



# ASIC

Australian Securities &  
Investments Commission

## REPORT 693

# Response to submissions on ASIC's internal dispute resolution data consultations

July 2021

### About this report

This report highlights the key issues that arose out of the submissions received on two rounds of consultation on establishing the internal dispute resolution (IDR) data reporting framework and our responses to those issues.

We consulted on the IDR data reporting framework in [Consultation Paper 311](#) *Internal dispute resolution: Update to RG 165* (CP 311) and the addendum to CP 311, published as Attachment 1 to [Media Release \(20-327MR\)](#) *ASIC seeks further feedback on internal dispute resolution data reporting requirements* (16 December 2020).

### About ASIC regulatory documents

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

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

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

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

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

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

### Disclaimer

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

This report does not contain ASIC policy. Please see [Regulatory Guide 271 Internal dispute resolution](#) (RG 271).

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## A Overview/Consultation process

- 1 In [Consultation Paper 311](#) *Internal dispute resolution: Update to RG 165* (CP 311) and the addendum to CP 311 published as Attachment 1 to [Media Release \(20-327MR\)](#) *ASIC seeks further feedback on internal dispute resolution data reporting requirements* (16 December 2020), we consulted on establishing the internal dispute resolution (IDR) data reporting framework.
- 2 The IDR data reporting framework arose as a recommendation from the [Final report: Review of the financial system external dispute resolution and complaints framework](#) (Ramsay Review final report), April 2017. Recommendation 8 of the Ramsay Review final report stated:
- To improve the transparency of IDR, financial firms should be required to report to ASIC in a standardised form on their IDR activity, including the outcomes for consumers in relation to complaints raised at IDR.
- ASIC should have the power to:
- determine the content and format of IDR reporting (following consultation with industry and other stakeholders and having regard to the principles set out in this Chapter); and
  - publish data on IDR both at aggregate level and, at its discretion, at firm level.
- 3 This recommendation followed a finding from the Ramsay Review panel that:
- Data on IDR outcomes is limited and inconsistent which means that it is difficult to determine the effectiveness of IDR and whether it is leading to improved consumer outcomes over time.
- Note: See Ramsay Review final report, p. 187.
- 4 The *Treasury Laws Amendment (Putting Consumers First—Establishment of the Australian Financial Complaints Authority) Act 2018* (AFCA Act) established an enhanced IDR framework. The framework requires financial firms to report data on their IDR activities in accordance with ASIC requirements.
- Note: ‘Financial firms’ are defined in [Regulatory Guide 271](#) *Internal dispute resolution* (RG 271).
- 5 We commenced consultation on the establishment of the IDR data framework as part of a broader consultation on updating IDR policy settings: see [CP 311](#), issued 15 March 2019.
- Note: [Report 665](#) *Response to submissions on CP 311 Internal dispute resolution: Update to RG 165* (REP 665) sets out our response to submissions on the broader IDR policy.

- 6 On 30 July 2020, we issued our updated IDR policy: see [RG 271](#). We also foreshadowed our intention to commence further consultation on the next steps to implement the IDR reporting framework: see [Media Release \(20-171MR\)](#) *ASIC releases final updated guidance on complaints handling* (30 July 2020).
- 7 On 16 December 2020, we issued an addendum to CP 311: see Attachment 1 to [20-327MR](#). This second round of consultation responded to feedback received from CP 311, and was supported by our preliminary responses to issues raised in the first consultation. We also included an updated draft data dictionary: see Attachment 2 to [20-327MR](#).
- 8 We received:
- (a) 7 confidential and 61 non-confidential responses to CP 311; and
  - (b) 2 confidential and 28 non-confidential responses to the addendum.
- 9 For a list of the non-confidential respondents to CP 311 and the addendum, see the appendix. Copies of these submissions are currently on the [CP 311 page](#) on the ASIC website.
- 10 We received responses from financial firms, industry associations, consumer representatives, and organisations involved in dispute resolution. We are grateful to respondents for taking the time to send us their comments in response to CP 311 and the addendum.
- 11 This report highlights the key themes from submissions and substantive issues raised and our responses to those issues. It is not a comprehensive summary of all responses received.

## Themes emerging from the consultation process

- 12 As this is the first time that more than 10,000 financial firms, large and small, operating across the financial services sector will be collecting and reporting complaints data to ASIC, a diverse range of issues emerged from submissions. We have grouped the feedback under the following themes:
- (a) overarching feedback on the data requirements (see Section B);
  - (b) detailed feedback on elements within the IDR data dictionary (see Section C);
  - (c) feedback related to the systems and processes for reporting data to ASIC (see Section D); and
  - (d) feedback on the eventual publication of IDR data (see Section E).
- 13 We received many individual submissions suggesting that more detailed data should be captured in particular areas that the respondents see as relevant.

However, overall, the feedback called for the data dictionary to remain as simple and practicable to implement as possible.

- 14 In our responses to stakeholder feedback, we have set out to balance sometimes competing needs and priorities. Our overarching objectives in the design and implementation of this framework have been to:
- (a) ensure the data collection is robust and enables meaningful analysis and comparability;
  - (b) collect the minimum data necessary to achieve that objective;
  - (c) make the data collection as simple to implement as possible while accounting for differences in the size and complexity of reporting firms; and
  - (d) align the data with other public data sets (such as the data set that the Australian Financial Complaints Authority (AFCA) publishes) as far as practicable.
- 15 We have released the IDR data dictionary we will use in the IDR data reporting pilot in October 2021. It is available for download from the [RG 271 page](#).

