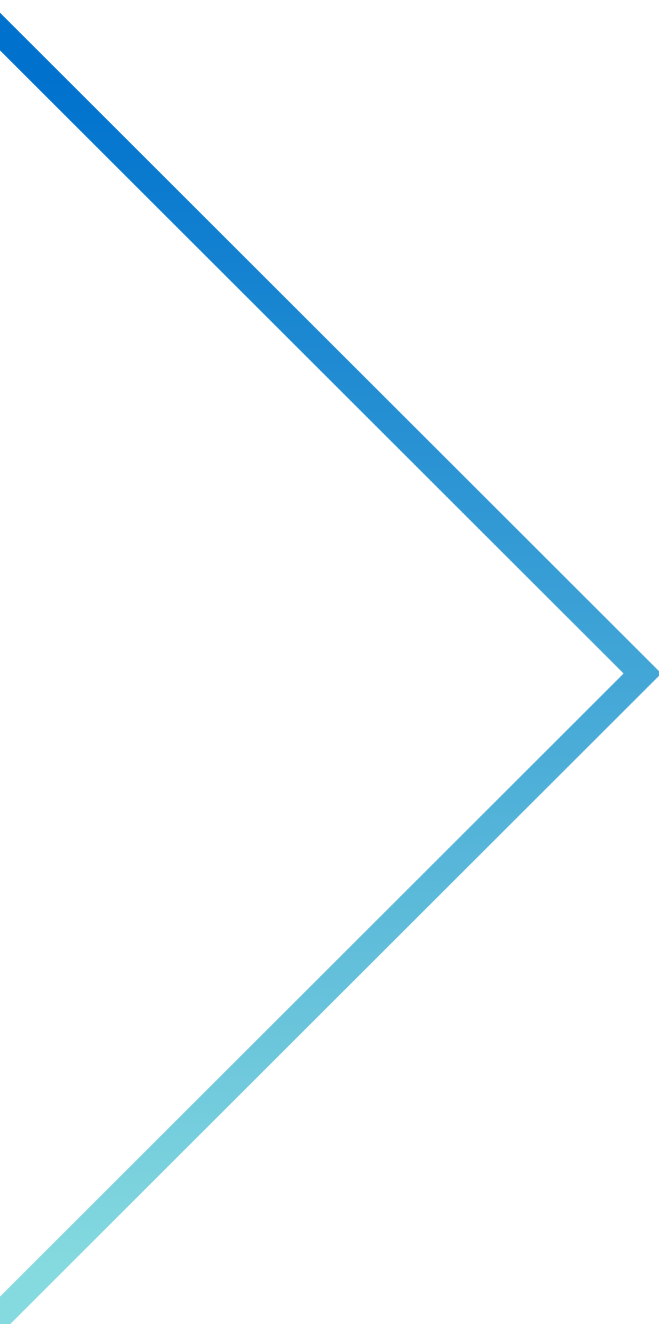




ASIC
Australian Securities &
Investments Commission



Mortgage brokers: Review of best interests duty and complaints handling practices

Report 840 | October 2026

About this report

ASIC reviewed how eight large aggregator groups comply with the mortgage broker best interests duty and internal dispute resolution obligations. This report outlines ways the mortgage broking sector can reduce the risk of non-compliance and improve outcomes for consumers.

Contents

Executive summary	3
Compliance with the best interests duty	6
Monitoring and supervision of credit representatives	13
Complaints handling and the best interests duty	18
Use of data to manage conduct risk	26
Appendix 1: Review methodology	29
Appendix 2: Accessible versions of figures	31
Key terms and related information	33

About ASIC regulatory documents

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Executive summary

More than 80% of home loans are currently provided through mortgage brokers. This gives them significant influence over consumers' borrowing decisions and financial outcomes. As at December 2025, households taking out a new mortgage were spending [around 45% of the median household income on repayments](#). With so much at stake financially, it is critical that brokers act in consumers' best interests when helping them choose the right home loan.

Given their influence on consumer outcomes, ASIC reviewed 13 credit licensees that make up 8 large mortgage broker aggregator groups to understand how they ensure their credit representatives comply with their duty to act in the best interests of consumers and how they respond to consumer complaints. We focused on these groups as they are responsible for approximately two-thirds of all broker representatives.

To inform our review, we obtained data and documents from the licensees, which included a sample of loan application files: see [Appendix 1](#). The licensees also showed us the systems they use to help brokers compare and present products to consumers, and those that support compliance with the best interests duty.

We found that the licensees generally had processes that were designed to support compliance with legal obligations. However, we identified where licensees could:

- › strengthen their processes for ensuring their representatives comply with the best interests duty, particularly where the expected costs of the loan recommended are significantly more than other loans available to the consumer
- › develop more mature practices for receiving and handling complaints to ensure compliance with their internal dispute resolution obligations in Regulatory Guide 271 *Internal dispute resolution* ([RG 271](#)), and
- › enhance their systems and data for overseeing their representatives, monitoring the quality of credit assistance and identifying potential misconduct.

All mortgage broker licensees should use the findings in this report to assess whether they need to change their own practices.

Overview of the mortgage broking industry

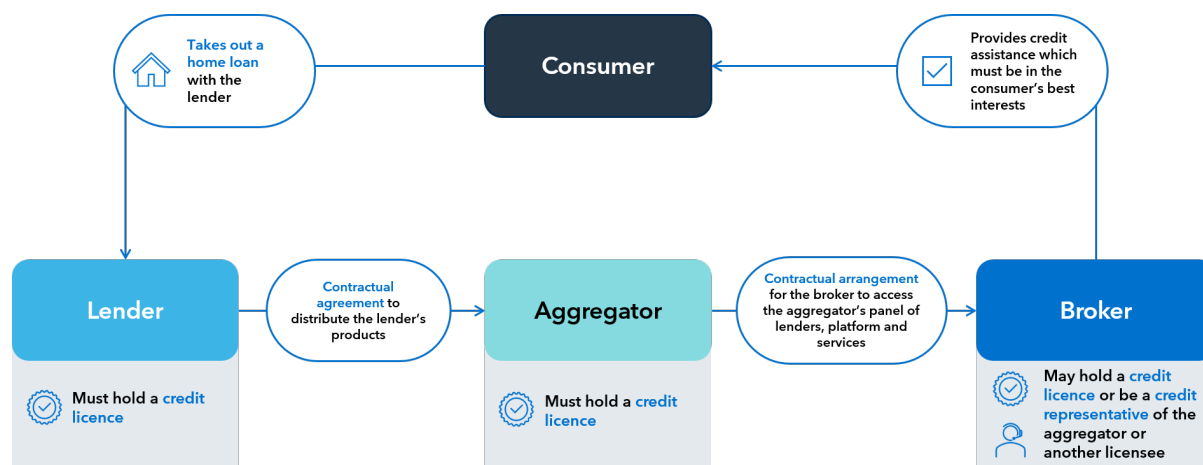
Mortgage brokers help consumers compare, select and apply for loans that meet their specific needs and objectives. They can access loan products from a range of lenders. Brokers do not usually charge consumers a fee for their services. Instead, they receive commissions from lenders for distributing their products.

Individual brokers generally access loan products through large mortgage broker businesses known as aggregators. Aggregators have arrangements with lenders that enable individual brokers to access and apply for loans through them. They also provide brokers with administrative support, IT systems, compliance frameworks, training and professional development.

Some brokers operate as credit representatives under an aggregator's credit licence. In this case, the aggregator is responsible for the representative's conduct. Other brokers hold their own credit licence and are responsible for their own conduct and that of their representatives.

A simplified illustration of the different parties involved in the mortgage broking industry is provided in Figure 1.

Figure 1: Parties in the mortgage broking industry



Key regulatory obligations

Mortgage brokers are required to hold a credit licence or be authorised as a credit representative of a credit licensee. Credit licensees must comply with general conduct obligations under section 47 of the *National Consumer Credit Protection Act 2009* (National Credit Act), including to:

- › do all things necessary to ensure that the credit activities authorised by the licence are engaged in efficiently, honestly and fairly
- › take reasonable steps to ensure that their representatives comply with the credit legislation, and
- › have an internal dispute resolution (IDR) procedure that meets ASIC's standards and requirements (as set out in [RG 271](#)) and covers disputes about credit activities engaged in by the licensee or its representatives.

Mortgage broker licensees are also required to comply with the responsible lending obligations in Part 3-1 of the National Credit Act.

The best interests duty requires mortgage broker licensees to act in the best interests of consumers (section 158LA) and take reasonable steps to ensure that their representatives act in the best interests of consumers (section 158LE(2)). Representatives also have a legal obligation to act in the best interests of consumers (section 158LE(1)).

Regulatory Guide 273 *Mortgage brokers: Best interests duty* ([RG 273](#)) explains what we look for when we assess compliance with the best interests duty and steps licensees can take to minimise the risk of non-compliance with these provisions.

