum response timeframes.

Investment in resources, processes and systems for a compliant IDR process is necessary if a trustee is to meet its legal obligations.

Where enforceable requirements such as timeliness are not being met, trustees should review how their IDR process is resourced—including by any relevant service provider—and take prompt steps to fill any resource gaps.

A trustee cannot opt out of compliance with the law based on a conclusion that it is in the best financial interests of fund members to do so. This would be a fundamental misunderstanding of the best financial interests duty. Trustees need to keep this in mind when making decisions about whether they need to invest in more resources.

Trustees should also proactively and regularly review IDR resourcing. Considering resources infrequently, such as annually, could result in a trustee failing to ensure response timeframes are met if unforeseen increases in complaint volumes occur.

Empowering staff and financial delegations

Enforceable standards

Relevant staff in the IDR process must be provided with appropriate authority to be able to resolve complaints: see RG 271.146.

Authorities for determining and/or approving complaint outcomes, including financial delegations in place for paying amounts to complainants, must facilitate fair and efficient resolution of complaints: see RG 271.147.

What we found

There was a wide range of authorities in place to empower staff and service providers to resolve complaints, some more efficient than others.

In looking at the authorities and financial delegations provided by **10 trustees** in Stage 2 we noticed that:

- › **all trustees** claimed they provided some level of authority to their staff or their service provider to resolve complaints
- › some trustees had **tiered levels of financial delegation**, allowing for a quicker process for lower value payments to resolve complaints, and clear guidelines on delegated limits, and
- › some trustees had **no clearly documented financial delegations**, or the level delegated was too low or too high to be truly efficient.

Issue: Inefficient approval processes

One trustee required:

- › approval at the executive general manager and/or CEO level for financial adjustments to rectify an error, and
- › authorisation by the CEO and/or a nominated board committee for other payments to resolve a complaint.

In ASIC's view, this type of process is counter-productive to timely resolution of complaints.

Trustees should consider whether their financial delegations cause process delays and could benefit from restructuring.

Trustees should ensure staff receive training and written information about their delegations and any relevant business rules. This should include what to do when the appropriate outcome to resolve a complaint falls outside the scope of their delegated authority. This was not always clearly documented in some trustee procedures.

Responsiveness

Trustees should have appropriate processes to ensure complaints are quickly assessed and prioritised according to the urgency and severity of the issues raised: see RG 271.158.

What we found

Different processes were used by each trustee to fast-track complaints needing urgent attention or where the complainant was vulnerable.

After checking how the **10 trustees** in Stage 2 triaged and prioritised complaints, we found that there was significant variation in the type and rigour of measures trustees had in place, including:

- › **regular staff meetings** where complaints are discussed and prioritised (although it was not clear if prioritisation was considered ad hoc or as a set agenda item)
- › **dedicated staff** whose role specifically includes assessing the priority of each complaint shortly after it is received, and
- › the **ability to 'flag' a complaint** in the complaint management system as requiring priority treatment.

Tips: Positive practices for improving responsiveness to complaints we observed

- › Review complaints daily to assess priority levels
- › Set definitions of 'urgent' and 'high severity' complaints
- › Provide mandatory training for staff on how to recognise signs that a complaint needs to be prioritised and how to prioritise complaints
- › Provide staff training on recognising explicit forms of vulnerability, as well as less obvious signs (e.g. a person speaking slowly or asking for things to be repeated), and
- › Provide access to specialist staff to give advice on complex or sensitive complaints.

ASIC encourages all trustees to have a dedicated and well documented step in their IDR process to determine the priority of a complaint, and a system that allows them to flag and track the complaint's priority level.

Appendix 1: Review methodology

Selection of trustees to review

For Stage 1

ASIC chose 35 trustees covering 38 super funds. Each trustee had more than 50,000 member accounts, and predominantly over \$10 billion in assets.

We included a mix of industry, retail, public sector and corporate funds, which collectively held close to 16.5 million member accounts and over \$1.5 trillion in assets as at 30 June 2021, based on the latest figures available from trustee reporting to APRA.

We excluded trustees likely to go through significant change in 2022–23, such as a merger.

For Stage 2

We chose 10 trustees from the trustees in Stage 1 of our review, covering one super fund each.

We used the data collected at Stage 1, and other information gathered from our normal operations, to determine an appropriate mix of trustees to review in more detail.

These trustees had a range of attributes that we wanted to look into further. They also represented a selection of industry, retail and corporate funds that together held 5.1 million member accounts and \$361 billion in assets (as at 30 June 2021 based on APRA data).