## IDR data glossary

- 16 We received many requests for clarification on specific codes used to record the product or service, issue and outcome of complaints. We have clarified the definitions of product or service, issue and outcome codes in the IDR data glossary. The version we have released is for use in the IDR data reporting pilot, and is available for download from the [RG 271 page](#). The data glossary explains these codes and will help firms to use the data dictionary.
- 17 Financial firms will be able to apply the data dictionary in a way that is practical to their business. For most firms, parts of the data dictionary will not be relevant and can be excluded from their complaints recording system. We encourage firms to provide their complaints handling staff with a tailored set of options that is relevant to their business.
- 18 Regardless of the size, scope or complexity of a reporting firm's business, our approach is intended to make it easy for firms to report their data and meet our reporting requirements. We know that in most cases firms will be recording more granular, tailored IDR data for their own internal complaints handling and reporting purposes.

## Implementation of the IDR data reporting framework

- 19 We will commence a pilot with a selection of financial firms from different sectors in October 2021. The purpose of the pilot is to test the operational effectiveness of the IDR reporting framework and ASIC's systems. The pilot will also help to develop our approach to publication of the IDR data.
- 20 Once the pilot is complete, we will be in a position to confirm the final date for mandatory IDR data reporting to begin. We will provide a transition period to ensure that financial firms have time to prepare their systems to record and report data. Financial firms will not need to begin reporting IDR data to ASIC until we make a final legislative instrument and it comes into force.
- 21 We understand that many firms are currently updating their complaints systems. The pilot versions of the IDR data dictionary and data glossary are near final. We may make changes as a result of the feedback we receive during the IDR data reporting pilot. However, we will seek to keep any changes to a minimum.

## B Overarching feedback on the IDR data collection requirements

### Key points

There were several key themes that emerged from submissions on the IDR data collection requirements. These included the:

- merits of collecting data on complaints resolved immediately, within five days or before referral to a centralised IDR team (see paragraph 22);
- number and granularity of data elements in the IDR data dictionary (see paragraphs 23–24); and
- merits of aligning the data elements to a firm's existing complaints data categories (see paragraphs 25–26) and to AFCA data (see paragraphs 27–28).

### Reporting complaints resolved quickly

- 22 Some respondents argued that complaints resolved within five days or during the first interaction should report against a more limited dataset than those complaints that are referred to centralised IDR teams. A smaller number of respondents suggested that they should not be required to record these complaints at all.

#### *ASIC's response*

We expect firms to report on *all* complaints received to ASIC, regardless of how quickly or where in a firm they are resolved. This will ensure firms are reporting a complete picture of all complaints received. It will allow for meaningful analysis of an individual firm's complaints performance and for comparison between firms.

We have decided not to introduce reduced requirements for complaints resolved quickly. Rather, we have substantially simplified the IDR data dictionary that will apply to *all* complaints.

### Number and granularity of the data elements

- 23 Respondents generally welcomed ASIC's approach to simplifying and reducing the volume and complexity of the proposed data collection in the updated draft IDR data dictionary.



- 24 In feedback on the addendum to CP 311, some industry respondents argued that the IDR data dictionary still required financial firms to collect too much data for each complaint. In particular, they argued that the amount of data firms would have to collect would be costly and would negatively affect the consumer experience of the complaint handling process.

*ASIC's response*

In response to feedback about the volume and complexity of the proposed data collection, we have further simplified and reduced the number of data elements firms will need to record for all complaints.

In CP 311 we consulted on a data dictionary with 37 data elements. We reduced this to 23 data elements in the addendum to CP 311.

Our final data dictionary requires firms to report 16 data elements for each complaint.

The majority of these data elements are straightforward. Many can be easily mapped to information that firms already collect.

We have built in the flexibility to change data elements and data variables in the data dictionary. This is to ensure that it continues to remain relevant to the financial services industry.

## Tailoring the IDR data dictionary to financial firms' existing data

- 25 Many financial firms noted that the IDR data dictionary is generally practical. However, some noted that it does not align to the data that they currently collect. For example, some firms noted that they currently collect much more detailed data on the types of complaint that are more commonly received in their specific business.
- 26 Other respondents argued that the product or service and issue categories are too granular and should be simplified to reduce industry burden.

*ASIC's response*

Given the diversity of reporting firms, the data dictionary cannot perfectly align to the complaints data that individual firms may currently collect about complaints. However, we have drafted the categories capturing complaint issues, products and services at a high level, so that they can effectively be mapped to firms' own reporting fields.

Financial firms only need to be able to record against products and services that they actually provide. Financial firms with smaller numbers of products will only need to record against particular sections of the data dictionary.

We expect all firms to report to ASIC using the structure and format provided in the data dictionary. However, we don't expect that all firms will use ASIC's dictionary as the basis for their own complaints recording systems. For example, we envisage that there are areas in which firms will want to capture more granular and tailored data than ASIC's dictionary allows. In these cases firms can map their own fields to ASIC's dictionary for reporting purposes.

When firms use the data dictionary, they may be able to pre-fill certain information, or limit the options available to make ongoing data entry easier for their complaints handling staff.

## Aligning the IDR data dictionary with AFCA's data

- 27 Most respondents generally supported our approach to align the IDR data dictionary with the data elements that AFCA collects. They noted that this will allow complaints and outcomes to be tracked throughout the entire dispute resolution process.
- 28 Several submissions noted areas where we should not follow AFCA's approach to data recording, due to differences between the IDR and external dispute resolution (EDR) process.

### *ASIC's response*

We have kept the data dictionary aligned to AFCA's, except where there are compelling reasons to depart. Generally, we have tried to only depart from AFCA's approach where there are inherent differences in IDR and EDR.

One example where we have departed from AFCA's approach is the inclusion of more complaint issue categories covering simple service-related complaints. Information provided in submissions suggested that these types of complaints are very common at IDR, although they rarely escalate to AFCA.