Summary of findings

Demonstrating compliance with the best interests duty when more costly loans are recommended

Licensees had clearly documented processes for collecting consumer information, presenting loan options and making recommendations. However, we found that they could strengthen their processes for when the expected costs of the loan recommended are significantly higher than for other loans available to the consumer.

The documented processes largely aligned with the guidance set out in RG 273, and licensees generally required brokers to document why the recommended loan was not the lowest-cost option. However, some brokers recommended loans that were significantly more costly and did not clearly document why those loans were in the consumer's best interests.

Monitoring and supervising credit representatives' compliance with the best interests duty

Licensees tended to focus on procedural compliance and record keeping when reviewing credit representative files, but had less sophisticated processes for assessing non-standard lending scenarios and recommendations. While licensees used risk indicators to decide which brokers and files to review, none of them used metrics to compare the cost of the recommended loan with other loans the broker considered. There was also limited evidence of follow-up when there were adverse findings. As a result, it was often unclear whether issues were addressed, either through feedback, training or stronger action.

Complaints handling and the best interests duty

IDR complaints were underreported by broker representatives to licensees and by licensees to ASIC. Licensees were generally more compliant with [RG 271](#) when handling complaints and issuing IDR responses directly, compared with when their broker representatives handled complaints.

We observed several frictions in licensees' complaints handling processes, such as insufficient resources, a lack of information to investigate complaints, and delays with compensation payments. Licensees did not always include mandatory information in their responses to consumers, and some complaints were incorrectly treated as withdrawn.

Using data to manage conduct risk

The quality of data collected by licensees, including loan cost and broker recommendations, was inconsistent. Good quality and timely data is essential for licensees to manage their conduct risk.

While brokers generally received similar commissions for standard home loans and did not appear to favour lenders that paid a higher commission, data about commissions and clawbacks was not always stored in a way that was easy to extract or provide retrospectively. It is important for licensees to have a complete picture of the types of additional remuneration available to their broker representatives.

Compliance with the best interests duty

An efficient and productive mortgage broker sector is one that matches consumers with products that fit their needs at the lowest available cost for given features. Accordingly, our review of how mortgage brokers were complying with the best interests duty looked at the tools and processes licensees made available to their representatives to support them when comparing and recommending loans for consumers.

We provide guidance to help mortgage brokers understand their best interests duty and ASIC's expectations for compliance in [RG 273](#).

Policies and tools for making loan recommendations

Alignment with the practices recommended in RG 273

We found that licensees had largely aligned their practices with our guidance in RG 273. However, we identified some areas where both licensees and representatives could improve practices to ensure loan recommendations are consistent with RG 273, particularly when:

- › considering cost – including clearly indicating to consumers the lowest cost options available and demonstrating why it is in the consumer's best interests if a more costly alternative is recommended, and
- › weighing up and demonstrating the quantifiable value of other factors and product features.

Provision of tools to assist loan recommendations

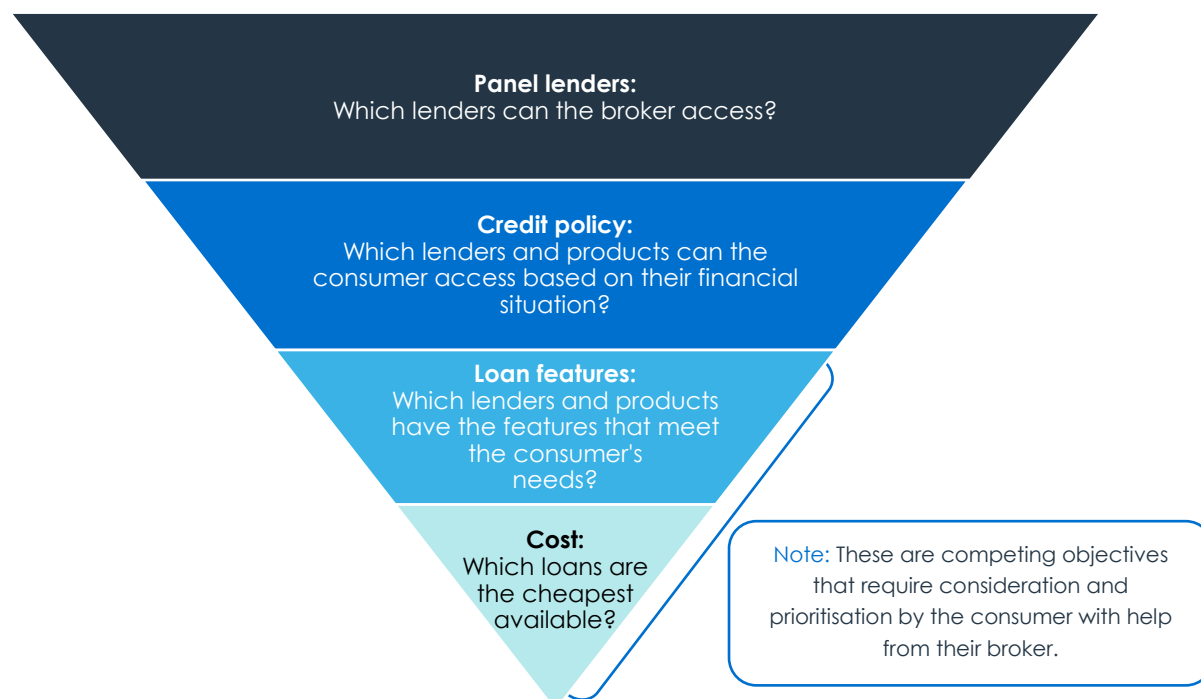
Licensees provided a variety of software and tools to their brokers to help them:

- › gather information about the consumer
- › make an individual assessment of the products available to the consumer to meet their goals and objectives, and
- › present that information to the consumer and help them decide whether to apply for a particular product.

Information was gathered from the consumer through a questionnaire, usually referred to as a 'Fact Find' or 'Needs Analysis'. The questionnaire generally asked for details about the consumer's needs and objectives, personal circumstances and financial situation, as well as their preferences for different products or credit providers. The consumer could complete the questionnaire by themselves (e.g. by entering details in an electronic portal) or during a phone or in-person appointment with the mortgage broker.

Representatives could view loan products available from all lenders on the licensee's panel, including in some cases products from lenders that the representative was not accredited for. The representative could filter the products using the licensee's product comparison software to identify loans that might be suitable to the consumer's financial situation, needs and objectives based on the information gathered through the questionnaire. The licensee's software helped determine serviceability and eligibility for loan products. Figure 2 provides a general overview of this process.

Figure 2: Overview of the typical loan filtering process



Through this filtering process, the representative could generate a shortlist of loan options that could be ranked based on expected cost over the full term of the loan or a shorter reference period (e.g. five years). Cost was typically calculated based on total interest and fees payable.

Representatives could also select loans manually. Licensees told us that this enables representatives to use their experience and industry knowledge to select lenders and products that they are familiar with and are suitable. This includes identifying:

- › **special discounts or benefits (e.g. fee waivers, cashbacks) available with particular loans** – because of the temporary or ad hoc nature of some discounts, licensees' systems did not always identify and apply discounts or benefits without manual intervention by the broker, and
- › **eligibility for certain products** – because of the volume of products with different policies that can change, licensees often encouraged their representatives to consult the lender's portal or formal policy documentation to confirm product eligibility.

Licensees' policies were consistent with our guidance in [RG 273](#), encouraging brokers to present consumers with multiple loan options at the end of the filtering process.

Licensees also had fields in their systems for representatives to record how the recommended loan product was in the consumer's best interests, including alternative products that were considered and the consumer's individual needs and circumstances.

Justification of loan recommendations

In addition to encouraging brokers to present multiple options to consumers, RG 273 states that it is unlikely to be in the consumer's best interests for a broker to suggest that a consumer apply for a loan if there is a cheaper loan that the broker could recommend that would meet the consumer's non-cost needs and objectives.

Loan recommendation samples and comparison data

We reviewed 1,600 loan recommendations where:

- › the recommended loan (800 loans in total) was not the cheapest of the shortlisted loans presented by the broker (Sample 1), or
- › only one option was presented by the broker (800 loans in total) at the end of the shortlisting process (Sample 2).

Importantly, these were recommendations that, according to RG 273 and the policies of the individual licensees, brokers should support with evidence demonstrating why that recommendation was in the consumer's best interests.

We sought data for all of the loans that were compared and presented alongside the recommended product. This included product data, loan purpose, loan amount, interest rate, fees, reversion rate, reversion period, repayment amount and frequency, total cost, and the reasons recorded in the aggregators systems for the recommendation. We did not consider other information or documents that may have been held on file. Our methodology for identifying and examining the sample loans is set out in [Appendix 1](#).

