

3 February 2022

Email: economics.sen@aph.gov.au

Committee Members
Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Senators

**COMPENSATION SCHEME OF LAST RESORT:
FINANCIAL SERVICES COMPENSATION SCHEME OF LAST RESORT LEVY BILL 2021 AND
THE FINANCIAL SERVICES COMPENSATION SCHEME OF LAST RESORT LEVY
(COLLECTION) BILL 2021 – ANSWERS TO QUESTIONS ON NOTICE**

We refer to our appearance before the Committee on 27 January 2022 and provide the following complaints data from the Australian Financial Compensation Authority in answer to the question on notice:

Quantum of complaints against stockbrokers for the financial year 2020/2021

Compensation awarded stockbroking:

- **\$3,625,785** was awarded (i.e. total outcome amount) on the 537 stockbroker complaints which *closed* in FY 20-21

Amounts claimed:

- **\$11,256,655,268** was claimed (i.e. total claim amount) on these same 537 complaints
- **\$11,252,365,071** was claimed on the 490 stockbroker complaints *received* in FY 20-21

AFCA notes that the two very large claim amount figures were inflated by just two complaints where the complainant had claimed \$5,555,555,555 (determined in favour of the Financial Firm) and \$5,670,000,000 (discontinued at Registration), respectively.

If we were to remove these two complaints, the amounts claimed would be:

- **\$31,099,713** was claimed on 535 stockbroker complaints *closed* in FY 20-21
- **\$26,809,516** was claimed on 488 stockbroker complaints *received* in FY 20-21

Compensation awarded in advice and stockbroking:

- **\$24,500,156** was awarded in advice and broking in total on complaints *closed* in FY 20-21.
- Stockbroker disputes represented **14.8%** of total advice and stockbroking claims paid (**\$3,625,785 of the total — see above**).

AFCA does not currently measure or capture information about whether the claims are from wholesale or retail clients.

If you require additional information please do not hesitate to contact SAFAA's policy manager, Michelle Huckel, at michelle.huckel@stockbrokers.org.au.

Kind regards

A handwritten signature in black ink, appearing to read 'J Fox', with a stylized flourish extending from the top of the 'F'.

Judith Fox
Chief Executive Officer