## C Detailed feedback on the data elements

### Key points

This section sets out our response to detailed feedback on individual data elements. This includes how the IDR data dictionary captures:

- financial firm information (see paragraphs 29–32);
- information on credit representatives, authorised representatives, and financial advisers (see paragraphs 33–34);
- free-text information (see paragraphs 35–36);
- unique identifiers (see paragraphs 37–40);
- demographic data (see paragraphs 41–45);
- products and services (see paragraphs 46–52);
- complaint issues (see paragraphs 53–57);
- complaint status and complaint outcomes (see paragraphs 58–71); and
- other data (see paragraphs 72–78).

### Capturing financial firm information

- 29 We consulted on whether a financial firm with multiple business units or brands under the one licence would prefer to report the complaints data separately or as one single file: see p. 5 of the addendum to CP 311.
- 30 Many respondents supported providing the flexibility for financial firms who wanted to report separate files. However, the overwhelming majority of financial firms said that they would prefer to report the data for all of their brands or superannuation funds in one file.
- 31 We received feedback that in superannuation it is particularly important to ensure that complaints data can be tracked to specific superannuation funds, rather than only to the trustee. Some respondents argued that any published data should include the name of the relevant superannuation fund, as this would be most relevant to consumers.
- 32 A small number of financial firms stated that they would prefer to report data only at the licensee level, and not include data about relevant subsidiaries or brands to which a complaint relates. These firms submitted that this is the level that the Australian Prudential Regulation Authority (APRA) and AFCA currently record data.

*ASIC's response*

The overwhelming preference from financial firms was to report their data in one single file. We have decided not to provide an option for financial firms to submit multiple files for their brands, funds or subsidiaries.

To capture information on the brand or specific superannuation fund, firms that have multiple brands or superannuation funds operating under a single licence must state the name of the brand or superannuation fund that the complaint is about. This will be in a free-text field.

We have removed the word 'subsidiary' from data element 2 'Name of brand or superannuation fund that the complaint is about' in the IDR data dictionary. We have done this to help firms capture consumer-centric information about brands or superannuation funds. We are not seeking to capture information about a firm's corporate structure.

## Capturing information on credit representatives and authorised representatives, and financial advisers

- 33 We received feedback suggesting that it would be inappropriate to capture the identifier of an individual financial adviser, credit representative or authorised representative. As these may relate to individuals, respondents were concerned that they could breach privacy laws. We also received feedback suggesting that capturing this information would unfairly single out authorised representatives and credit representatives (e.g. compared to employees or contractors). Some respondents also considered that recording this information would be excessive or duplicative.
- 34 We also received a small amount of feedback that complainants may not know whether they are dealing with an employee of a licensee or authorised representative.

*ASIC's response*

We agree with the general privacy and fairness concerns raised in submissions about capturing the identifiers for individual advisers, authorised representatives and credit representatives. We have removed these data elements entirely.

However, we will still be capturing data on whether a complaint is about the authorised representative of an Australian financial services (AFS) licensee or a credit representative.

An 'unknown' option is now available for data element 12 'Is the complaint about the authorised representative of an AFS licensee or an authorised credit representative?'. We expect financial firms to have clear oversight of their representatives. However, we understand that there may be circumstances where a complaint does not include sufficient information to determine whether a representative was involved.

## Capturing free-text data

- 35 In CP 311 we consulted on a data dictionary that included free-text data elements: see Attachment 2 to CP 311. This included elements capturing a description of the complaint issue and the complainant's desired outcome in free text.
- 36 Several respondents argued that these data elements should be removed. This was because this data would be time consuming to provide and difficult to analyse. Firms also noted that free-text data could inadvertently include personal information, such as the names of complainants.

### *ASIC's response*

We have taken this feedback on board. We have removed all elements that would capture free-text information about a particular complaint (other than the brand or superannuation fund that the complaint is about).

## Unique identifier data element

- 37 Respondents were generally supportive of the proposed requirement for financial firms to assign a unique identifier to all complaints that they receive.
- 38 Generally, the issues respondents raised were focused more on the practical aspects of applying a single unique identifier in specific situations. A number of respondents queried when they should record multiple complaints—for example, if:
- (a) additional issues are raised;
  - (b) there are multiple parties to the complaint (e.g. joint insurance holders);  
or
  - (c) a person continues to come back to the firm with the same complaint.
- 39 One respondent noted that often complaints will go through multiple IT systems, and will be assigned different unique identifiers as they are escalated through the business.
- 40 Another respondent queried whether an AFS licensee or credit licensee would need to use the same unique identifier that their representatives used to record the complaint.

### *ASIC's response*

All complaints must have a unique identifier attached. However, we have not mandated any format for the unique identifier.

When there are multiple parties to a complaint that jointly hold a product (e.g. joint insurance holders), financial firms should record a single complaint.

When the complainant raises additional issues or continues to make the same complaint, firms must use their commercial judgement to identify if there are new, separate complaints that should be recorded under a new unique identifier.

We are not concerned if firms record complaints using multiple unique identifiers in various systems. We are only concerned that when the complaint is reported to ASIC that all the relevant data elements are captured under a single complaint that has a single unique identifier.

If a licensee and their representative are dealing with a complaint, that complaint should only be reported to ASIC by the licensee. Given that IDR requirements are the responsibility of licensees, it is the licensee's responsibility to ensure that all complaints are being managed and reported to ASIC in accordance with our requirements.

## Complainant demographic data elements

- 41 We consulted on whether financial firms must report information on the demographics of complainants: see proposal B6 in CP 311. 'Demographics' included the complainant's age, postcode, gender, and whether they were of Aboriginal or Torres Strait Islander origin. The purpose of this proposal was to ensure that ASIC, financial firms, and the broader public have a line of sight over IDR performance for specific demographic groups and that IDR is resulting in good outcomes for all consumers.

