ASIC
Australian Securities & Investments Commission

Offsets, out of mind: Banks fall short on mortgage offset account promises

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About this report

We reviewed eight banks to understand whether mortgage offset accounts were delivering the intended financial benefits to customers.

This report outlines the key findings of our review and is relevant for all banks.

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Executive summary

Home loan borrowers may be paying more interest than they should because banks are not always managing mortgage offset accounts properly.

Mortgage offset accounts are an important part of many households' finances. They are substantial and growing rapidly. As at March 2026, Australians held about $349.1 billion in offset accounts, with balances having increased 28% over the previous two years.

When offset accounts work properly, they can save borrowers thousands of dollars in interest payments and significantly reduce the length of their home loans. When they don't, the harm can be hidden – loan repayments stay the same while customers unknowingly pay more interest and take longer to repay their loans. Customers may also be left with a higher loan balance than they otherwise would, reducing the benefits of refinancing to a more competitive home loan product. With Australians under cost-of-living pressures, every dollar counts.

Reports to ASIC between 1 September 2023 and 31 August 2025 (review period) show banks paid over **$55 million in customer compensation** for offset account failures. This highlights the significant impact these failures can have on customers and raises concerns about whether banks are consistently delivering the expected benefits of offset accounts to their customers.

Note: Reports of offset account failures based on reportable situations provided to ASIC during the review period, with compensation amount paid as at 31 May 2026.

We reviewed eight banks, representing more than 70% of the Australian home loan market, to assess whether offset accounts were delivering what they promised. The practices of these banks varied significantly. While some performed better than others, we identified gaps in the provision and management of offset accounts by all the banks we reviewed.

Key findings

ASIC requested loan-level and aggregate data for home loans settled between 1 March 2025 and 31 August 2025. We reviewed data for 204,000 unique home loans from this period. We were concerned that some banks could not readily identify whether their customers had requested an offset account. Others had to manually recreate information flows. This makes it difficult to estimate the full impact to customers of the issues we have identified.

Further details on methodology are set out in Appendix 2.

Overall, we found a lack of awareness, insufficient oversight and inadequate responses by some banks were costing customers. We identified four key findings:

- **Banks struggled to readily identify customer offset account requests** – Many banks could not readily identify if, or when, customers had requested an offset account.
- **Inconsistent detection of offset account failures** – Some banks were unaware they were failing to deliver on promises to link offset accounts to home loans.
- **Failure to compensate customers and slow to fix issues** – Even when banks did identify potential offset account failures, some failed to adequately assess the extent of potential customer loss and compensate customers, and

- **Lack of visibility of information on offset accounts for customers** – Some customers had no easy way to confirm whether their offset account was set up, linked to the right loan and saving them interest, because they could not easily access key information in their bank's mobile app.

Despite the extensive remediation that has been paid to customers, the banks reported a low volume of offset account failures in our data request. We are concerned that the low volume of failure reports may not accurately reflect the true extent, and conflicted with other evidence we saw during the review, including a high volume of customer complaints.

Examples of evidence that suggested more significant issues include:

- banks paying compensation on a high volume of offset account-related customer complaints
- five of the eight banks undertaking offset account-related remediation programs during or after the review period to address identified offset account failures, and
- banks are continuing to pay compensation to hundreds of customers for offset account failures since the review period, with more expected from remediation programs that are underway.

Despite the issues we identified, there were also examples of more positive action by banks. For example, some banks made improvements to their offset practices before and during the review, while others have committed to making changes after. We have highlighted examples of better practices throughout this report.

Case study: Lack of awareness of and inadequate response to offset account failures

When responding to our data request, one bank identified **hundreds of cases where offset accounts had not been created or linked**. This means that customers may have paid more interest than they should have.

A previous internal review by the bank found serious gaps in how offset accounts were being set up and managed, and recommended changes to fix those weaknesses. Despite knowing of these issues, the bank did not take steps to identify and compensate affected customers until ASIC engaged with it. The bank then acknowledged that an incident should have been raised to assess broader customer impact and potential remediation for delays in linking offset accounts.

The bank is paying **more than $1.4 million in customer compensation** as part of a **remediation program reviewing loans dating back to 2019**.

