

## Parliamentary Joint Committee on Corporations and Financial Services

### Oversight of ASIC, the Takeovers Panel and the Corporations Legislation No.1 of the 46th Parliament

#### Australian Financial Complaints Authority

#### AFCA QoN07 | AFCA QoN08

**Senator O'NEILL:** The other one I have is that 72,000 complaints are from consumers and small businesses. Do you have the breakdown?

**Mr Locke:** Five per cent in the last year have come from small-business owners and the rest have come from other consumers.

**Senator O'NEILL:** In terms of corporation breaches or superannuation breaches, could you provide a bit of—

**Mr Locke:** We can, certainly with regard to the breaches. With regard to the complaints, about eight per cent of our complaints are with regard to superannuation.

**Senator O'NEILL:** And the rest are with regard to corporations, 92 per cent?

**Mr Locke:** Sorry, so banking and finance would be about 56 per cent, general insurance would be 24 per cent and financial advisers are actually less than 1.4 per cent. Superannuation is about 10 per cent.

**CHAIR:** Could I get you to repeat that figure for financial advisers?

**Mr Locke:** They're just under 1.4 per cent of complaints that we receive. The number of complaints we get is actually quite low with regard to financial advisers. Actually, in the last 12 months we received 997 complaints and the average compensation per complaint was \$20,000 in respect of that.

**CHAIR:** You're talking about the financial adviser complaints.

**Mr Locke: Financial adviser complaints, yes. We can provide details of breakdowns, if that's helpful.**

**CHAIR:** Yes, if you could that would be great.

**Mr VAN MANEN:** That would be very helpful.

**Mr Locke:** Some of it is in the report, Mr Van Manen, but we're happy to provide current data with regard to that.

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### Answers:

The statistics provided by AFCA at the 18 June hearing covered the period of 1 June 2020 to 31 May 2021. The following data covers the last financial year (1 July 2020 to 30 June 2021). Therefore, there are slight variations in the data. We note that the data is current as at 8 July 2021.

The following provides AFCA's response to two questions on notice identified in the Hansard record at page 24. As they all relate to complaints received by AFCA and were asked at the same time, they have been grouped for ease of reference.

From 1 July 2020 and 30 June 2021, AFCA received 70,510 complaints. 5% of complaints were from small businesses and 95% from individual consumers.

59% of complaints were received in relation to banking and finance products (40% Credit, 12% Deposit Taking and 7% Payment Systems) 24% in relation to General Insurance, 7% in relation to Superannuation, 5% in relation to Investments and 2% in relation to Life Insurance.

The top 10 most complained about products were:

- Credit cards – 9,902
- Home loans – 6,404
- Personal transaction accounts – 5,763
- Personal loans – 5,338
- Motor vehicle – comprehensive insurance – 4,387
- Home building insurance – 3,529
- Superannuation account – 2,722
- Travel insurance – 2,477
- Electronic banking – 1,667
- Business Loans – 1,426

The top 10 issues raised in complaints were:

- Service quality – 6,880
- Unauthorised transactions – 5,048
- Delay in claim handling – 4,773
- Denial of claim – 4,193
- Default listing – 3,755
- Claim amount – 3,693
- Incorrect fees/costs – 3,637
- Denial of claim – Exclusion/ condition – 3,260
- Financial firm failure to respond to request for assistance – 2,740
- Failure to follow instructions/ agreement – 2,079

The top financial firm types with complaints were:

- Banks – 26,266
- General Insurers – 13,886
- Credit providers – 8,210
- Superannuation fund/Trustee – 3,638
- Underwriting agency – 2,115
- Non-cash payment system provider – 2,103
- Life Insurer – 2,055
- Debt collector or buyer – 1,569
- Credit reporting agency – 1,061
- Fintech – 927

## AFC07QoN

### Superannuation complaints

The top 10 issues in superannuation complaints were:

Issue	No.	%
Delay in claim handling	856	16%
Denial of claim	517	10%
Service quality	517	10%
Account administration error	487	9%

Issue	No.	%
Incorrect fees/ costs	419	8%
Claim amount	362	7%
Cancellation of policy	261	5%
Death benefit distribution	261	5%
Failure to follow instructions/agreement	227	4%
Application for early super release declined	178	3%
<b>Total</b>	<b>5,249</b>	<b>100%</b>

## AFC08QoN

### Complaints received about financial advisers/planners

In the last financial year (2021-21) AFCA received 901 complaints about financial advisers/planners. This is 1.3% of all complaints received by AFCA. These complaints were received against 209 AFCA members who classify themselves as financial advisers/planners.

This means that only 11% of all financial adviser/planner members received complaints in the last financial year. 89% had no complaints at all. In addition, ten financial advice/planning firms accounted for 40% of all financial adviser complaints.

The top 5 issues in complaints about financial advisers/planners were:

- Failure to act in client's best interest
- Inappropriate advice
- Incorrect fees/costs
- Service quality
- Failure to provide advice

The top 5 products complained about in financial adviser/planner complaints were:

- Superannuation funds
- Self-managed superannuation funds
- Shares
- Mixed assets funds
- Income protection

50 % of all financial adviser/planner complaints were resolved by agreement. 14% of complaints progressed to decision. For those matters that progressed to a final decision, 49% were in favour of complainants and 51% in favour of financial firms.

The average compensation awarded or obtained through AFCA by consumers was \$21,000.