### Difficulty collecting demographic data

- 42 We received feedback from many respondents that demographic data will be difficult to collect in cases where it is not already held by the financial firm. Specifically, respondents stated that:
- (a) complainants may be frustrated or offended to be asked for demographic information in a complaint handling scenario;
  - (b) firms could provide data that they already have available, but shouldn't be required to collect additional demographic data;
  - (c) while firms have much of the demographic data already, it is stored in separate systems to their IDR data and the data sets would be difficult to connect;
  - (d) there should be an 'unknown' option where the financial firm is unable to answer demographic questions; and

- (e) some of the demographic information would be difficult to collect where the complaint was made by a couple, or an entity that is not a natural person.

*ASIC's response*

We have decided to only require financial firms to report demographic data that they already hold or collect. This will ensure that the complaints handling experience is not unnecessarily extended by the collection of additional data.

When the firm does not hold demographic data, they may select the unknown option.

When the complainant type is not an individual, we do not expect the firm to provide the gender or age. However, for complainants that are not individuals, financial firms should still provide the postcode where possible (e.g. for small business complainants, firms should provide the postcode of the principal place of business).

## Potential privacy issues

43

Several submissions raised concerns about collecting and reporting demographic information to ASIC under the [Australian Privacy Principles](#) (APPs). Issues included that:

- (a) collection of personal information must be reasonably necessary for one or more of an entity's functions (see [APP 3 Collection of solicited personal information](#) at paragraph 3.2);
- (b) collecting information about race (e.g. Aboriginal and Torres Strait Islander origin) is sensitive information, which requires express consent under the APPs; and
- (c) ASIC is not entitled to collect any demographic information, as we are not entitled to collect personal information in an instrument made under s912A(2A) of the *Corporations Act 2001* (Corporations Act) (see s912A(2B)).

*ASIC's response*

We are not collecting (or requiring that financial firms disclose to ASIC) any personal information in the IDR data. We are requiring firms to report on deidentified demographic data only. The data we are collecting does not constitute 'personal information' as defined in the *Privacy Act 1988*.

We are not requiring financial firms to collect any personal information that they do not already hold or collect during the complaints handling process.

As financial firms will only be collecting information collected under current practices, firms should have already satisfied

themselves that the information is reasonably necessary to collect under paragraph 3.2 of APP 3.

Financial firms may need to use personal information they hold in their customer database to prepare the IDR data for ASIC (i.e. to deidentify the data). If this constitutes 'secondary use' of personal information, firms will need to be satisfied that an exception for the secondary use applies: see [APP 6 Use or disclosure of personal information](#). Permitted exceptions include where the individual has consented or would reasonably expect the information to be used in this way, or where the secondary use of personal information is required or authorised by or under an Australian law. We note that firms will be required to provide the IDR data to ASIC under a Commonwealth legislative instrument.

We have removed the requirement to report data on whether complainants are of Aboriginal or Torres Strait Islander origin. We understand that firms rarely collect and hold this information about their customers. We do, however, encourage financial firms to consider how they are ensuring fair outcomes and access to IDR for Aboriginal and Torres Strait Islander consumers and small businesses.

We expect that most financial firms would know the age and postcode for all of their customers, whereas some financial firms may not already collect information on the gender of their customers.

## Complainant type

- 44 In the updated draft data dictionary (Attachment 2 to [20-327MR](#)) we included three options for complainant type: 'Individual', 'Small business', and 'Not stated or unknown'. We received feedback that the categories we provided for the complainant type did not cover all of the types of complainant, such as couples, trusts or larger businesses.
- 45 Several firms also noted that not all business complaints are from small businesses. Some firms apply their IDR process to businesses that do not meet the definition of a small business (even though they are only legally required to provide IDR for consumers and small businesses). Two submissions also requested clarification on how 'small business' is defined.

### *ASIC's response*

We have expanded the previous category 'individual' to 'individual or couple'. We have also added an 'other' category, to capture complaints that do not fit into the existing categories. We considered including additional options to separately capture different types of complainants (e.g. couples or trusts). However, our priority was to keep the IDR data dictionary as simple as possible.



We note that the relevant definition of small business (i.e. an organisation with fewer than 100 employees) is the same definition used by AFCA: see RG 271.37–RG 271.38.

If a complaint is lodged by a third-party representative, the financial firm should report the demographic details of the person on whose behalf the complaint is made.

## Products and services data element

### Complaints about multiple products and services

- 46 In the addendum to CP 311, we proposed to only allow one product or service to be recorded for each complaint. If a consumer complained about multiple products or services, we proposed that firms would need to record multiple complaints (i.e. one complaint per product or service).
- 47 This proposal was intended to ensure that complaint issues and outcomes could be accurately mapped against the relevant product or service that the complaint was about.
- 48 We received strong and consistent feedback that firms should be permitted to record multiple products, rather than being limited to a single product per complaint. Respondents argued for this on the basis that:
- (a) it would be more consumer-centric to capture all the relevant products in one complaint, and less likely that issues may be overlooked or ‘fall through the cracks’;
  - (b) a single complaint about multiple products can be tracked and managed as a single complaint with a single point of contact (which would be better from the complainant’s point of view and more efficient for the firm); and
  - (c) current practices generally allowed multiple products or services to be recorded against a single complaint, and that this would prevent double counting of complaints.
- 49 We also received feedback on using in-cell lists versus multiple columns or rows to report more than one product, service or issue against a single complaint. While some submissions favoured in-cell lists, on balance there was stronger support for the use of multiple columns.

#### *ASIC's response*

We have provided firms with the capacity to record up to three products or services per complaint: see data elements 13a–13c in the IDR data dictionary. We have used multiple columns rather than in-cell lists.

If a complaint is about more than three products or services, firms should record the three most relevant products or services. There is no implied order of significance based on the order that products or services are entered into the data dictionary.