What banks can do

We encourage all banks, not just those included in ASIC's review, to consider these findings and act promptly to strengthen their offset account practices so customers consistently receive the benefits they have been promised. We have set out the steps banks can take in Table 1.

Table 1: How banks can strengthen their offset account practices

Capture and track instructions	Reliably capture and track customer instructions at the start of and during the life of the loan through improved systems and recordkeeping where required
Design, document and test controls	Design, document and test controls across the lifecycle of the offset account on an ongoing basis, especially after system or process changes
Consider automation	Consider automating processes where possible and embedding strong controls where manual handling remains, to reduce the risk of errors
Proactively review processes and controls	Proactively review the effectiveness of offset account processes and controls to identify and address points of failure, and ensure that controls are detecting all types of failures across the account lifecycle
Respond promptly to issues	Investigate issues and compensate customers promptly, as well as meet breach reporting obligations
Improve transparency around offset accounts	Improve transparency for offset accounts, including by providing clear communication to customers (particularly for in-life requests) and giving customers on-demand visibility of linked offset accounts and benefits through digital channels

What customers can do

Our review showed some banks did not always promptly detect offset account failures. Because of this, we encourage customers to regularly check that their offset account:

- has been set up
- is linked to the correct home loan, and
- is receiving the benefit of saving interest.

The first place to check is the bank's online banking website or mobile app. If the information is not available, customers should raise it with their bank. It is also worth remembering that some loan changes, like refinancing or switching products, may require asking the bank to re-link an offset account.

For more information on offset accounts, including how offset accounts work and the benefits they provide, see Mortgage offset accounts on the Moneysmart website.

Next steps

We will continue to monitor banks and increase consumer awareness of potential issues with offset accounts.

We will provide individual feedback to banks involved in the review and continue to monitor how identified deficiencies are addressed. A number of banks have already started remediation activities following our review. Where appropriate, we will take further regulatory action in response to some of the issues identified in this review.

We have published information to help consumers learn more about how a mortgage offset account works: see Mortgage offset accounts on the Moneysmart website.

Overview of offset accounts in Australia

$349.1 billion
in offset accounts as of March 2026

Increased by 28%
over the previous two years

Banks paid **over $55 million** in customer compensation

for offset account failures reported to ASIC between September 2023 and August 2025

From ASIC's review of 8 banks

We reviewed **204,000** unique loans.

The banks only identified a low volume of offset account failures.

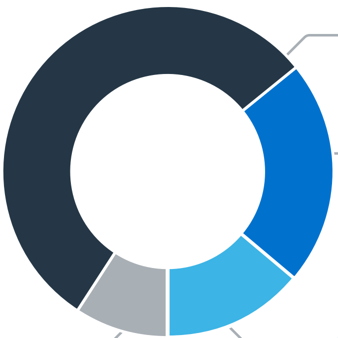
This is despite:

5 banks
undertaking offset related remediation programs during or after the review period

Banks paying **compensation to hundreds of customers** since the review period, with more expected.

Banks paying compensation on a **high volume of customer complaints** during the review period.

Types of offset account failures identified by banks in their data response



- **55%** Offset account opened but not linked
- **22%** Offset account not opened
- **14%** Offset accounts linked outside of timeframes communicated to customers
- **9%** Other

Top reasons for customer complaints

1. Offset issues arising from manual processes, particularly for in-life requests
2. Poor communication to customers about their offset account
3. Failure to establish or link an offset account at origination

Why offset accounts matter

Offset accounts have become an important part of many households' finances. It is essential that offset accounts work as intended and deliver the interest savings customers expect.

An offset account is a transaction account linked to an eligible home loan. The money in an offset account reduces the outstanding amount owed on the loan, which is used to calculate interest. By paying interest only on the net amount owed, offset accounts can significantly reduce interest costs over time and help customers repay their home loan sooner.

As at March 2026, Australians held:

$349.1 billion in offset accounts

28% increase over the previous two years

This represented 14% of total loans as at March 2026, up from 12% as at March 2024.

Customers typically pay more for offset accounts through higher interest rates, additional account fees, or a combination of both.