Information gathering and assessment

The findings in this report are based on the information collected from the trustees in our review, using ASIC's compulsory information gathering powers, and our assessment of that material.

For Stage 1

We collected aggregate data on the number of complaints, complaints closed in five business days, open complaints, IDR responses and IDR delay notifications for the period 5 October 2021 to 28 February 2022.

For Stage 2

We collected:

- › data on complaints received between 5 October 2021 and 30 June 2022
- › samples of general superannuation complaints and the associated IDR responses sent over the period 1 January 2022 to 30 April 2022
- › samples of the most recent IDR responses for death benefit distribution complaints and IDR delay notifications sent up to 30 June 2022
- › copies of internal IDR procedures, guidance documents and other complainant communication material (e.g. brochures and call scripts)
- › copies of documents related to internal IDR oversight, including board/committee reports and quality assurance findings, and
- › written statements covering IDR metrics and reporting, the IDR process, systemic issues identified from complaints, IDR roles, responsibilities, resourcing, and culture and member focus.

In total, we analysed just under **32,000** lines of complaint data and reviewed over **1,600** documents.

Appendix 2: Accessible versions of figures

This appendix is for people with visual or other impairments. It provides the underlying data for each of the figures included in this report.

Table 4: Proportion of complaints closed in five business days (Stage 1)

Percentage closed in 5 business days	Number of super funds
0–20%	4
21–40%	6
41–60%	14
61–80%	8
81–100%	6

Note: This is the data contained in Figure 1.

Table 5: Time taken to send IDR responses for general superannuation complaints (Stage 2)

Entity	Sent after 45 days	Sent within 45 days
Trustee 1	0.4%	99.6%
Trustee 2	1.0%	99.0%
Trustee 3	4.4%	95.6%
Trustee 4	4.5%	95.5%
Trustee 5	5.6%	94.4%
Trustee 6	8.7%	91.3%
Trustee 7	14.3%	85.7%
Trustee 8	21.3%	78.7%

Entity	Sent after 45 days	Sent within 45 days
Trustee 9	36.1%	63.9%
Trustee 10	41.4%	58.6%

Note: This is the data contained in Figure 2.

Table 6: Rate of failure to send IDR delay notifications (Stage 1)

Failure rate	Number of super funds
Nil	12
1–25%	6
26–50%	3
51–75%	6
over 75%	11

Note: This is the data contained in Figure 3.

Table 7: Sending of required IDR delay notifications (Stage 2)

Status	Percentage
Not sent	40%
Sent on time	46%
Sent late	14%

Note: This is the data contained in Figure 4.

Key terms and related information

Key terms

AFCA	Australian Financial Complaints Authority
APRA	Australian Prudential Regulation Authority
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
death benefit distribution complaint	A complaint that is an objection to the trustee's proposed decision on distribution of the superannuation benefit of a deceased member
general superannuation complaint	A complaint made about a superannuation trustee that is not a death benefit distribution complaint
IDR	Internal dispute resolution
IDR delay notification	A notice issued to a complainant to inform them of a delay in managing their complaint and their right to refer their complaint to AFCA
IDR response	A written response to a complaint, which must be given to the complainant in accordance with RG 271.53–RG 271.55
RG 271	ASIC Regulatory Guide 271 <i>Internal dispute resolution</i>
SIS Act	<i>Superannuation Industry (Supervision) Act 1993</i>

Stage 1	The first stage of our review, covering 35 trustees for 38 funds, looking at the period 5 October 2021 to 28 February 2022
Stage 2	The second stage of our review, covering 10 trustees for 10 funds selected from Stage 1, looking at the period 5 October 2021 to 30 June 2022
super fund (or fund)	Has the same meaning given to 'superannuation fund' in s10(1) of the SIS Act
trustee (superannuation)	A person or group of persons licensed under s29D of the SIS Act to operate a registrable superannuation entity (e.g. a super fund)

Note: This is not an exhaustive list of key terms. For further information, see RG 271.

Related information

Headnotes

Complaints handling, internal dispute resolution, superannuation, trustee

Legislation and legislative instruments

[ASIC Corporations, Credit and Superannuation \(Internal Dispute Resolution\) Instrument 2020/98](#)

Corporations Act 2001

Superannuation Industry (Supervision) Act 1993

Regulatory guides and reports

[RG 271](#) *Internal dispute resolution*

[REP 752](#) *Review of written responses to superannuation complaints*