We are now bundling multiple products, issues and outcomes together into a single complaint. As a result, there will be circumstances (e.g. when a single complaint is comprised of multiple products, multiple issues and multiple outcomes) where it will not be possible to tell which product or issue a particular outcome relates to. This represents a compromise between collecting detailed data and ensuring simplicity for industry.

We consider this to be justified, given our understanding that few complaints will have multiple data over more than one data element (e.g. would expect to only rarely see multiple products *and* multiple issues in a single complaint).

### Inclusion of 'other' product and service codes

- 50 We also received feedback about individual products or services that are not covered in the product or service code tables.

#### *ASIC's response*

We have tried to include these individual products and services where possible. However, innovation and regulatory change will always lead to new products or services that are not reflected in this first iteration of the data dictionary.

We have added 'other' product and service codes, to capture complaints that do not fit into the provided categories. We expect financial firms to only use the 'other' codes if there is genuinely no relevant code to capture a product or service. The 'other' codes have predominantly been added at the more specific tier of code (product or service number and type). This is to ensure that we will still receive data on the relevant category of products or services that the complaint is about.

The inclusion of 'other' codes also allows the data dictionary to be more flexible where products change due to innovations or regulatory amendments. However, we do expect the data dictionary to evolve over time and require periodic updates. We will consult stakeholders on future changes to the data dictionary to respond to market change and innovation.

### Complaints that are not about a product or service

- 51 We received some feedback that product or service should not be a mandatory data element. Respondents pointed out that a complaint may not be about a product or service at all. For example, the complaint could be about the complaint handling process itself, or some other aspect of the firm's business.

*ASIC's response*

We have taken this feedback on board. We have included the new product/service code 188 (Not product/service-related) for complaints that are not related to one of the financial firm's products and services.

In most cases, a complaint would clearly map to one or more products or services. However, there will be times when the complaint is not strongly linked to a specific product or service. For example, if the complaint is about a bank branch not providing wheelchair access. This clearly maps to an issue ('Failure to provide special needs assistance'), but does not clearly relate to a specific product or service.

Wherever possible, financial firms should record the product or service that the complaint is about. However, in circumstances where the complaint is not about a product or service at all, it should be recorded using code 188 (Not product/service-related).

**Other product-related issues**

52 Some respondents also commented on the:

- (a) need, in the context of superannuation, to include the specific product (i.e. the name of the superannuation fund); and
- (b) inclusion of products that may not ordinarily be regulated by [RG 271](#).

*ASIC's response*

In response to this feedback, we have updated the IDR data dictionary to capture the name of the superannuation fund that a complaint is about: see data element 2 'Name of brand or superannuation fund that the complaint is about'.

RG 271 expresses the statutory minimum standard for IDR, including the types of products and services that must be covered. Many firms do not limit access to their IDR procedure and may wish to record complaints that go beyond the statutory minimum standard. We encourage firms to take this more expansive approach. For this reason, there are some categories in the data dictionary that go beyond the statutory minimum.

**Complaint issues data element**

53 In the draft data dictionary (see Attachment 2 to CP 311), we set out the categories for complaint issue at a high level. We proposed to capture more specific details of the complaint issue in a free-text data element ('Description of complaint issue').

54 The feedback we received suggested that capturing free text about the complaint issue would be time consuming, difficult to analyse, and could

potentially contain personal information. We were also told that the 11 categories that we had provided for the 'Complaint issue' were too high level to be of value.

*ASIC's response*

In the updated draft data dictionary (see Attachment 2 to [20-327MR](#)) we removed the free-text data element for 'Complaint issue'. We instead provided more detailed codes that financial firms could use to capture the issue of the complaint.

We have maintained this approach, with some amendments based on further feedback received in submissions.

### Capturing common IDR complaint issues

- 55 The complaint issues categories we included in the draft data dictionary were developed from the issues recorded by AFCA. Our aim was to ensure consistent data could be recorded through the dispute resolution process.
- 56 However, several submissions noted that the types of issues that are escalated to AFCA are only a subset of the issues dealt with at IDR. For example, many complaints at IDR will be about minor, service-related issues that are unlikely to escalate to AFCA. Many firms will deal with issues at IDR that would fall outside the jurisdiction of AFCA.
- 57 Other feedback included that we should:
- (a) add more categories to capture complaints about sales practices; and
  - (b) expand the complaint issues relating to financial difficulty and debt collection.

*ASIC's response*

We are mindful that the issues initially proposed were developed to align with the issues that AFCA records. Many IDR complaints may fall outside AFCA's Complaint Resolution Scheme Rules (AFCA Rules).

In response to the feedback, we have expanded the codes for data elements 14a–14c 'Complaint issue': see Table 15 of the data dictionary. This will account for common types of IDR complaints that were not previously included.

As noted in paragraph 26, firms may choose to capture more detailed data on issues. However, they must be able to map the data onto the IDR data dictionary for reporting purposes.

We have added additional codes to capture common complaints made about debt collection.

To make the complaint issue table easier to use, we have also split the 'Financial firm decision' category into separate subcategories. These cover common decisions made in credit

and lending, insurance, and superannuation specifically. Firms that do not operate in these sectors will not need to record against these options.

## Complaint outcomes and complaint status

### Outcome codes

- 58 The codes provided for the 'Complaint outcome' data element in the draft data dictionary were broadly based on the types of outcomes recorded by AFCA.
- 59 Feedback from submissions included that:
- (a) the outcome codes provided in the draft data dictionary were too specific to AFCA, and would not cover all of the common outcomes recorded at IDR;
  - (b) the data on outcomes should include an independent qualitative assessment of whether the outcome was fair;
  - (c) there should be an additional outcome code 'Complaint closed subject to remediation program';
  - (d) there should be an additional outcome code to account for complaints where the complaint is able to be resolved without a remedy; and
  - (e) there should be an outcome code to capture complaints that are outside of jurisdiction.
- 60 We also received feedback that there should be an additional outcome code that allows firms to record that a complaint has been referred to another firm, or another firm has been joined to the complaint. This appeared to be particularly relevant for insurance in superannuation complaints (where separate licensees are involved in manufacturing and distributing products).