Given their growing importance, widespread use and the costs that customers incur to access them, it is essential that offset accounts work as intended and deliver the interest savings customers expect.

When an offset account does not work, customers may not notice because their loan repayments stay the same. As a result, this harm can go unchecked for a long time, resulting in customers unknowingly paying more interest, taking longer to repay their loan, and missing out on the benefits they are paying for. These customers also miss out on the opportunity to use that money elsewhere.

For more information about the benefits and costs of offset accounts, see Appendix 1.

Case study: Offset account failure left a customer out of pocket

One bank processed an in-life change to a customer's home loan in April 2025. Due to a bank error, the linking of their offset account to the home loan was incorrectly removed at that time.

The failure remained undetected until the customer noticed higher-than-expected interest charges and lodged a complaint. In just over one month, the customer **paid more than $3,500 in additional interest** as a direct result of the offset account not being linked.

Finding 1: Banks struggled to readily identify customer offset account requests

Offset accounts are marketed as a simple way for customers to reduce the interest they pay on their home loan. However, any customer benefit is dependent on the bank properly recording and acting on a customer request for an offset account. **Many banks could not readily identify whether a customer had requested an offset account in the first place, or when that request was made.**

Failure to record intent at origination

Bank responses to ASIC showed some were unable to readily determine whether a customer had requested an offset account. This was because, while all banks had processes to capture a customer's request for an offset account during loan origination, **some did not have a central document or single authoritative record of this information**.

In addition, **some banks were unable to provide basic information**, such as the date a customer applied for an offset account. Instead, they opted to provide us with 'proxy data' when the information was not readily available.

The absence of a single record of customer offset account requests meant that some banks undertook significant manual file reviews. For one bank, this included reviewing loan documentation, emails between loan assessors, system notes and call recordings. Banks that manually reviewed files were able to provide more complete data. They also identified a higher percentage of offset account failures.

This lack of a central record also impacted how some banks set-up and linked offset accounts at settlement. In some instances, banks needed to contact customers to confirm instructions. Sometimes, when banks could not get in contact with a customer, they made assumptions about customer instructions or proceeded to settlement without linking the offset account.

Failure to capture in-life requests

Some banks did not have a clear or consistent process to capture in-life requests from customers to set up or link an offset account. This issue was compounded because **seven out of the eight banks relied on manual processing for in-life requests.** Reliance on manual processes led to a high proportion of offset account failures relating to common in-life requests such as refinancing, re-linking offset accounts or switching loan products.

Some examples of in-life requests not being recorded or tracked include:

- one bank was not consistently recording in-life requests made by customers visiting bank branches, as these were typically actioned in real-time and were not required to be documented, and
- one bank experienced difficulties tracking requests to re-link offset accounts when customers were assisted by branch or virtual banking staff.

Case study: System limitations meant a bank could not readily confirm customers' offset requests

When asked to check whether customers had missed out on offset savings, one bank told us it could not readily access the main document that recorded customer requests to link an offset account at settlement, because the form was not digitised.

This meant that key details, such as the date the offset account was requested, could not be easily extracted at scale to confirm whether the offset account was set up on time and had delivered the interest savings expected.

The bank told us that to find the date of offset requests would have taken significant effort – more than **20 employees working for 4 weeks**. This meant that the bank could not readily confirm that all customers who had requested an offset account were in fact provided with one.

Finding 2: Inconsistent detection of offset account failures

Many banks did not identify offset account failures due to inadequate or ineffective controls. As a result, these failures went unnoticed for extended periods.

In response to our data request, the banks provided data for 204,000 unique loans but very few loans were identified as having offset account failures. This was despite broader evidence of offset account failures, including extensive remediation programs, high volumes of customer complaints and reportable situations data provided to ASIC. We found the low volume of reported failures may not accurately reflect the prevalence of offset account failures occurring more broadly.