Differences in data collected from licensees

Seven of the eight aggregator groups reported that, during the period from 1 April 2023 to 31 March 2025, brokers did not recommend the consumer apply for the lowest cost loan in more than 20% of cases. For some aggregators, this represented the proportion of loan recommendations by the aggregator's representatives, as well as brokers operating under their own credit licence. For other aggregators, the reported data was solely for their own representatives.

However, from the data we reviewed, it was also apparent that licensees were calculating loan costs in different ways, with some licensees considering cost over the full term of the loan (e.g. 25 to 30 years) and others considering it over a shorter period (e.g. 5 years) to more closely reflect how long consumers tend to remain in a loan. In some cases, the annual cost difference was minimal, and in some cases, it appeared the loan with the higher total cost was likely the cheaper loan over the short term due to lower introductory rates which reverted to a higher rate after a certain period.

Aggregator groups also reported that brokers presented only one loan option in an average of 6.8% of cases, suggesting this was relatively uncommon overall. But results varied considerably across aggregators – the proportion of cases where brokers presented only one loan option ranged from just under 1% to just over 15%. As observed above, for some aggregators, this proportion included data about their representatives, as well as brokers operating under their own licence, while other aggregators only reported data on their representatives.

Reasons for brokers not recommending the lowest cost loan

In [RG 273](#), we identify cost as a factor that should be prioritised in brokers' loan recommendations. But we note that a variety of other factors (e.g. lenders' credit policies or loan approval times) can also be relevant when determining whether a loan is in the consumer's best interests, and these should be documented accordingly.

When a broker recommended a loan that was not the cheapest from the shortlisted loans (Sample 1), it was generally attributed to the consumer's non-cost objectives such as:

- › a requirement for specific loan features – for example, an offset account or redraw facility
- › a requirement for a specific lender policy – for example, non-standard income scenarios or serviceability considerations to improve borrowing capacity
- › loan approval timeframes (i.e. service levels) for relevant lenders, or
- › lender preference – for example, consumers wishing to stay with their existing lender due to perception of brand or reputation, access to banking facilities or ease of use.

However, we found other instances where brokers were at greater risk of being unable to demonstrate that they had complied with the best interests duty when recommending loans. Some examples of this included:

- › failure to record reasons for the recommendation
- › generic or non-specific reasons
- › a lack of detailed cost comparison notes
- › documented reasons limited to the features of each product
- › a recommendation that a particular loan was the lowest cost option even if the data on compared loans indicated they were potentially cheaper in terms of the total cost of the loan over a specified period, and
- › apparent inconsistency with the consumer's stated preference or requirements.

In response to this feedback, some licensees indicated that:

- › the recommendations recorded on some files were not consistent with their expectations to demonstrate the justification for the loan recommended
- › their file review and supervision process for credit representatives would detect and respond to any shortcomings in record keeping, and
- › there could be other information contained elsewhere in their records that indicated the actual reasons for the recommendation.

This indicated that licensees relied on periodic file reviews to identify inadequate reasons for recommendations, instead of using data to more broadly monitor for potentially inadequate reasons for recommendations on an ongoing basis.

Action

Licensees should ensure they can readily identify loan recommendations with limited or no recorded rationale and that are not for the cheapest loan compared.

Cost differences for samples where the broker did not recommend the lowest cost loan

The data provided to us indicated that, in some cases, there were substantial cost differences over a five-year period between the recommended loan and compared loans contained in Sample 1.

Two of the eight aggregator groups could not readily extract data from their loan comparison software on the total cost of the different loan options. Consequently, these licensees had no

visibility of the amount of the cost differences across the portfolio and were unable to undertake any risk-based compliance monitoring in relation to loan costs, except through manual review.

Data quality issues also appeared to affect the ability of some licensees to assess the cost differences of loans being written across the portfolio. For example, some licensees could provide interest rate data for the products compared, but they were not always sure whether information was based on the interest rate the consumer was expected to receive (i.e. the final discounted interest rate). This was because the broker would need to manually input any discounts agreed on by lenders for them to be reflected in the comparison tool, but the comparison tool data did not need to be updated for consumers to receive the discounts.

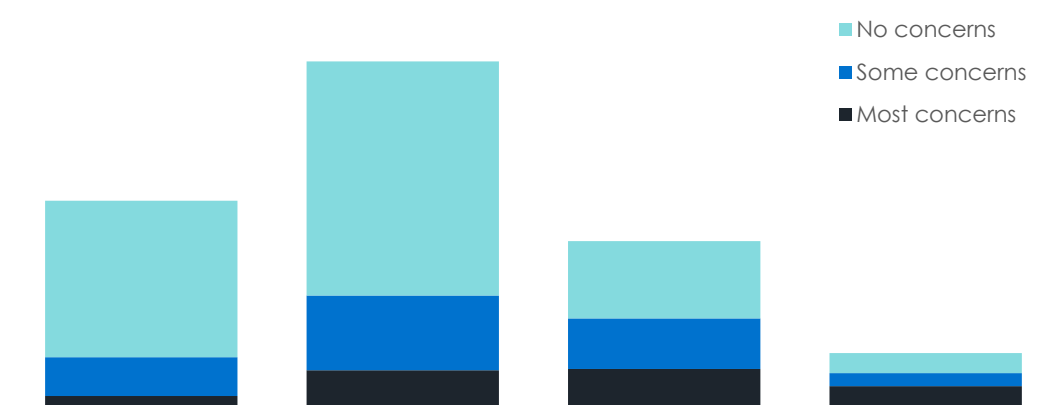
Action

Licensees should ensure their systems capture accurate information relevant to loan recommendations, including lender discounts, promotional offers, cashbacks and lender timeframes for processing loan applications.

We reviewed loans where the broker did not recommend the cheapest option available to the consumer and calculated the projected cost difference (i.e. the difference between the cost of the recommended loan and the cheapest loan compared).

Figure 3 groups the loans from our sample for which cost data was available by the projected additional cost of the recommended loan over a five-year period compared with other loans considered by the broker. It shows the number of loans in each cost category and our level of concern about the adequacy of the broker's recorded reasons for recommending the loan.

Figure 3: Our assessment of brokers' recorded reasons for recommending loans which were not the cheapest compared, with the estimated cost difference over five-year period – number of loans



Note: See Table 3 for the data shown in this figure (accessible version). We explain our evaluation criteria for loan recommendations in [Appendix 1](#).

Most licensees provided us with cost data based on the full term of the loan (generally 30 years). Given that consumers do not typically remain in a home loan for that long, we calculated total cost values for these licensees by dividing the costs over a 30-year loan by six to represent a five-year reference period (which was used by other licensees). We note that even a five-year

reference period may overstate the cost actually incurred by consumers who roll off low introductory rates and seek to avoid higher reversion rates through refinancing.

Figure 4 shows the proportion of loans for which we had concerns about the adequacy of the recorded reasons.

Figure 4: Our assessment of brokers' recorded reasons for recommending loans which were not the cheapest compared, with the estimated cost difference over five-year period – proportion of loans



Note: See Table 4 for the data shown in this figure (accessible version).

While a greater projected cost difference does not mean that a loan is not suitable for a consumer, as indicated in both figures, we had relatively more concerns with the adequacy of brokers' recommendations when the projected additional cost for the recommended loan was greater compared to other loans considered by the broker.

While [RG 273](#) notes that cost is not the only matter relevant to whether a loan is in a consumer's best interests, it also notes the importance of brokers demonstrating that consumers have a realistic possibility of deriving greater value from non-cost considerations such as features and timeliness. The greater the additional cost of a loan recommended by a broker, the greater the risk that the broker cannot demonstrate a consumer will realistically derive greater value from the recommended loan.

Action

Licensees should expect their representatives to provide additional evidence and justification when recommending a loan that will cost more than other available options.

Reasons for presenting only one loan to consumers

It is important that when consumers are presented with few options, brokers assist them to understand why this is the case: see RG 273.93.

When we reviewed recommendations where only one option was presented (i.e. Sample 2 loans), we found that they generally fell into two categories – namely:

- › consumer lender preference – for example, an increase to the amount borrowed under an existing loan or a consumer wishing to stay with their existing bank, or
- › a requirement for a specific lender policy – most commonly accepting non-standard income for servicing or maximising borrowing capacity.

Although aggregators had documented processes and expected their credit representatives to record the rationale for their recommendation, in some cases we could not identify why the broker did not present the consumer with more than one option.

Where there is genuinely only one loan that meets the needs of a consumer, or given the needs of the consumer, there is one clear choice of loan, the reasons for the recommendation should be well documented.

Monitoring and supervision of credit representatives

Licensees have general obligations to take reasonable steps to ensure their representatives comply with the credit legislation. ASIC has previously reviewed and reported on large mortgage broker licensees' practices for supervising representatives: see Report 330 *Review of licensed credit assistance providers' monitoring and supervision of credit representatives* ([REP 330](#)). Many of the findings in REP 330 are still relevant today.

