

17 February 2025

**Senator Dean Smith**

PO Box 6100

Senate

Parliament House

Canberra ACT 2600

By email: [senator.smith@aph.gov.au](mailto:senator.smith@aph.gov.au)

Dear Senator Smith,

**Re: AFCA's timeframe for add-on insurance claims**

I refer to your letter dated 10 February 2025. Thank you for writing to me regarding add-on insurance or consumer credit insurance (CCI).

CCI has been an ongoing area of focus for AFCA, regulators, consumers and industry for a number of years now. AFCA has for many years accepted and considered complaints by consumers about CCI, and AFCA continues to accept those complaints.

We appreciate there has been some recent confusion in reporting over the timeframe for AFCA accepting complaints and the process that will be applied.

AFCA is committed to ensuring that all consumers have access to external dispute resolution if their attempts to resolve the matter directly with their financial firm have not been successful. AFCA is not seeking to exclude genuine consumer complaints from its services.

AFCA must of course operate within its rules in accepting complaints. As part of AFCA's complaints jurisdiction, we can generally only consider a complaint if it is made within six years of the complainant first becoming aware that they suffered loss or six years from when the complainant should reasonably have become aware. We consider every complaint on its own merit including any special circumstances that may explain why a complainant did not lodge a complaint within the six-year limit.

The sale of add-on insurance and its value has been the subject of significant media, regulator, industry and consumer advocacy campaigns and class actions for many years, as well as reviews by ASIC and the Productivity Commission.

Over the period from 2011 – 2019, ASIC released numerous reports covering its review of the sale of add-on insurance as follows:



- [Report 256](#), October 2011 - Consumer credit insurance: A review of sales practices by authorised deposit-taking institutions
- [Report 361](#), 31 July 2013 - Consumer credit insurance policies: Consumers' claims experiences
- [Report 470](#), February 2016 — Buying add-on insurance in car yards: Why it can be hard to say no
- [Report 471](#), February 2016 — The sale of life insurance through car dealers: Taking consumers for a ride
- [Report 492](#), September 2016 — A market that is failing consumers: The sale of add-on insurance through car dealers
- [Report 622](#), July 2019 - Consumer credit insurance: Poor value products and harmful sales practices.

These products were also the subject of recommendations by the Financial Services Royal Commission (FSRC) in its final report published on 4 February 2019 (the Final Report). Pleasingly, some firms did undertake remediation programs relating to the mis-selling of add-on insurance following these reports, and there has also been class action litigation in the courts.

AFCA has received thousands of complaints relating to the sale of add-on insurance since 2019. Given the sustained regulatory scrutiny, consumer advocacy and a broader public awareness of issues with the sale of add-on insurance over many years now, AFCA considers the period following the Final Report's release and subsequent media attention is likely to be the point at which a complainant should:

- reasonably have been aware to check for add-on insurance products purchased prior to 2019,
- have reviewed their records and/or have made enquiries with the firm about the documentation relating to add-on insurance including loan contracts, credit card statements or other documentation provided at the point of sale, and
- explored their rights.

AFCA views this as a reasonable benchmark for awareness of loss in add-on insurance complaints. However, this does not apply to other issues covered in the Final Report which may not have had the same high profile regulator and consumer advocacy focus, class actions or public awareness.

AFCA is committed to ensuring that all consumers who claim loss arising from add-on insurance have fair access to external dispute resolution. This applies when their attempts to resolve the matter directly with their financial firm have been unsuccessful.