Reliance on third-party prompts to identify failures

Banks were not consistently identifying offset account failures – sometimes only becoming aware of the issue after customers complained. There were also examples of some banks only identifying offset account failures after ASIC's engagement:

- **Identification of systemic issues affecting hundreds of customers –** After being included in our review, two banks found systemic issues that led them to identify hundreds of offset account failures. Both banks have since started or accelerated investigations to identify affected customers and understand the extent of the harm.
- **Failures only detected through our data request –** The banks had failed to detect 77% of the reported offset account failures before our data request (noting one bank accounted for most of these failures).
- **Undetected process gaps –** Several banks identified weaknesses in their processes when responding to our review. For example, one bank reinstated a key control report that had previously been used to identify offset linkage failures after it had been inactive for nine months. Some banks also discovered during the review that they had failed to formally document key controls.

Case study: Offset account failures went undetected for almost five years

In September 2025, one bank found that an offset exception report had not been reviewed for almost five years. The bank identified this issue as part of an internal review that was accelerated after it took part in ASIC's review.

As this report was the bank's main tool for identifying offset account failures, **issues had not been picked up or addressed during those five years**. After reviewing this report, the bank found a number of failures relating to opening or linking offset accounts. The bank has **reinstated regular reviews of this report** and commenced a broader impact assessment.

Inadequate or ineffective controls meant some offset account failures went undetected

We found many banks did not have controls in place to identify all types of potential offset account failures. For example, many banks' controls primarily focused on whether an offset account was linked at settlement. However, linking at settlement is only one potential point of failure that can occur over the life of a home loan. Some banks did not have in place controls that could reliably detect other types of failures such as:

› linking an offset account to the wrong home loan
› not opening an offset account even though the customer requested one
› delays in linking an offset account after the customer made an in-life request, and
› linking the offset account but not reducing interest as expected.

In one instance, a bank's internal review found controls were too narrow, with existing exception reporting not capturing all potential instances of offset account failures.

Even when banks had controls, we identified issues with the effectiveness of these controls as in the following examples:

› One bank's internal review found hundreds of complaints about unlinked offset accounts, despite having controls in place to ensure linking, raising questions about the effectiveness of these controls.
› Although the banks had quality assurance processes to detect offset account failures, some of these were not designed to detect all failures, as they often had a narrow scope or covered a small sample of loans. For one bank, quality assurance on a key manual process was limited to a sample of only four applications per staff member per month.

Controls inadequate to address risk of manual error

Manual errors by staff were the main cause of offset account failures, accounting for 86% of all failures reported by banks in their data response. Almost all banks acknowledged that manual processing was a problem. These errors usually happened when staff:

› misinterpreted the customer instruction
› entered the wrong details into bank systems, or
› missed reminders to complete tasks.

However, our review revealed insufficient controls to detect and prevent errors arising from:

› failure to effectively check manual data entry (e.g. a second review)
› lack of system prompts or validations to prevent missed steps
› insufficient reporting to help identify manual errors
› limited quality assurance checks to detect manual errors, and
› inadequate recording of customer instructions to enable the bank to check whether an error had occurred.

As a result, banks failed to open or link offset accounts or linked them to the wrong home loan.

Lack of in-depth audits or offset-specific reviews

Many banks did not undertake any in-depth reviews or audits of the offset function during the review period, despite evidence of offset account failures through customer complaints. This meant they were not aware of potential gaps or points of failure.

Five of the eight banks are now planning audits or reviews of their offset processes or have expanded existing reviews to include offset accounts. These reviews cover areas such as offset linking, lifecycle management, processes and controls, and customer onboarding. While these steps are welcome, many came only after regulatory scrutiny, rather than through routine oversight.

> **Better practice: In-depth review of complaints to identify gaps and areas for improvement**
>
> One bank undertook a **detailed review of customer complaints about offset accounts over a two-year period** to better understand customer pain points and identify practical opportunities to improve the overall experience. This included listening to customer calls, reviewing customer complaint records and bringing together relevant teams to confirm the main issues and agree on fixes.
>
> The bank used this analysis as a guide for improvements, such as clearer customer messaging at key points in the customer journey (e.g. internal refinancing and fixed rate expiry) and introducing additional notifications on their mobile app and website.

Finding 3: Failure to compensate customers and slow to fix issues

Even after banks identified potential offset account failures, some did not take steps to identify whether customer compensation was required and did not prioritise fixing known issues. As a result, customers were exposed to prolonged financial harm, continuing to pay extra interest while issues remained unresolved, or only receiving compensation after lodging a complaint.