Licensees with mortgage broker representatives also have a specific obligation to take reasonable steps to ensure the best interests duty is complied with. Our recent review considered this obligation and the best interests duty more specifically.

Controls for ensuring compliance

All licensees had specific teams responsible for implementing and overseeing controls to ensure their mortgage broker representatives complied with the credit legislation.

Licensee compliance teams had a range of responsibilities (e.g. file reviews, complaint analysis, investigations and compliance reporting). Teams had a minimum of three to upwards of twenty members, depending on the aggregator group. Two of these teams also had offshore compliance functions.

In order to ensure compliance with the best interests duty and other related obligations, licensees implemented both preventative and reactive controls.

Preventative controls

Licensees had a number of preventative controls in place. They provided initial and ongoing training for representatives and closely supervised a specified number of transactions for new representatives before they could operate independently.

Licensees also had a number of controls built into their mortgage broker workflow software and systems. These included:

- › mandatory fields to capture consumers' requirements and objectives
- › free text fields requiring a minimum number of characters to record the reasons for product recommendations to ensure sufficient detail and why the recommended products were in consumers' best interests
- › product rankings, which calculated a ranking based on the total loan cost over a specific period, and
- › a minimum number of products offered for comparisons and assessment.

Reactive controls

Licensees also used reactive controls, such as exception reporting and compliance reviews, to assess if their representatives were meeting their best interests duty. A variety of risk-based metrics or triggers were used to decide which brokers and files were selected for review – for example:

- › adequacy of best interests duty commentary (e.g. length or amount of detail)
- › the number of IDR complaints and external dispute resolution (EDR) matters
- › daily exception reports and risk dashboards to identify if the required best interests duty compliance steps were not completed during the credit assistance process (requiring remediation within 24 hours), and
- › exception reports that identified when the lowest cost option available to a consumer was not selected.

There was a general absence of metrics that estimated the difference in cost of the compared loans and the recommended loan.

Action

Licensees should periodically review their key risk indicators to ensure they are appropriate for monitoring compliance with the best interests duty.

Compliance reviews are one of the main ways for licensees to supervise and monitor representatives. We saw that some licensees brought forward compliance reviews for individual brokers when risk metrics indicated potential concerns outside the normal file review cycle.

File reviews as a key supervision control

We examined what licensees are checking in their compliance reviews from a best interests duty perspective and identified a number of areas that they can focus on to ensure that their compliance review process is sufficiently robust – namely, ensuring the reviews:

- › will produce reliable results
- › are both informed by, and adhere to, detailed policies and guidance for compliance with the best interests duty, and
- › subjectively consider the quality of the recommendations provided by the credit representative.

When selecting the sample of licensee compliance reviews for our review, we sought a mix of reviews with satisfactory, needs improvement and unsatisfactory results.

We found licensees generally detected instances where required information or documentation was not on file, which itself was the basis for an adverse finding. However, there was greater variation between licensees when it came to checking that loan recommendations met consumers' requirements and objectives and that brokers had acted in consumers' best interests in less common lending scenarios.

Producing reliable results: Checklists and methodologies

Every licensee had a compliance review checklist and a documented methodology. We noted that some licensees had revised their file review checklists before our review to increase specific scrutiny of best interests duty compliance.

Current compliance review checklists were, for the most part, sufficiently detailed to prompt licensees to consider action by the credit representative that related to key best interests duty practices in a way that was repeatable. However, there was greater variation in the documented compliance review methodologies and the use of the checklists by the persons conducting the reviews. For example:

- › **Some compliance review methodologies were vague.** Although the policies generally identified what conduct quality assurance reviewers should look out for, some did not provide a step-by-step process to follow or enough detail on how to assess the actual loan recommendations.
- › **Compliance review checklists were not consistently completed and stored.** Licensees should keep completed compliance review checklists in an accessible and appropriate location as they are a key control. This enables the file reviews to undergo quality assurance and helps ensure the process produces reliable and repeatable results.
- › When checklists were completed and findings noted on the individual reviews, the **detailed reasoning behind those findings was not always evident.** Detailed reasoning for findings is particularly important for ensuring appropriate follow-up action when non-compliance is identified.

A licensee that does not keep detailed records of compliance reviews is at greater risk of being unable to show that it has taken reasonable steps to ensure that its representatives comply with the best interests duty.

Alignment of compliance reviews, policies and guidance

Effective compliance reviews and comprehensive policies and guidance are mutually reinforcing. Compliance reviews should be used to check representatives' adherence to the policy. Policies and guidance dictate what the compliance reviews should encompass.

All licensees had dedicated policies and guidance for representatives to follow when making loan recommendations to ensure compliance with the best interests duty. However, the extent and detail of this guidance varied across licensees. While some licensees' policies appeared to simply replicate the topics and examples used in [RG 273](#), others included additional scenarios – for example, debt consolidation, land and construction loans and income policy restrictions.

Action

Licensees should ensure they have internal guidance and training materials, particularly for complex or challenging lending scenarios.

Considering the reasonableness of loan recommendations

In practice, audit processes appeared to focus on whether brokers obtained documents or included notes, as opposed to subjectively considering the reasonableness or quality of reasoning for recommending a loan. Following are some examples of issues that were either not noted by quality assurance auditors or not addressed in the licensee's policies:

- › **Justification of package fees and benefits** – In some examples, the cost–benefit analysis of the package was not addressed in the broker's recommendation and the file reviewer did not address this.

- › **Discrepancies in a consumer's exit strategy after reaching retirement age** – In some examples, it appeared the exit strategy was treated as a tick box exercise, with reasons given for a particular strategy not linked back to the consumer's overall financial position.
- › **Offers to fix or secure interest rate reductions after loan settlement** – Reviewers should closely scrutinise statements made by the broker offering to secure changes to the loan after settlement to see if the proposed reduction was actually received.

While we recognise it is not feasible to have guidance to address every possible situation, licensees should consider enhancing their guidance and training materials to ensure file reviewers can assess the appropriateness of recommendation reasons or identify recommendations that should be escalated to other staff for review.

Action

File reviews should consider not only whether brokers formally comply with process requirements, but also whether reasons and recommended loans are appropriate.

Other prudent practices for file reviews

A number of prudent practices for licensees' compliance reviews are set out in [REP 330](#) (for example Recommendation 5). While we observed many of these practices in our recent review, we were concerned to find that two of the eight aggregator groups gave their representatives advanced notice (up to 72 hours) of the files that would be reviewed, which raised the potential for the review process to be compromised.

We were also concerned to find that the file review programs of three of the eight aggregator groups did not extend to *all activities* where credit assistance was provided. All licensees reviewed settled loans, but some did not review loan applications that ultimately did not proceed, or that were withdrawn or declined. All regulated activities – including the provision of credit assistance even when a loan application does not ultimately proceed – should be in scope for licensees' compliance processes (such as file reviews).

Remedial action to address adverse findings

All licensees had policies and frameworks for dealing with adverse findings (including those identified in compliance reviews) and remedial action for individual representatives. Remedial action could include:

- › addressing shortcomings in the loan file (e.g. supplementing missing information)
- › requiring the broker to undertake additional training, and
- › escalating serious issues to separate investigation teams, which in some cases resulted in removal from the aggregator's licence.

However, it was not always clear how some licensees' policies and frameworks actually operated when representatives did not meet their internal standards. Some licensees have revised their policies and frameworks to clarify expectations and escalation pathways so that persistent behaviours of concern are not repeated.

Remediation is not just about individual retrospective compliance

Where minor shortcomings were identified (e.g. an individual document was not on file or a system field was not completed), we found brokers were generally only required to take basic remedial action – most commonly to provide missing documents or record additional commentary. Timelines for completing these actions were often set on a case-by-case basis.

While we saw some examples of timely remedial actions (sometimes within one business day), we also observed other examples where brokers did not immediately complete remedial action and had to be sent reminders over several months to complete these tasks. There were also some instances where no evidence was provided to demonstrate that remedial action had been completed.

If serious or persistent concerns are identified, licensees should take stronger remedial action and document it. It was not always obvious that this had occurred. We saw examples of audits showing multiple failures to provide key disclosure documents, with concerns raised by auditors about the potential backdating of these documents. It was not always evident what further action was taken to address these failures beyond the initial finding.

Overall, licensees' responses to adverse findings appeared to be largely process driven and focused on retrospective compliance by the individual representative and files reviewed. This approach is not suitable for identifying potential consumer detriment that may have occurred or addressing broader compliance issues that may exist.

We identified the need for licensees to have processes in place to address consumer detriment and broader compliance issues in [REP 330](#): see Recommendations 7 and 8. Similarly, if a consumer complaint indicates grounds for investigating conduct issues, ASIC expects licensees to follow up. It was not apparent that all licensees had processes in place to enable this.