#### *ASIC's response*

We have aimed to capture complaint outcomes at a high level in data elements 15a–15c. The outcome codes provided are intended to be broad enough to capture all of the common outcomes that result from IDR.

We have included complaint outcome code 7 (Referred to another financial firm).

We have also included complaint outcome code 8 (No remedy provided/apology or explanation only).

In relation to jurisdiction, we expect firms to take a broad view to responding to complaints that fall within the definition of 'complaint' in RG 271. Firms may have limited options in

responding to some complaints. However, they should be recording all complaints that they receive, regardless of whether they would fall within AFCA's jurisdiction.

Firms may wish to collect additional data on outcomes for their own purposes. As noted at paragraph 26, this is acceptable provided firms map that data back to the IDR data dictionary before it is reported to ASIC.

## Compensation or monetary remedy

61 In both rounds of our consultation, we included a data element capturing whether a monetary remedy was provided and, if so, the dollar amount.

62 The feedback we received included that:

- (a) the IDR data dictionary should distinguish between compensation that was owed to the complainant and *ex gratia* payments made out of goodwill;
- (b) compensation can be difficult to calculate. Respondents queried whether 'compensation' includes fee adjustments and debt waivers; and
- (c) publishing the amount of compensation actually paid could breach confidentiality agreements or create incentives for firms to reduce compensation (to improve perceptions about any underlying wrongdoing).

### *ASIC's response*

We have chosen not to distinguish between *ex gratia* payments and compensation owed to a consumer. Rather than compensation, the IDR data dictionary now uses the words 'monetary remedy': see data element 16. This is to ensure that we are capturing any monetary outcome, regardless of whether it was an *ex gratia* payment. This will be reported in one lump sum.

We have clarified that any waivers of fees or debt, as well as reduced interest, will be classified as a monetary remedy. While it may not be possible to calculate the future financial impact of a remedy, we expect firms to make an estimate using reasonable assumptions.

While firms have noted potential issues with publishing data on monetary remedies at a firm level, this is separate to the question of whether that data should be reported to ASIC. We will carefully consider the merits of any data we publish, particularly where individual firms are identified. We have responded to issues raised in feedback on publishing IDR data in Section E.

## Complaint in whose favour

63 In both consultation rounds, we included a data element to capture whether the complaint was resolved in favour of the consumer or the financial firm.

- 64 Many submissions commented on this data element, and the overwhelming majority did not support this approach. We were told that this approach:
- (a) fails to account for outcomes in favour of both parties, or neither party;
  - (b) may generate misleading or unfair results at the publishing stage, and discourage positive complaints handling practices (e.g. to compromise or make an *ex gratia* payment);
  - (c) would require subjective judgement and would be difficult for frontline staff to answer in a consistent way across financial firms.

*ASIC's response*

In response to feedback we have removed this data element. While it is a relevant data element at AFCA, we do not consider that it readily fits the types of resolution that may be achieved at IDR.

### Linking IDR and AFCA data

- 65 A key objective of the IDR data collection and reporting framework is to link outcomes of complaints between IDR and AFCA.
- 66 This requires ASIC to be able to link a complaint's unique AFCA case number to its unique IDR identifier. In consultation versions of the draft data dictionary, we had proposed that financial firms would report data on whether a complaint was escalated to AFCA. We had also proposed that if a complaint was escalated, the firm should report the unique AFCA complaint ID number.
- 67 We received feedback from firms that AFCA would be better placed to provide details about any complaints that it receives.
- 68 Separately, previous draft versions of the IDR data dictionary sought to capture whether a complaint had been referred back to the firm from AFCA under the 21-day post-IDR 'refer back' arrangements. We received feedback that this refer back period is actually the first stage of the AFCA process, and that AFCA would be better placed to capture this information.

*ASIC's response*

We agree that AFCA would be better placed to capture the unique complaint identifier so that we can link AFCA complaints to their relevant complaints at IDR. We are working with AFCA to consider the best options to implement this.

We also agree that information on the outcomes from the AFCA process after an IDR response has been provided is better reflected in AFCA data.

This is distinguished from complaints that are referred to financial firms from AFCA *because they have not yet been to IDR*. These complaints should be treated as regular IDR complaints. Firms should record that they first received the complaint via referral from AFCA at data element 8 'Complaint channel', using code 7 (Referral from AFCA). For more information on the new complaint channel data element, see paragraph 78.

## Complaint status

- 69 Some respondents stated that capturing whether a complaint is 'Withdrawn' is insufficiently detailed. Complaints that are withdrawn may suggest either active withdrawal or that the firm has lost contact with a complainant who has stopped pursuing the complaint. Other respondents also noted that 'Withdrawn' is not the status of a complaint, but is actually an outcome. The status of a withdrawn complaint is 'Closed'.
- 70 In the draft data dictionary we included a complaint status named 'Re-opened'. Our intent was to capture more accurately:
- (a) how long a complaint was open;
  - (b) whether a complaint had been re-opened; and
  - (c) if a complaint was re-opened, what the relevant dates were.
- 71 Some respondents found this concept confusing and noted that it would be time consuming to add additional dates.

### *ASIC's response*

The IDR data dictionary now captures 'Withdrawn' as a complaint outcome (see data elements 15a–15c 'Complaint outcome'), rather than a complaint status. We agree that the status of withdrawn complaints will always be 'Closed': see data element 7 'Complaint status'. At this time, we have chosen not to distinguish between complaints that are actively withdrawn or complaints where the consumer did not respond.