Banks did not always prioritise compensating impacted customers

Even when potential offset account failures were identified, some banks did not investigate whether customers had been harmed and should be compensated due to the bank's failure. While some banks undertook offset related reviews or investigations during the review period, these activities did not always include a plan to compensate customers for deficiencies or potential failures. One bank acknowledged it should have reviewed customer impact and compensated the affected customers following an internal review.

We also observed weaknesses in the practices of some banks. One bank told us that, even if a bank error may have contributed to an offset account remaining unlinked for an extended period of time, 'unless there is an associated customer complaint, [they] do not have a process to routinely provide customer compensation'. This was because the bank did not have a proactive process to identify such errors. Another bank received complaints about unlinked offset accounts and responded by linking the accounts. However, they did not provide compensation for the loss until three months after linking the accounts.

Case study: Failure to check whether unlinked offset accounts were due to bank error

One bank identified a group of customers with eligible home loans and unlinked offset accounts, suggesting some customers were not receiving possible offset benefits. After the bank notified customers that their offset account was not linked, around **15%** of these customers took steps to link it.

While the bank undertook some analysis to understand why offset accounts were not linked, it **did not review all customer instructions relating to the unlinked accounts to determine whether the bank had made an error**. It also did not assess whether compensation was required for customers whose accounts had not been linked, including those who later linked their accounts.

The bank's communications also did not acknowledge the possibility of bank error or explain customers' rights, leaving customers unsure about whether compensation was available.

Banks were slow to fix known issues, allowing harm to continue

While banks made improvements during the review period, some were slow to act on known issues. In some cases, banks only made changes late in or after the review period, despite being aware of the issues for much of that time:

› One bank took nine months to introduce an offset account exception report, even though an internal audit had recommended it and a similar control already existed in another area of the bank's business.

› Despite a high volume of complaints and an internal review identifying a significant gap in its processes, one bank took a full year to implement a key control to address the issue.

Case study: Significant delay to fix offset linking failure

One bank identified a process gap that could delay offset linking by up to 21 days but **did not uplift its process for around two years**. The bank advised us that it had implemented ways to mitigate the issue over this period and compensated impacted customers. However, we still saw customer complaints about delays, suggesting some may have **paid extra interest while waiting for their offset account to be linked**.

We also found that reliance on controls that identified failures after the fact contributed to delays in fixing offset account failures at some banks. Where banks relied on these controls, they sometimes had a backlog of offset account failures which remained unresolved for longer periods. By contrast, banks with controls in place to prevent errors before they occurred did not experience the same issue.

Finding 4: Lack of visibility of information on offset account for customers

Clear, proactive communication helps customers understand how their offset account works, whether it is set up and linked, and what they need to do if something changes. But **some banks did not consistently give customers clear, timely information about their offset accounts**.

Customers could not always see if their offset account was working properly

Customers could not always see important offset account details in their bank's mobile app. What they could see varied across banks:

› some banks did not show whether an offset account was linked

› some banks did not show which home loan the offset account was linked to, and

› half of the banks did not show how much interest the offset account had saved (only available in statements).

Only two banks used existing communication channels, such as mobile apps, to inform customers when offset accounts were not linked. Most banks did not tell customers, through these channels, that they were missing out on offset benefits, limiting their ability to question errors or seek compensation. Banks are starting to recognise this gap, with one bank planning to introduce these communications to customers with unlinked offset accounts after the review period.

When customers cannot easily check whether an offset account is linked or saving interest, they may be unable to identify problems and, therefore, unable to raise them with their bank. This matters even more when banks struggle to find offset account failures themselves. Without clear, accessible information, customers can overpay interest without realising.

Better practice: Proactive notifications to customers about offset savings

One bank provides an offset dashboard in its mobile app and online banking website that displays key details, including:

› which offset accounts are linked

› which home loan they are linked to, and

› the interest saved over the financial year.

Where relevant, it also displays banner notifications when the offset account is not saving interest – for example, if the account is not linked to a home loan or the account balance is greater than the loan balance.