Licensees did not appear to clearly define circumstances in which they considered consumer detriment could arise due to the actions of brokers when providing credit assistance. Licensees must be mindful of their obligations under sections 51A, 51B and 51C of the National Credit Act to report to consumers affected by a reportable situation and to investigate and remediate consumers if there are reasonable grounds to suspect that they have been affected. We found that licensees did not clearly document these obligations in their compliance procedures. In order to confidently and consistently apply these obligations, licensees will need to have:

- › a good understanding of the circumstances in which consumer detriment could arise, and
- › dedicated processes for implementing the section 51A, 51B and 51C obligations.

Note: See Information Sheet 259 *Complying with the notify, investigate and remediate obligations* ([INFO 259](#)).

Action

Licensees should ensure adverse review findings are followed up and addressed with individual brokers and any consumer detriment is remediated, and consider whether findings reflect broader compliance issues.

Complaints handling and the best interests duty

Access to internal dispute resolution for dissatisfied consumers is an important feature of the credit system. An effective dispute resolution system can also help licensees to detect failures to comply with the law.

What consumers are complaining about

We asked each licensee to provide extracts of complaint registers relating to alleged failures to act in the best interests of a consumer. Licensees provided details of more than 400 complaints between March 2023 and May 2025. The main themes and examples of these complaints are summarised in Table 1.

Table 1: Overview of consumer complaints

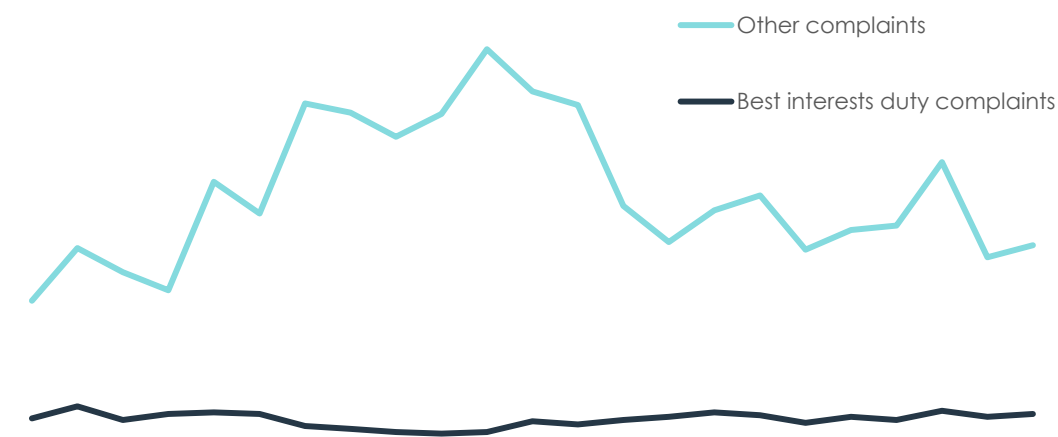
Complaint theme	Specific examples of complaints
Concerns with the loan recommended by the broker	› Recommendation of a loan that was ultimately declined by the proposed lender › Recommendation of a loan that the consumer was ineligible for › Recommendation of a loan that the broker was unable to apply for due to lack of accreditation
Failure to act on the consumers' instructions	› Consumer missing out on a requested rate lock, fixed rate, offset account or interest-only repayments › Delays in loan application or settlement that impacted the consumer financially or caused them to miss out on a property purchase
Poor communication	› Brokers not explaining or disclosing relevant information › Consumers needing to constantly chase up brokers to find out what was going on or to make sure they followed up on required actions
Miscalculation errors	› Errors in calculating the funds required for settlement or disbursed under the loan › Errors in the amount of loan repayments following settlement
Cashbacks	› Not receiving an expected cashback amount because the consumer was ineligible › Receipt of cashback amounts that were less than expected
Unexpected fees and charges	› Unexpected fees for new loans (e.g. annual fees, risk fees) › Unexpected fees associated with refinancing an existing loan (e.g. break costs)

Consumers also complained about scams, fraud, privacy concerns, breaches of confidentiality and credit report inquiries.

Since 1 July 2023, credit licensees and financial services licensees have been required to report IDR data to ASIC every six months. ASIC publishes IDR data to promote transparency and drive improvements in licensee practices. Since March 2026, we have made IDR data for individual licensees available on the [IDR data dashboard](#) on the ASIC website.

Figure 5 depicts the number of **IDR complaints** the licensees in our review reported receiving each month and the proportion relating to the best interests duty. Overall the best interests duty complaints made up around 7.5% of the total number of IDR complaints reported to ASIC.

Figure 5: Number of complaints received each month by licensees in our review



Note: See Table 5 for the data shown in this figure (accessible version).

Lack of consistency in complaint categorisation

Two factors highlighted a lack of consistency in how complaints were identified and categorised:

- › **Not all licensees identified complaints that aligned with the typical complaint themes.** For example, two licensees did not identify any complaints that aligned with the theme of miscalculation errors.
- › **Two licensees reported they had not identified any best interests duty complaints.** However, a review of one of these licensees' complete complaints register suggested otherwise.

Underreporting of IDR complaints about brokers

The number of **IDR complaints** about mortgage brokers is relatively low, at around 5.4% of all complaints about home loans considered by the Australian Financial Complaints Authority (AFCA). AFCA reports that just under 10% of these complaints related to best interests duty obligations.

However, we found that **IDR complaints** about mortgage brokers are being underreported, both by credit representatives to licensees and by licensees to ASIC. We observed several indicators of underreporting.

Limited assurance over complaints reporting

None of the licensees had conducted any assurance process in the two years before our review to identify complaints that may have been missed. During our review, two licensees surveyed their credit representatives, with one identifying a range of unreported complaints that were resolved within five business days. While this was a modest improvement, a voluntary survey of representatives does not have the same rigour and reliability as a dedicated assurance process.

Delays in reporting complaints to licensees

Across the records provided by licensees, we saw multiple examples of complaints by consumers to credit representatives that were not reported to the licensee in a timely manner. In some cases, weeks or months passed before licensees were notified of the complaint.

Incomplete reporting to ASIC

Some licensees provided incomplete IDR data to ASIC. One licensee found that it had previously failed to report two categories of IDR referrals – complaints that were referred to it by AFCA for internal resolution and complaints that were escalated to AFCA after the IDR process had finished. This resulted in the number of complaints the licensee reported to ASIC being understated. The licensee has resubmitted its IDR data to ASIC.

Unclear guidance for recording complaints

We observed some licensee policy and guidance documents that suggested complaints received by credit representatives and resolved within five days did not need to be recorded and reported. This practice is inconsistent with RG 271.179, which says that licensees must record all complaints that they receive.

Although the licensees have clarified that they record and report all complaints that their credit representatives notify them of, we have concerns that some policy and guidance documents could be misunderstood and lead to underreporting. While some complaints resolved within five days do not require a formal IDR response, all complaints must still be recorded and reported.

Missed opportunities to identify unreported complaints

Licensees were not always proactive in confirming whether complaints referred from AFCA, for which the licensee had no record of an IDR complaint, indicated that a complaint had been made directly to their credit representative, but not reported to the licensee.

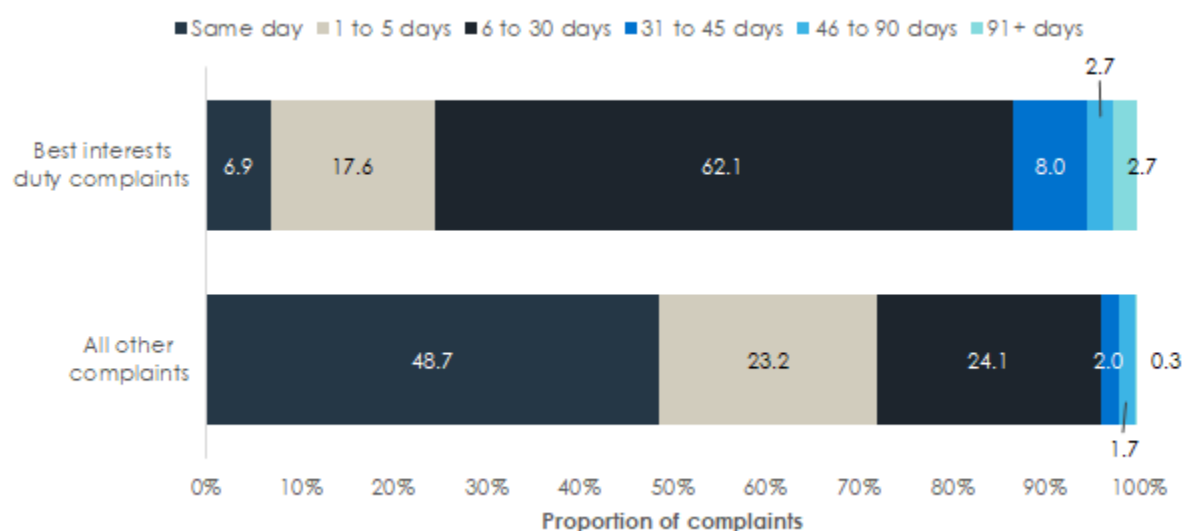
Action

Licensees should improve how they identify complaints and ensure accurate IDR data is reported to ASIC.