To simplify the data dictionary, we have removed the 'Re-opened' complaint status. Where a complaint has been closed and re-opened, we understand that the number of days that the complaint was actually open may differ from the time between the date that the complaint was opened and closed. Therefore, where a complaint was closed and re-opened, financial firms can use the new optional data element 11 'Number of days taken to resolve the complaint'. Firms can input the number of days that the complaint took to resolve, not including the time that it was closed.



## Other data elements

- 72 In both consultation rounds, we proposed to include data elements capturing systemic issues, consumer vulnerability and the channel through which a complaint is made.

### Systemic issues data element

- 73 We consulted on including an optional data element that would capture whether a complaint raised any systemic issues.
- 74 The majority of the feedback suggested that it would be difficult to ensure consistent recording of systemic issues between financial firms. Respondents stated that this would require subjective judgement by frontline staff, and that this limitation would mean that this element would be unlikely to provide meaningful insights to ASIC.
- 75 Other respondents supported this data element. Some also proposed that it should be mandatory for staff to consider whether a complaint raises a systemic issue.

#### *ASIC's response*

We have decided not to require financial firms to report data on systemic issues to ASIC at this stage. However, financial firms should record this information to ensure that they are identifying and addressing potentially systemic issues early. This may avoid the need for complex and costly remediations in the future. RG 271 also includes mandatory requirements about systemic issues relating to complaints: see RG 271.118–RG 271.120.

### Vulnerability data element

- 76 Feedback on the proposal to add a data element capturing consumer vulnerability varied. Some respondents supported this element, provided that it is optional and there is a clear definition of 'vulnerability'.
- 77 There were also many submissions that did not support the addition of this data element. These respondents were concerned that it would require subjective judgement by financial firms. They were also concerned about potential negative effects on consumers and their privacy.

#### *ASIC's response*

We have decided not to require firms to collect data on the vulnerability of consumers at this point in time. We have based this decision on the challenges with consistent application across firms. However, we do consider that this data may be useful for financial firms to collect for internal use.

## Complaint channel data element

- 78 Most of the feedback supported the inclusion of a data element to capture the channel through which a complaint is made. Many firms already collect this information. Some respondents suggested this information was not central to complaints management. Others suggested that we should allow for multiple channels to be recorded for a single complaint, as complainants may make the same complaint through multiple channels.

### *ASIC's response*

We have included data element 8 'Complaint channel'. This will help ASIC understand access to IDR, including complainants' preferences for making complaints. It will also help ASIC analyse any differences in complaint outcomes or timeframes.

For simplicity, firms will only be able to report the first channel that a complaint is made through.

## D Reporting systems and processes

### Key points

This section sets out our response to feedback on the systems and processes for reporting the IDR data to ASIC. This feedback focused on:

- ensuring consistent reporting (see paragraph 79);
- the frequency and dates for reporting data to ASIC (see paragraphs 80–81);
- the reporting of open complaints over multiple reporting periods (see paragraphs 82–83); and
- file requirements for IDR data (see paragraph 84).

### Ensuring that requirements are consistently followed

- 79 Several submissions focused on the need for data requirements to be strictly applied, so that the data accurately reflects firm performance.

#### *ASIC's response*

The data reporting requirement will be legally enforceable under s912A of the Corporations Act (and associated sections of other relevant Acts). This will allow ASIC to ensure that the data requirements are applied consistently across industry.

### Reporting frequency and lodgement dates

- 80 In CP 311, we consulted on requiring firms to report to ASIC every six months, by the end of the following calendar month for each reporting period. In the addendum to CP 311, we consulted on whether it would be more appropriate for firms to report data on a quarterly basis. The aim of this proposal was to ensure the currency of the IDR data that is reported to ASIC.
- 81 We received a substantial volume of feedback that quarterly reporting would be too onerous for financial firms. Firms were far more supportive of a six-month timeframe.

#### *ASIC's response*

We will require six-monthly reporting. Once the IDR data reporting processes are embedded within firms, it may be appropriate to revisit the merit of moving to quarterly reporting (subject to further consultation).

Financial firms will be required to report their data to ASIC within one month of the end of the relevant reporting period.

## Reporting open complaints where the status remains unchanged

- 82 Sometimes the status of an open complaint has not changed over multiple reporting periods. In CP 311 we asked whether financial firms should report these complaints to ASIC for the periods when there has been no change in status.
- 83 Feedback suggested that it is more practical for industry to report all open complaints, without the need to filter out open complaints that have previously been reported.

### *ASIC's response*

In response to feedback, firms must report all complaints that remain open at the end of each reporting period (in addition to all complaints closed within the reporting period). This includes those open complaints that firms may have previously reported to ASIC.

As complaints will have a unique identifier, we will be able to update the data for all complaints previously reported without double counting.

## File requirements

- 84 Most respondents thought that a maximum file size of 25 MB would be sufficient for their half yearly IDR data files. A small number of large firms submitted that their half yearly IDR data files would exceed 25 MB.

### *ASIC's response*

To allay any concerns about file size, we have set the maximum file size at 100 MB.

## E Publishing IDR data

### Key points

Stakeholders expressed keen interest in our approach to publication of IDR data. We received key feedback on how to ensure data is appropriately contextualised to enable robust, fair and meaningful comparisons between firms.

Our approach to publication will be guided by principles of transparency, comparability, usefulness and timeliness. Our approach will develop as we begin to receive data through the pilot and implementation stages.

### ASIC's approach to publication

- 85 Several respondents did not favour publishing IDR data at the firm level. They preferred data to be aggregated at the industry or sector level. Other respondents noted particular data elements that they did not think should be published at the individual firm level (e.g. the amount of monetary compensation).
- 86 Others expressed concern that data be presented fairly. They were concerned that the data should not mislead readers, and wanted to mitigate potential adverse reputational impacts.