Customers could lose their offset account after a loan change and not realise

If a customer makes certain in-life requests, such as refinancing or moving from a variable rate to a fixed rate, a bank will typically delink an existing offset account. If that happens, the customer usually needs to make a new request to have the offset account re-linked to the eligible home loan.

Some banks did not clearly warn customers that a loan change could delink their offset account or explain what the customer needed to do to ensure the link was restored. Complaint records suggest many customers did not understand they needed to submit a separate request to re-link their offset account.

Because the impact can be significant, banks should clearly explain what will happen to an offset account when a loan changes and what customers need to do next. It is not enough to rely on inclusions in terms and conditions to ensure customers fully understand the implications of changes to their offset account.

Case study: Failure to notify broker of requirement to re-link an offset account

A system limitation meant one bank could not automatically link an offset account to a new loan if it was already linked to an existing loan. This meant that, for internal refinancing, a separate request was required to re-link the offset account to the new loan.

In four cases provided to ASIC, the bank's settlement team did not tell the customer's broker that the offset account needed to be re-linked after refinancing. As a result, two customers paid more than **$17,000** in extra interest.

The bank is now running a remediation program to identify and compensate customers whose brokers were not notified before settlement.

Better practice: Proactive communications on offset linking at fixed-rate expiry

One bank sends customers **a letter four to six weeks before their fixed rate ends explaining that offset accounts are not automatically linked** when their loan moves to a variable rate and as a result, they will need to take action to link their offset account to receive the interest savings.

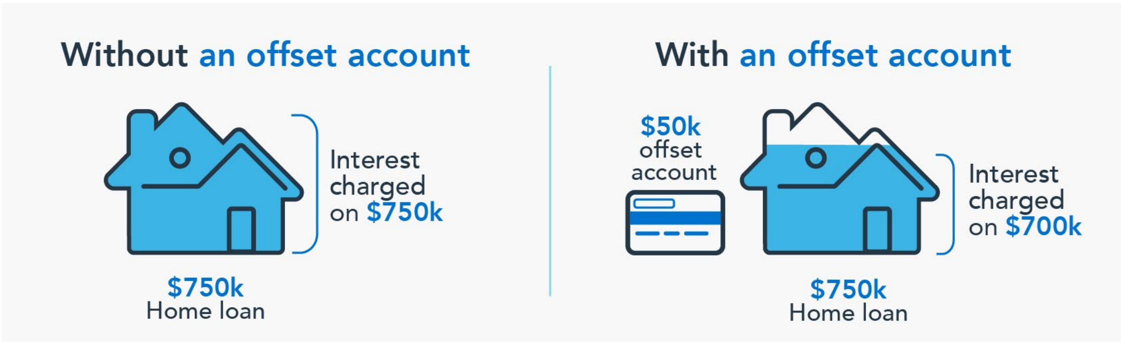
After an internal review found that this information could be easily missed by customers, the bank updated the letter to more clearly state that customers must actively link their offset account to receive interest benefits.

This targeted communication for a key loan change helps customers understand what action is required to ensure they receive their offset benefits.

Appendix 1: Benefits and costs of offset accounts for customers

An offset account is a transaction account linked to an eligible home loan. The money in an offset account reduces the outstanding amount owed on the loan, which is used to calculate interest: see Figure 1. By paying interest only on the net amount owed, offset accounts can significantly reduce interest costs over time and help customers repay their home loan sooner. While an offset account does not change the required loan repayment amount, it means a greater share of each payment goes towards paying off the home loan rather than interest.

Figure 1: How an offset account works



Many customers use offset accounts so they can access their savings for day-to-day spending while reducing interest on their home loan. When they work properly, offset accounts can save households a significant amount. When they do not, customers can unknowingly pay thousands of dollars more in interest, sometimes over a long period, without any clear sign that something is wrong.

Most banks also charge for offset features through higher interest rates, account fees, or both. While some customers may choose not to have an offset account linked to an eligible home loan, most customers choose to do so because they expect real interest savings in return. Given their growing importance, widespread use and the costs that customers incur to access them, it is essential that offset accounts work as intended and deliver the interest savings customers expect.

