



ASIC
Australian Securities &
Investments Commission



Review of written responses to superannuation complaints

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About this report

This report summarises the findings from an evaluation conducted for ASIC by Susan Bell Research of 274 responses to general superannuation complaints issued by 10 trustees.

It highlights the elements identified in the research as undermining the effectiveness of written responses to complaints and includes seven recommendations for how these responses can be improved.

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Introduction

Why ASIC commissioned this report

Internal dispute resolution (IDR) requirements for financial firms were revised by ASIC Regulatory Guide 271 *Internal dispute resolution* (RG 271) on 5 October 2021. To meet these updated requirements, superannuation trustees must respond to complaints within a shorter time frame than applied before 5 October 2021. Like all financial firms, they must also meet new minimum content requirements for responses to complaints.

The Australian Securities and Investments Commission (ASIC) engaged Susan Bell Research to conduct an evaluation of written responses to complaints from members that had been issued by ten superannuation trustees. These written responses are referred to as IDR responses in RG 271. These were all responses to complaints made about a superannuation fund excluding those about the distribution of a death benefit.

ASIC sought this review as part of a wider thematic project looking at IDR in superannuation given that superannuation is a long-term and inherently complex product for many consumers. The ten trustees¹ were selected by ASIC as part of this project and the review of their IDR responses related to one superannuation fund per trustee. Each superannuation fund had over 50,000 members.

The evaluation process

ASIC requested the evaluation process to be a desk-based assessment of the style, tone, and structure of these IDR responses.

A person who receives an IDR response should be able to understand:

- the outcome of their complaint
- the reasons for this outcome and
- any remedial or other actions that have been taken.

Susan Bell Research created an evaluation framework based on the psychology of reading and plain language principles. The framework has four key elements:

1. engaging the reader's attention
2. motivating the reader to read the IDR response in full
3. comprehension of the information contained in the IDR response
4. supporting the reader in accepting the outcome and making it clear that their complaint had been heard.

We worked with ASIC to develop a quantitative scorecard and a qualitative assessment based on this framework. More details on what was evaluated and the evaluation methodology are provided in the Appendix of this report.

¹ When we use the term trustee in this report, we mean the entity in its capacity as trustee for the one super fund covered by ASIC's work.

Summary and recommendations

Results of the quantitative scorecard

The trustee scores

The IDR responses reviewed included both emails and letters that are referred to collectively as ‘letters’ in this report.

The evaluators assessed a total of 274 letters issued by 10 trustees. We gave each letter a score out of 30. This was a composite based on the four elements of the framework.

A score of 30 meant that the letter would attract the complainant’s attention, motivate them to read all of it, understand all of it and accept that their complaint has been heard.

Any score less than 30 meant one or more of:

- The reader may not have seen information that they needed to know
- The reader may not have understood that information
- The reader may not have accepted that information or known what to do next.

The evaluators then calculated an average score for each trustee. Table 1 shows that the average trustee score was 24. The lowest trustee score was 22 and the highest 26. None of the 10 trustees achieved the maximum of 30.

Table 1. Average scores for the ten trustees overall

Maximum possible score	Average for the ten trustees	Lowest trustee score	Highest trustee score
30	24	22	26

The range of letter scores

There was considerable variation between the letters. As Table 2 shows, 14% of the letters scored less than 20 out of 30, 46% scored between 20 and 24, and 40% scored 25 or more, where 30 was the highest score possible.

Table 2. Distribution of scores

Percentage of letters that scored under 20	Percentage of letters that scored between 20 and 24	Percentage of letters that scored 25 or more
14%	46%	40%

The evaluators described the language of each letter as having low, mid or high complexity. Table 3 shows that 40% of the letters had low complexity language, 41% mid complexity and 19% high complexity. The detailed findings explain what these terms mean.

Table 3. Complexity of the language

Low complexity	Mid complexity	High complexity
40%	41%	19%

Attention, Motivation, Comprehension and Acceptance

The framework used to assess each letter has four parts: Attention, Motivation, Comprehension and Acceptance.