Frictions in the complaints process

Even though there are inconsistencies in how licensees categorise complaints relating to the best interests duty, the IDR data reported to ASIC demonstrates these complaints take longer to resolve than other complaints: see Figure 6.

Figure 6: Time taken for reviewed licensees to resolve complaints



Note: See Table 6 for the data shown in this figure (accessible version).

Complaints management pathways: Deciding who manages the complaint

Four of the licensees allowed their credit representatives to attempt to resolve the complaint within five business days after receipt. If the complaint was not resolved within five business days, it had to be referred to the licensee's complaints management team.

The other four licensees required their brokers to refer all complaints to them.

From our review, it was apparent that complaints handled centrally by licensees were managed better than complaints handled by credit representatives. Having a centralised process reduces the risk of non-compliance with the mandatory requirements of [RG 271](#) and provides several advantages, including:

- › improved transparency and consistency in complaints handling
- › access to expertise and advice from dedicated complaints handling staff, and
- › more objective assessment of complaints by a person who is not directly involved in the circumstances giving rise to the complaint.

We also observed multiple examples where representatives failed to notify the licensee about a complaint within the timeframe specified. In some cases, the licensee was only made aware of the complaint following an IDR referral from AFCA. This highlights the importance of licensees providing adequate training and oversight for their credit representatives to ensure they are aware of the IDR processes and their responsibilities in complaints handling.

Lack of access to information required to investigate complaints

Although some licensees took direct responsibility for handling complaints, they did not always have direct access to the information required to decide how to respond to the complaint. These licensees relied on their brokers and the complainants to provide information about the complaint, including relevant details of the credit assistance provided. These information requests could be quite onerous.

In some cases, we observed licensees asking their representatives multiple times for the information before receiving it, reducing the time available to determine how to respond to the complaint. Issues arose when brokers disengaged from the complaints process. Some complainants became frustrated, as they expected licensees to have access to all information relevant to the complaint.

To varying degrees, some licensees had centralised file management systems that allowed them to access some or all relevant information about their representatives' activities. If all the information is recorded in the system, the licensee does not have to rely on the broker providing information, but the licensee can still give the broker and complainant an opportunity to respond or comment on the complaint. This is particularly beneficial when brokers are no longer a representative of the licensee.

Although licensees told us that they had rights that they could exercise to access documents and information from the brokers if they did not cooperate, we saw no examples of this.

A small number of complaints were treated as withdrawn by licensees, because the complainant did not provide requested information. In these cases, the complaint was not fully investigated. If a licensee does not receive information requested from a complainant, it should still issue an IDR response based on the information available, unless it has explicit confirmation from the complainant that they have withdrawn their complaint. We did not always observe this in practice.

Action

Unless a complaint is genuinely withdrawn by the complainant, licensees should respond to all complaints in a manner that is consistent with the requirements of RG 271.

Some IDR responses missing required information or not provided on time

Licensees advised they had controls to make sure they adhered to IDR timeframes – including complaint management systems that provided automated alerts on upcoming due dates and outstanding tasks. However, we found that some licensees did not always comply with:

- › the **content requirements** of an IDR response to notify complainants of their right to take the complaint to AFCA and contact details for AFCA (see RG 271.53), and
- › the **maximum timeframes** (i.e. 30 calendar days) for an IDR response (see RG 271.56).

Note: The content requirements were closely considered in the recent matter of *ASIC v Telstra Super Pty Ltd* [2026] FCA 527. This judgment may help licensees comply with the requirements. See, in particular, paragraphs 188 to 197.

In a small number of cases, we observed that **a final IDR response was not provided at all**.

Licensees generally were more proactive and did a better job than credit representatives of complying with the requirements of [RG 271](#) when handling a complaint and issuing an IDR response. However, there were still some examples of non-compliance by licensees.

If the circumstances in RG 271.65 and RG 271.66 exist, the licensee is not required to provide the IDR response within the maximum timeframe. But it must give an IDR delay notification. We saw examples where licensees were relying on the exception in RG 271.65(b) for when there are circumstances beyond the licensee's control. Licensees should not use this exception if the delay is due to the licensee not being proactive in handling or investigating the complaint or if the licensee already knows the likely complaint outcome, but the process to reach that outcome has become drawn out.

Note: Licensees may also consider the observations in Report 751 *Disputes and deficiencies: A review of complaints handling by superannuation trustees* ([REP 751](#)) and Report 752 *Review of written responses to superannuation complaints* ([REP 752](#)). REP 752 contains an evaluation of written responses to complaints and recommendations for improvements.

Failure to inform complainants of their right to escalate complaints to AFCA

We observed instances of licensees failing to include mandatory information in IDR responses to complainants, including the failure to:

- › inform the complainant of their right to escalate the complaint to AFCA, and
- › provide practical information enabling complainants to escalate their complaint or make an informed decision on whether to do so – specifically, contact details for AFCA and details of the reasons for the licensee rejecting or partially rejecting the complaint.

Licensees must not disengage from the complaints process simply because they believe the IDR complaint is outside AFCA's jurisdiction. In this case, they must still comply with their obligation to give the complainant an IDR response. The IDR response can follow the structure in RG 271.54 by setting out that the licensee rejects the complaint – noting the reasons it considers the complaint to be outside AFCA's jurisdiction, referring to the relevant section of [AFCA's Rules](#) and informing the complainant about their right to take the complaint to AFCA. This gives the complainant the option to pursue the complaint with AFCA and allow AFCA to make a jurisdictional assessment.

Note: At paragraph 189 of *ASIC v Telstra Super Pty Ltd* [2026] FCA 527, Justice Neskovic held that the requirements of RG 271.53 and RG 271.66 are mandatory and there is no implied exception from the requirement of a financial firm to inform the complainant of their right to complain to AFCA and to provide the contacts details for AFCA. At paragraph 208, Justice Neskovic also held that on a plain reading of RG 271.54 and RG 271.66, Telstra Super was required to inform the complainants of their right to take a complaint to AFCA, regardless of whether AFCA had jurisdiction to hear the complaint.

We observed one instance where a licensee encouraged a consumer to accept a goodwill offer during the IDR process by highlighting the possible risks of escalating a complaint to AFCA, such as the possibility of the issues raised not being addressed, not receiving the outcome sought, experiencing lengthy delays in the AFCA process and having a goodwill offer withdrawn. This does not represent a positive complaints management culture as it may discourage consumers from taking their complaint further.

Deferred payment of compensation amounts until insurance claims processed

All licensees must have professional indemnity insurance and may choose to lodge a claim if a complaint is lodged against them. The decision to make a claim depends on the nature of the complaint and the amount sought by the complainant.

Five of the eight licensees advised that they always paid the complainant directly to ensure a timely complaint outcome and recouped the funds from credit representatives – either by making a claim through their insurance or by withholding commission. Another licensee advised that it would generally pay the complainant first, unless the amount was significant.

The remaining two licensees would in some cases wait on the outcome of the professional indemnity insurance claim before compensating the complainant. When the claim was accepted, the insurer usually paid the complainant directly. The broker representative was responsible for paying any residual amounts, such as the excess.

In one case, a licensee took 12 weeks to pay compensation after the complainant accepted the compensation offer. It appeared that the delay was largely due to the licensee's own professional indemnity insurance claim.

We consider this to be poor practice and contrary to the requirements in RG 271.165 about the timely implementation of agreed resolution outcomes. This licensee has changed its practices to pay compensation directly to consumers and await reimbursement from either the credit representative or the professional indemnity insurer.

Any arrangements with third parties, such as professional indemnity insurers or internal IDR arrangements with credit representatives, do not diminish the responsibility of the licensee to ensure complaints are responded to in a timely and fair manner.

Insufficient staffing and resourcing

The number of employees dedicated to complaints handling can contribute to delayed turn-around times, unsatisfactory responses to complainants and unsatisfactory guidance to brokers.

Four licensees had only one or two designated complaints handling officers. Only two of these licensees had contingencies in place to cover leave or increased workload. Generally, these four licensees were able to deal with complaints in a fair and effective manner within the maximum IDR timeframe.

However, we observed in one licensee's complaints that support staff were unable to properly handle an IDR complaint when the dedicated complaints officer went on leave. The representative advised the licensee that they felt unsupported and unsure of their role in the complaints process. A more senior staff member eventually had to step in to assist with the complaint. The licensee has advised us that since this matter, it has increased the number of staff that handle complaints.

Another licensee has informed ASIC of general improvements to its staff resourcing and processes. Several licensees have stated that temporary arrangements can be implemented (e.g. relying on other staff) if the dedicated complaints staff are unavailable.