Example: What you stand to lose from offset account failures

When purchasing their home for $1 million, James and Mia borrowed $750,000 with a 30-year repayment period. They requested an offset account from their bank during loan settlement and deposited funds into the offset account, maintaining an average balance of $50,000.

After one year, they noticed higher than expected interest charges and contacted their bank. The bank investigated and found it had failed to execute the offset account request, resulting in the offset not being linked for this period. With an interest rate of 6.25% per year, James and Mia inadvertently ***paid over $3,000 in additional interest over the year****. If the error had not been detected for the life of the loan, they would have* ***foregone nearly $230,000 of interest savings,*** *and it would have taken them an* ***additional four years to repay their loan.***

Appendix 2: Methodology and participating banks

Overview of our approach

We undertook a targeted review of eight banks, representing more than 70% of the Australian home loan market as at 31 March 2026. The aim of our review was to assess whether offset accounts were delivering the intended financial benefits.

The review looked at the banks' processes and controls for setting up, linking and managing home loan offset accounts, including how the banks found and responded to offset-related failures. The review did not assess how banks calculated interest.

We issued notices requiring each bank to provide written descriptions of their offset arrangements for the review period (1 September 2023 to 31 August 2025). We also reviewed a sample of customer complaints received from 1 March 2025 to 31 August 2025 where the banks had paid customers compensation.

In addition, the banks provided us with loan-level and aggregate data for personal home loans (for both owner-occupier and investment properties). Each bank provided data for every second home loan settled between 1 March 2025 and 31 August 2025 and was required to identify and report any offset account failures in that data.

While we asked all banks to provide the same data fields using the same definitions, we found differences in how they identified and classified offset account failures. This reflected differences in their systems, processes and data capabilities. As a result, data quality varied significantly across the banks.

We also met with all banks to clarify their submissions, understand how their offset processes worked in practice, and obtain further information where needed.

Participating banks

The eight banks that participated in our review were:

- AMP Bank Limited
- Australia and New Zealand Banking Group
- Commonwealth Bank of Australia
- Credit Union Australia Ltd
- HSBC Bank Australia Limited
- ING Bank (Australia) Limited
- Macquarie Group Ltd, and
- Westpac Banking Corporation.

Key terms

aggregate data	High-level loan data, such as the total number of home loans and total loan balance. This data was not loan level, as it was provided in aggregate rather than on an individual loan basis
ASIC	Australian Securities and Investments Commission
compensation	Steps taken by a bank to correct an offset account failure and reimburse the customer for any financial loss or detriment
delink	Termination of an offset arrangement by disconnecting an offset account from a home loan, either intentionally (e.g. during product changes or discharge) or unintentionally due to error
eligible home loan	A home loan product that allows a customer to link one or more offset accounts. Offset eligibility is determined by the bank's product design
exception report	A report that identifies transactions or accounts that fall outside expected parameters, such as unlinked offset accounts or overdue linking requests
in-life request	A request by a customer to change a loan after settlement and during the life of the loan, such as product variations, account changes, refinancing and discharge
loan-level data	Data for individual home loan accounts, such as product type, offset eligibility, offset linking status and any offset-related errors identified by the bank
manual processes	Processes that are not automated and require staff intervention
offset account	A transaction account that is linked to a home loan account so that the offset balance reduces the amount of the loan on which interest is calculated
offset account failure	A situation where a customer does not receive the intended interest reduction from their offset arrangement. Offset account failures include: › an offset account not being opened › an offset account being opened, but not linked to the home loan › an offset account being linked to the wrong home loan › delays in linking an offset account, including outside of timeframes communicated to the customer or outside the bank's service level agreements › an offset account being linked, but not operating to reduce the correct amount of interest
origination	The process of applying for, assessing, approving and establishing a new home loan
reportable situation	Has the meaning given by section 912D of the *Corporations Act 2001* or section 50A of the *National Consumer Credit Protection Act 2009*

review period	The period from 1 September 2023 to 31 August 2025, for which the participating banks provided information to ASIC on its offset arrangements
settlement	The time when a home loan is finalised and funded, and the loan account is established
transaction account	A deposit account with a financial institution where money is readily available for day-to-day transactions
unlinked offset account	An offset account that is not connected to a home loan account