Attention and Motivation were given a weighting of 5 for this analysis. Comprehension and Acceptance were given a weighting of ten.

Average scores for each element for the letters reviewed overall are shown in Table 4:

Table 4. Average scores for the letters overall

Element	Maximum score possible	Average for all letters
Attention	5	4
Motivation	5	4
Comprehension	10	7
Acceptance	10	9

The average for Attention was 4 out of 5, for Motivation 4 out of 5, for Comprehension 7 out of 10 and Acceptance 9 out of 10.

Proportionally the lowest of these was Comprehension. Comprehension refers to the likely ease with which the intended reader could understand the letter, and, as the next section shows, is one of the main reasons for the wide variety of scores.

Next – the seven reasons why some letters were less effective than others.

Attention, Motivation, Comprehension and Acceptance scores

The new IDR requirements in RG 271 cover the content of IDR responses. The aim is to ensure that complainants are provided with sufficient information to understand the outcome of their complaint and the rationale for decisions that are not in the complainant's favour. 'Sufficient information' should also include any remedial or other actions that have been taken.

We used our Attention, Motivation, Comprehension and Acceptance framework to assess how well the trustees met these criteria. Below, we summarise what each of these means.

Attention

Letters need to attract the reader's attention straight away. Key to this is a letter design that makes it easy for the reader to find the information they need, specifically the outcome of the complaint and the next steps.

Motivation

The reader needs to feel motivated to read all of the letter. This means knowing that the letter is about the complaint, finding the outcome easily and not feeling daunted by difficult layout or language.

Comprehension

To understand the outcome of their complaint, the reader must understand the words used and be able to process the information in the sentences and paragraphs. This is especially the case if they need to understand a legal process or technical product feature.

Acceptance

Acceptance assesses whether the trustee explains the reasons for the outcome, takes responsibility for its own mistakes or delays, treats the complainant with empathy, apologises where appropriate, educates the complainant, where that would be helpful, and/or makes the next steps clear.

Summary of results on the framework

Table 8 shows how the trustees performed on applying the framework. It shows the average for each element and the lowest and highest score.

Table 8. Average trustee scores on the framework

Element	Maximum score possible	Average for all ten trustees	Lowest trustee score	Highest trustee score
Attention	5	4	4	5
Motivation	5	4	3	4
Comprehension	10	7	6	8
Acceptance	10	9	8	9

Overall, the most critical problem was comprehension – where the average score was seven out of ten, the lowest score six and the highest eight. In other words, some trustees communicated more clearly in their complaint letters than others.

- In terms of Attention, there was little variation between the trustees. Some scored the maximum of 5 points, while others scored 4.
- Motivation – no trustee scored the maximum points of 5. The range was between 3 and 4.
- Acceptance – no trustee scored the maximum of 10 points. The lowest score was 8 and the highest 9.

Attention, Motivation, Comprehension and Acceptance scores: Qualitative analysis

This next section explains more about how the trustees performed on the Attention, Motivation, Comprehension and Acceptance framework.

Attention

Responses to complaints need to attract the reader's attention straight away. IDR responses that scored highly made it easy for the reader to find the information they needed, specifically the outcome of the complaint and the next steps.

Letters that scored well made it immediately clear that they were about the complaint.

However, in terms of finding the outcome within the response, there was much more variation.

- The outcome of the complaint was generally easily seen in *short* letters. In longer letters about complex problems the outcome of the complaint was often hard to see because it was part of a long – and sometimes unrelated – paragraph.
- The longer letters tended to be about complex problems or lengthy claims when it was particularly important that the complainant could identify any actions they needed to take.

Our review suggests that longer IDR responses would benefit from using more headings and using short bullet points. Removing information from the body of the letter and placing it in an attachment can also be beneficial.

Motivation

The reader needs to feel motivated to read all of the letter. This means knowing that the letter is about the complaint, finding the outcome easily and not feeling daunted by difficult layout or language.