Licensees should ensure alternate staff are sufficiently trained in complaints handling to efficiently deal with intermittent spikes in complaint volumes or if the complaints officer is absent. Licensees are required to have sufficient staff to deal with complaints in a fair and effective manner within maximum IDR timeframes: see RG 271.143.

Visible and accessible complaints processes

Licensees should have a culture that welcomes and values complaints and feedback, including by making information about how and where consumers can lodge a complaint widely available: see RG 271.132. We found that all the licensees made information about lodging a complaint available through a link or a 'contact us' tab on their website.

We found that most licensees gave several options for consumers to lodge a complaint (e.g. phone, email, webform or post), making the complaints process more accessible. One licensee only allowed consumers to lodge a complaint through a webform and did not provide any other contact details to follow up on their complaint. This approach is not consistent with our expectations in RG 271.136.

In one of the complaints we reviewed, the complainant advised they lodged a complaint using the form, but the licensee claimed it did not receive the complaint. The licensee only became aware of the complaint when the complainant escalated their complaint to AFCA.

We observed that one licensee's complaints webform triggered an automated response and began the workflow process. This can reassure complainants that their complaint has been received and considered.

Licensees should periodically review their complaints webpages and systems to ensure that methods for lodging a complaint are accessible, easy to follow, and flexible.

Action

Licensees should regularly assess how their IDR processes are performing, including:

- › potential missed or unreported complaints arising from brokers interacting directly with consumers
- › compliance with timeframe and notification requirements in RG 271
- › system and resource adequacy, and
- › accessibility, ease and flexibility of complaint lodgement.

Use of data to manage conduct risk

Good quality and timely data is essential for licensees to manage their conduct risk.

Identification of data limitations

At the beginning of our review, we consulted licensees about the types of data they held and how it was stored. Although some licensees advised us their data was readily available, we found that others relied almost entirely on third-party service providers to prepare and produce their data for them.

Incomplete data on loan products and promotions

Most licensees told us that they were unable to provide a complete historical dataset of the home loan products that had been available for brokers to recommend to consumers. They were for the most part able to provide a current dataset of products, but for some, even this was challenging because of how the data had been stored. There was a similar issue with accessing past lender promotions (e.g. discounts, cashbacks or special offers). Only a few licensees were able to provide us with this data without apparent difficulty.

Difficulty tracking outcomes of loan recommendations

Most licensees told us that they would have some difficulty tracking and extracting accurate and complete data about the actual loan application process after a broker made a recommendation to the consumer, including the outcome (i.e. whether a loan had been approved by a lender and settled or an application had been withdrawn or not approved). If licensees cannot access timely and complete data about outcomes of loan applications, they cannot use that information to supervise individual brokers.

Lack of reliable details about loans provided

Some licensees expressed concern that their data about the loan products that brokers recommended consumers apply for may not match the details of the final loan settled. Even basic information such as the final interest rate required qualification. Some licensees advised that it would generally be difficult to produce accurate data, as key details such as the interest rate or product type could change between when the loan was recommended and when it was provided, and they would have no record of this.

Different metrics for lender processing times

Licensees told us that lender processing times are an important factor when brokers recommend a loan, particularly when consumers need finance approved quickly. However, we found it difficult to collect consistent data from licensees about lender processing times.

The data was inconsistent, with six unique metrics used across the eight aggregator groups. For example, some licensees captured information to measure median time to first assessment of a loan application, whereas others measured the time to conditional approval. Some licensees recorded lender processing times, whereas others only relied on what the lender told them. The data was not always stored in a way that was easy to extract and analyse, and most licensees could not provide this data retrospectively.

Readily extractable data on broker remuneration

The conflict priority rule in the National Credit Act requires licensees and credit representatives to prioritise consumers' interests in the event of a conflict of interest. If the conflict priority rule is not complied with, the broker may be at risk of breaching its duty to act in the best interests of the consumer.

We found that most lenders had similar upfront and trail commissions for standard home loans and that brokers did not appear to be directing loan applications towards lenders that paid higher commissions. Some lenders offered different commissions for individual products.

In addressing our queries about available data, some licensees reported that data about commissions and clawbacks were not stored in a way that was easy to extract. Furthermore, some licensees reported that they would find it challenging to provide data retrospectively.

It is important for licensees to have a complete picture of the types of additional remuneration brokers can earn, so that they can monitor for any evidence that individual brokers may be prioritising their own (financial) interests over the interests of consumers.

Actions

Licensees should treat data as critical to the management of risk and ensure they have ready access to:

- › current and historical product data, including interest rates, fees and charges
- › loan recommendation records showing anticipated consumer costs
- › loan application outcomes for each recommendation, and
- › current and historical lender remuneration, including commissions, other remuneration and clawback terms.

Licensees should use this data to monitor for risks that brokers may not be acting in the best interests of individual consumers. Risks that could be prioritised for monitoring include:

- › compliance with legal requirements and adherence to the licensees' internal policies (e.g. mandatory completion of required workflows)
- › quality of credit assistance, including the substantive reasoning for loan recommendations and the cost of products recommended compared to alternatives available
- › unexplained concentration of loans with individual lenders, and
- › any evidence individual brokers may be prioritising their own interests over the interests of consumers – for example, by directing loans to lenders with higher commission.

Addressing data limitations and digital innovation in the broker industry

Investment in data and technology

A number of licensees had uplift programs underway at the time of our review to improve their internal systems and processes. Others have investigated or started improving systems, processes and data in response to our review. We welcome these initiatives. However, the success of these improvements will depend on strong data management, controls and governance.

ASIC supports digital and data resilience and safety in the financial system and is monitoring the adoption of artificial intelligence (AI). Large licensees are increasingly adopting AI-assisted tools and workflows. The benefits of these tools, and the ability to manage compliance risks, will depend on the improvements being made to data management, controls and governance.

Emerging uses of AI and automation

We have observed that much of the development of new tools (including AI-assisted tools) for the broker industry is focused on increasing automation and improving back-office efficiencies for core loan processing activities – such as collecting and managing an individual consumer's information and documents, evaluating borrowing capacity and preparing loan applications. Some tools also aim to support and improve the consumer experience by communicating effectively and meaningfully with consumers throughout the application process.

The credit industry is increasingly using data analytics in compliance systems, some of which have the capacity to be AI assisted. Some of these initiatives aim to detect and prevent tech-enabled fraudulent information being provided with loan applications. Others could help to identify inconsistencies in credit assistance files to guide quality assurance processes. Some licensees are investigating the potential for new AI-assisted tools that would assist with the credit compliance processes that we describe in this report, including product selection, real-time checks and file audits.

We are encouraged to see the credit industry and service providers exploring the development and rollout of tools that aim to identify better products and savings opportunities for consumers with home loan products. If adopted more widely, they may help licensees demonstrate how consumers are being provided with suitable products, including lower-cost options where appropriate, consistent with RG 273.55.

We note the potential for AI to be used to compare lender policies to help determine eligibility for individual products. Understanding and interpreting lender policy and consumer eligibility is a core part of the service that mortgage brokers offer to consumers. We are interested in how these tools may help the broker industry to not only work smarter and faster, but also to more confidently and accurately identify loans that meet consumers' needs.

Governance and accountability

In Report 798 *Beware the gap: Governance arrangements in the face of AI innovation* ([REP 798](#)), we highlighted the importance of mature governance and risk management arrangements that are appropriate and aligned with the nature and scale of a licensee's business and proposed AI use. Strong data governance and risk management will be key to the successful implementation of AI across a licensee's operations.

Outputs from any decision tools or AI agents should be explainable and documented (including the relevant data used to create them). While there may be significant benefits from further innovation, licensees must also ensure that their risk and governance arrangements keep pace with the adoption of AI. Brokers and licensees are still responsible for the quality of the credit assistance they provide, regardless of the technology they use.

Note: The Australian Government's National AI Centre (NAIC) has published guidance and resources to help Australian businesses use AI safely. For more information, see [Planning for AI](#) and [Strengthen data quality](#) on the NAIC website.

Appendix 1: Review methodology

The eight large aggregator groups (comprising various licensees) are outlined in Table 2.

Table 2: Aggregator groups reviewed by ASIC

Aggregator group	Number of credit representatives
Australian Finance Group Ltd	3,852
Connective Credit Services Pty Ltd	5,681
Finsure Finance & Insurance Pty Ltd and Beagle Finance Pty Ltd	5,445
Lendi Group Distribution Pty Ltd – part of the Lendi Group (Aussie)	2,008
Loan Market Pty Ltd, LMG Broker Services Pty Ltd and BLSSA Pty Ltd – part of Loan Market Group	5,818
Mortgage Choice Pty Ltd and Smartline Operations Pty Ltd	1,958
Outsource Financial Pty Ltd	1,558
Yellow Brick Road Aggregation Pty Ltd (Vow Financial) and Yellow Brick Road Finance Pty Ltd (Yellow Brick Road)	1,486

Note: The number of credit representatives is the total number (both body corporate and natural person) as at 30 June 2026.