#### *ASIC's response*

Our approach to the publication will be guided by the principles set out in the [Ramsay Review final report](#) at paragraph 10.19. Relevant to publication were the principles of comparability, usefulness, transparency and timeliness.

We will also be guided by language in the Explanatory Memorandum to the Treasury Laws Amendment (Putting Consumers First—Establishment of the Australian Financial Complaints Authority) Bill 2017. The Explanatory Memorandum states at paragraph 2.7 that:

'ASIC will be able to publish information (including firm specific data) that it receives under the new reporting requirements. Publishing such information will provide valuable information to consumers and drive firms to improve their IDR practices by increasing transparency about the performance of their firm relative to other firms.'

Data quality will be a key factor in deciding what IDR data we will publish and how we will present it.

Stakeholder feedback received in this consultation will be relevant to the further development of our approach to publication. We will be refining our approach as a result of feedback from the IDR data reporting pilot. We intend to eventually publish IDR data at the financial firm level.

## Contextualising IDR data

- 87 Many respondents emphasised the need to contextualise a firm's IDR data in relation to factors such as its size and industry subsector. In the addendum to CP 311, we invited feedback on how best to contextualise the IDR data. We wanted to ensure that readers can make fair comparisons between firms of various sizes and industry subsectors.
- 88 Many respondents suggested that, for simplicity and comparability, we could use AFCA's measures of size and sector. Others suggested that size could be measured on a per-customer basis or on industry-specific metrics (e.g. the number of advisers, size of credit loan book, or amount of funds under management).
- 89 Some respondents also noted that for larger financial firms it would be important to emphasise how different firms are structured. For instance, where a well-known brand operates under multiple licences, they may appear to have fewer complaints than a comparable firm that operates under a single licence.

### *ASIC's response*

We are conscious of ensuring the data is presented in a way that is fair and appropriately contextualised. We will consult further on publication once we have completed the IDR data reporting pilot.

## Benchmarking IDR performance

- 90 We consulted on which elements of the data dictionary would be most useful for firms to benchmark their IDR performance. Respondents identified the following elements as appropriate for benchmarking:
- (a) timeframes for resolving complaints;
  - (b) IDR outcomes;
  - (c) complaint volumes relative to firm size;
  - (d) the proportion of complaints escalated to AFCA; and
  - (e) complainant demographics.

91 Some firms included benchmarking factors that are not captured in the data dictionary, but which they collect. For example:

- (a) consumer satisfaction with the complaint handling process;
- (b) the proportion of complaints resolved during the first contact; and
- (c) the number of complaints per 1,000 claims (in insurance).

*ASIC's response*

We encourage financial firms to use the published IDR data to benchmark against their peers. We consider that this will help firms to improve performance. This may also help firms contextualise their IDR performance for reports to executives or the board.

The data we collect and publish is intended to cover a large and diverse group of industry participants. We expect that many financial firms will collect and analyse more granular IDR data than is appropriate for our industry-wide data collection.

## Appendix: List of non-confidential respondents

### Respondents to CP 311

- AIG Australia
- Ali Group
- ANZ
- American Express
- AMP
- Association of Financial Advisers
- Association of Securities and Derivatives Advisers of Australia
- Association of Superannuation Funds of Australia
- Australian Banking Association
- Australian Collectors and Debt Buyers Association
- Australian Finance Group
- Australian Finance Industry Association
- Australian Financial Complaints Authority
- Australian Financial Markets Association
- Australian Institute of Company Directors
- Australian Institute of Superannuation Trustees
- Australia Retail OTC Derivatives Association
- Australian Small Business and Family Enterprise Ombudsman
- Australian Timeshare and Holiday Ownership Council
- Banking Code Compliance Committee
- Care Inc Financial Counselling Service/Consumer Law Centre (Joint Submission)
- Chris Rutherford
- Citigroup
- Commonwealth Bank of Australia
- Consumer Action Law Centre
- Consumer Credit Law Centre SA
- Consumer Credit Legal Service WA
- Corporate Superannuation Association
- Customer Owned Banking Association
- Finance Brokers Association of Australia
- Finance Industry Delegation
- Financial Counselling Australia
- Financial Planning Association
- Financial Rights Legal Centre
- Financial Services Council
- GS1 Australia
- Industry Super Australia
- Insurance Council of Australia
- Law Council of Australia
- Legal Aid NSW
- Legal Aid Queensland
- Mastercard
- Maurice Blackburn
- MDA National
- MIGA
- Mine Super
- Min-it Software/Financiers Association Australia (Joint Submission)
- Mortgage and Finance Association of Australia
- National Australia Bank
- National Credit Providers Association
- National Insurance Brokers Association
- Perpetual
- Prospa
- P&N Bank
- RACV
- RateSetter
- Stockbrokers and Financial Advisers Association
- Super Consumers Australia
- Tasmanian Small Business Council
- Toyota Finance Australia Limited
- Westpac Group



## Respondents to the addendum to CP 311

- ANZ
- Association of Financial Advisers
- Association of Securities and Derivatives Advisers of Australia
- Association of Superannuation Funds of Australia
- Aware Super
- Australian Banking Association
- Australian Collectors and Debt Buyers Association
- Australian Finance Group
- Australian Finance Industry Association
- Australian Institute of Superannuation Trustees
- Australian Timeshare and Holiday Ownership Council
- Customer Owned Banking Association
- Finance Brokers Association of Australia
- Financial Planning Association
- Financial Rights Legal Centre / Consumer Action Law Centre
- Financial Services Council
- FM Super Resolutions
- IG Markets
- Insurance Australia Group
- Insurance Council of Australia
- MDA National
- MIGA
- Mortgage and Finance Association of Australia
- National Australia Bank
- National Insurance Brokers Association
- QLD Law Society
- Stockbrokers and Financial Advisers Association
- Westpac Group