Letters that scored well on motivation:

- were short or
- had headings to break up large amounts of text.

Letters that did not score well on motivation:

- were long – some were over five pages. The longest letters included copied and pasted sections of the policy or PDS, and/or
- used too few sections and headings.

Sometimes there was a lot of text under the heading of 'the investigation' (or equivalent) because the complaint was complex or the investigation lengthy. These letters (and where relevant the template they were based on) would have benefited from more headings and subheadings to break up this text. Otherwise, the complainant may skim-read it and therefore not understand it fully.

Comprehension

Every trustee scored below the benchmark of 10 on comprehension. The problems were:

- **Poor readability.** To assess how readable the text was, the evaluators used the Flesch Kincaid⁷ calculator to assess the reading level of a sample of sentences from each trustee. The sentences chosen were typical of the style used by that trustee. In every case, the calculator assessed the

⁷<https://goodcalculators.com/flesch-kincaid-calculator/>

sentence as appropriate only for a reader with tertiary education, rather than the Grade 7 level recommended by the Australian Government and plain language advocates.

- **Very long sentences.** The ideal sentence length is up to 20 words. Some letters had sentences with more than 50 words.
- **'Work voice'.** Work voice is a style of language rarely seen or heard outside the workplace. Examples include the phrase 'a good faith payment on a no liability basis' and 'the team adopts a diversified approach to portfolio construction'. Almost all trustees used work voice, some more than others.
- **Jargon.** In this context the evaluators considered a word or phrase to be jargon if it was a specialist superannuation, investment or insurance term and the letter was written for a fund member and not a professional. The term 'risk tolerances' was considered jargon as was 'net tax liability'. Both terms were used in letters to members.
- **Spelling errors and grammatical mistakes.** Every trustee submitted several – and in some cases many – letters that had spelling or grammatical mistakes. These were especially common in emails. Typical errors included poor or missing punctuation, the wrong word, and mis-spelled words, including mis-spelled names.

Acceptance

Acceptance means being able to use the information in the letter. In the current case it means the complainant being satisfied that their issues have been considered or knowing what other steps to take.

Most of these letters did explain the reasons for the outcome of the complaint, apologised in an appropriate way and made the next steps clear. However, some trustees placed too much emphasis on explaining their own processes rather than on the complaint itself.

Empathy is another aspect of acceptance – whether the person who has complained feels that the trustee has understood them and empathises with their circumstances. It was rare to see any obvious disregard for the complainant's feelings or circumstances, nor were authors overtly critical of complainants.

However, some authors did not appear to understand that a person who, for example, fears their rollover funds have gone missing will likely contact the call centre every day until the rollover is complete.

People who have complained needed reassurance as well as the explanation for what seemed to the complainant to be a delay. Referring to the number of times the person called can seem like criticism.

Some letters implied that the complainant was at fault for not having remembered (or understood) their policy.

In summary, this analysis has shown that IDR responses can be improved. One improvement that could have significant impact would be to make the letters more readable. If they are more readable, they are more likely to be understood and accepted as a satisfactory response. This means using words and phrases that are familiar to the audience, and using short sentences. It is also important that apologies and descriptions of company processes do not get in the way of the complainant finding the outcome of the complaint and knowing what to do next.

Appendix

1. Evaluation method

What we evaluated

As part of ASIC's wider project looking at IDR in Superannuation, ASIC used its compulsory information gathering powers to obtain copies of actual consumer complaints made to 10 superannuation trustees (related to one super fund per trustee), and the letters and/or emails that constituted the written IDR response to those complaints. ASIC selected the trustees and super funds being covered based on information gathered in an earlier stage in its wider project and previous work related to IDR.

The super funds selected together had over 5 million member accounts and \$390B in assets as at 30 June 2021.

ASIC mandated the sample of the IDR responses that the 10 trustees needed to provide for each super fund, being a specific number of the first or last IDR responses issued in the months of January 2022, February 2022, March 2022 and April 2022. In this way, ASIC sought to obtain a random sample.