We invited the aggregators to demonstrate their systems for recommending products to consumers and ensuring compliance with the best interests duty.

We obtained data from the aggregators for the period 1 April 2023 to 31 March 2025, including:

- › loan flows to different lenders
- › lender product details, promotions and loan approval or service times
- › commission terms, payments and clawbacks
- › two samples totalling 1,600 loan recommendations, and
- › extracts of complaint registers relating to alleged failures to act in the best interests of a consumer or to prioritise a consumer's interest – these extracts comprised more than 400 complaints.

We asked for 100 loan recommendations from each aggregator group (1,600 in total) both for loan recommendations where the broker:

- › did not recommend the cheapest of the shortlisted loans presented to the consumer (Sample 1), and
- › presented only one loan option to the consumer at the end of the shortlisting process (Sample 2).

We sought data on all of the loans that were compared and presented alongside the recommended product. This included product data, loan purpose, loan amount, interest rate, fees, reversion rate, reversion period, repayment amount and frequency, total cost and the reasons recorded on the aggregators' systems for the recommendation.

Evaluation criteria for sample loan recommendations

We applied the following evaluation criteria to the sample of loans where the recommended loan was not the cheapest of the loans shortlisted. We carried out quality assurance and calibration of our assessment to ensure the criteria were applied consistently across the samples:

- › **No concerns** – The documented rationale supporting the recommended loan was clear and reasonable.
- › **Some concerns** – The documented rationale was specific to the consumer's circumstances, but could have better demonstrated how or why the recommended loan was in the consumer's best interests, even though it was not the cheapest option.
- › **Most concerns** – There was no documented rationale for the recommendation, or the recommendation rationale was generic, inconsistent or poor quality.

Evaluation of monitoring, supervision and complaints handling

We reviewed more than 7,000 documents provided by the aggregators, including best interests duty and complaints handling policies and guidelines, training materials, file review methodologies and assurance reports.

We also reviewed a sample of file reviews and quality assurance audits undertaken by the aggregators about the loans recommended by their credit representatives, including adverse findings and action taken.

We cross-referenced the complaints register extracts produced by the aggregators with the IDR data that licensees are required to report to ASIC to construct a broader picture of complaints behaviour. We also reviewed a sample of complaint files from each aggregator.

Appendix 2: Accessible versions of figures

Table 3: Our assessment of brokers' recorded reasons for recommending loans which were not the cheapest compared, with the estimated cost difference over five-year period – number of loans

Price difference	No concerns	Some concerns	Most concerns
Less than \$1,000	109	27	11
\$1,000 to \$5,000	163	52	29
\$5,000 to \$20,000	54	35	30
More than \$20,000	14	9	18

Note: This is the data shown in Figure 3.

Table 4: Our assessment of brokers' recorded reasons for recommending loans which were not the cheapest compared, with the estimated cost difference over five-year period – proportion of loans

Price difference	No concerns	Some concerns	Most concerns
Less than \$1,000	74.1%	18.4%	7.5%
\$1,000 to \$5,000	66.8%	21.3%	11.9%
\$5,000 to \$20,000	45.4%	29.4%	25.2%
More than \$20,000	34.1%	22.0%	43.9%

Note: This is the data shown in Figure 4.

Table 5: Number of complaints received each month by licensees in our review

Date received	No of best interests duty complaints	No of other complaints	Total complaints
July 2023	14	92	106
August 2023	22	127	149
September 2023	13	111	124
October 2023	17	99	116
November 2023	18	171	189
December 2023	17	150	167
January 2024	9	223	232
February 2024	7	217	224
March 2024	5	201	206
April 2024	4	216	220
May 2024	5	259	264
June 2024	12	231	243
July 2024	10	222	232
August 2024	13	155	168
September 2024	15	131	146
October 2024	18	152	170
November 2024	16	162	178
December 2024	11	126	137
January 2025	15	139	154
February 2025	13	142	155
March 2025	19	184	203
April 2025	15	121	136
May 2025	17	129	146

Note: This is the data shown in Figure 5.

Table 6: Time taken for reviewed licensees to resolve complaints

Time taken to resolve complaints	Best interests duty complaints	All other complaints
Same day	6.9%	48.7%
1 to 5 days	17.6%	23.2%
6 to 30 days	62.1%	24.1%
31 to 45 days	8.0%	2.0%
46 to 90 days	2.7%	1.7%
91+ days	2.7%	0.3%

Note: This is the data shown in Figure 6.

Key terms and related information

Key terms

AFCA	Australian Financial Complaints Authority
ASIC	Australian Securities and Investments Commission
best interests duty	The duty for mortgage brokers to act in the best interests of their consumer when providing credit assistance in relation to credit contracts as set out in section 158LA of the National Credit Act
complaint	An expression of dissatisfaction made to or about an organisation – related to its products, services, staff or the handling of a complaint – where a response or resolution is explicitly or implicitly expected or legally required Note: This is the definition given in AS/NZS 10002:2014.
consumer	A natural person or strata corporation Note: See section 5 of the National Credit Act.
credit assistance	Has the meaning given in section 8 of the National Credit Act
credit contract	Has the meaning given in section 4 of the National Credit Code
credit legislation	Has the meaning given in section 5 of the National Credit Act
credit licence	An Australian credit licence under section 35 of the National Credit Act that authorises a licensee to engage in particular credit activities
credit licensee	A person who holds an Australian credit licence under section 35 of the National Credit Act
credit provider	Has the meaning given in section 5 of the National Credit Act
credit representative	A person authorised to engage in specified credit activities on behalf of a credit licensee under section 64(2) or 65(2) of the National Credit Act
EDR	External dispute resolution
home loan	A mortgage secured by residential property, not including: › loans for business or commercial purposes › reverse mortgages, or › loans to self-managed superannuation funds
IDR	Internal dispute resolution
IDR procedures	The IDR procedures that meet the requirements and standards made and approved by ASIC under RG 271 and ASIC Corporations, Credit and Superannuation (Internal Dispute Resolution) Instrument 2020/98

IDR report	A submission of IDR data (in accordance with ASIC Corporations (Internal Dispute Resolution Data Reporting) Instrument 2022/205) via ASIC's Regulatory Portal, being an IDR data file or a nil submission
IDR response	A written response to a complaint that addresses the content requirements of RG 271.53 to RG 271.55
lender	A credit provider, as defined in section 5 of the National Credit Act
mortgage broker	A person who: › carries on a business of providing credit assistance in relation to credit contracts secured by mortgages over residential property › does not act as the credit provider in relation to most of those contracts, and › provides credit assistance in relation to credit contracts offered by more than one credit provider Note: See section 15B of the National Credit Act.
National Credit Act	<i>National Consumer Credit Protection Act 2009</i>
National Credit Code	National Credit Code at Schedule 1 to the National Credit Act
nil submission	An IDR report for a financial firm with no complaints in the reporting period
offset account or facility	A transaction account that is linked to a loan account so that some or all of the balance in the transaction account 'offsets' the loan principal. Interest is then calculated on the loan principal minus the offset account balance.
remediation	A process to investigate the scope of misconduct or another failure and, if appropriate, return consumers who have suffered loss as a result of the misconduct or other failure to the position they would have otherwise been in, as closely as possible
REP 330 (for example)	An ASIC report (in this example numbered 330)
reportable situation	Has the meaning given by section 50A of the National Credit Act
representative	Has the meaning in section 5 of the National Credit Act
responsible lending obligations	The obligations under Chapter 3 of the National Credit Act
RG 273 (for example)	An ASIC regulatory guide (in this example numbered 273)
section 47 (for example)	A section of the National Credit Act (in this example numbered 47), unless otherwise specified

Related information

Headnotes

best interests duty, complaints handling, compliance reviews, cost, credit, credit licensees, credit representatives, dispute resolution, file reviews, gathering information, general conduct obligations, home loan, IDR process, mortgage brokers, mortgage intermediary, recommendations, repayments

Legislation

National Consumer Credit Protection Act 2009, Part 3-5A, sections 15B, 47(1), 117, 130, 140, 153, 158LA, 158LB, 158LE, 158LF, 158T

National Consumer Credit Protection Regulations 2010

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

[ASIC Corporations \(Internal Dispute Resolution Data Reporting\) Instrument 2022/205](#)

ASIC documents

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

[RG 273](#) *Mortgage brokers: Best interests duty*

[INFO 259](#) *Complying with the notify, investigate and remediate obligations*

[REP 330](#) *Review of licensed credit assistance providers' monitoring and supervision of credit representatives*

[REP 751](#) *Disputes and deficiencies: A review of complaints handling by superannuation trustees*

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

[REP 798](#) *Beware the gap: Governance arrangements in the face of AI innovation*