ASIC then provided Susan Bell Research with a de-identified summary of the issues raised by each complainant in their complaint and view-only access⁸ to a copy of the corresponding IDR response or a pdf of the IDR response which had been redacted to remove personal details. When providing these responses to Susan Bell Research, ASIC excluded those which were an objection to the proposed distribution of a superannuation death benefit, due to the unique nature of those complaints.

In total ASIC provided 274 IDR responses to be reviewed by Susan Bell Research, with no more than 30 for any single trustee. Less than 30 were provided where a trustee had issued less than 30 IDR responses to complainants in the period 1 January 2022 to 30 April 2022.

The evaluators were Research Society Fellows Jane Gregory and Susan Bell.

The evaluation framework

Susan Bell Research worked with ASIC to develop a scorecard based on the evaluation framework designed by Susan Bell Research. When developing the scorecard, Susan Bell Research drew on our user testing experience and our knowledge of the psychology of language – especially our knowledge of how people read formal and official documentation:

- The reader must first pay attention.
- Then the reader must feel motivated to read all of it.
- Then they must be able to understand what they read.
- And then be able to use the information they have gained – in the case of IDR responses this meant accepting the outcome or knowing what other steps to take.

The framework therefore has four parts: Attention, Motivation, Comprehension and Acceptance. In our view, the last two of these are more important than the first two, at least as far as IDR responses are concerned. We therefore chose to give a 10-point weighting to each for Comprehension and Acceptance and five points each for Attention and Motivation.

More information in Table 9 below.

⁸ arranged by way of an approved secure electronic file-sharing service.

Table 9. Evaluation framework and scoring system

Element	What this means	Score out of
Attention	Does the letter tell the reader what the letter is about and help the reader see relevant content?	5
Motivation	Are the layout and appearance of the letter likely to motivate the reader to read it?	5
Comprehension	Does the letter use words and sentences that would be familiar and easily understood by the intended reader?	10
Acceptance	Is the reader likely to understand and accept the outcome of the complaint and/or know the next steps to take?	10
Overall	The overall score for the letter when the scores for Attention, Motivation, Comprehension and Acceptance are combined	30

As this shows, the maximum score for any letter was 30.

2. How readers experience an IDR response

Reading complex information for the first time

Most readers of IDR responses will not have a background in superannuation, investment or insurance. They may know about a few product features but are unlikely to be familiar with the terminology and the legislation.

The IDR response may be the first time that they have read or tried to understand this kind of information. They probably have no prior experience to draw on.

Writing in a way that makes the reading experience easier under these circumstances means taking working memory into account, as described below.

Reading and working memory

When people read, they use working memory. Most people can keep a sentence of about 20 familiar words in working memory as they read.

For this reason, paragraphs should be about one topic. There should be space between paragraphs to allow the reader to clear working memory and start again.

Section headings and bold font also help readers process information.

IDR responses and working memory

An IDR response can be particularly demanding of working memory, because:

- They are often about complex topics.
- Superannuation, investment, and insurance organisations have their own technical language which the general public does not necessarily understand.
- At the heart of the complaint, there may be regulatory or company processes that are unknown to the complainant.
- Some complaints occur because the complainant does not understand their product, policy, the legislation, or the share market.

3. Susan Bell Research

Susan Bell Research offers research and content testing services and consultancy services.

We have decades of experience conducting content testing of policy documents, guidelines, letters, statements, SENs, and landing pages for the superannuation, investment and insurance industries. We know how people read documents of this kind.

Susan Bell and Jane Gregory are Fellows of the Research Society and therefore bound by the Research Society Code of Professional Behaviour.

The agency is Australian-owned and managed and AS/NZS ISO 20252 Market and social research certified.

Susan Bell is a member of the International Plain Language Association PLAIN and has written articles for the ejournal PLAIN.

Susan Bell Research is a registered business name, and division of Les Bell & Associates Pty Ltd, of which Susan Bell is a Director.

Table 10. Information about Susan Bell Research

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