

Parliamentary Joint Committee on Corporations and Financial Services

Oversight of ASIC, the Takeovers Panel and the Corporations Legislation, 20 October 2023

Australian Financial Complaints Authority

QoN no. 3

Mr Locke: With regard to the major banks, we are seeing them step up, and we are seeing them resolve higher levels of complaints. So, 58 per cent of matters that we took to the major banks last year were resolved at the very first stage with the customer. We are seeing some good practice there, but it isn't consistent across the second- and third-tier lenders. We're seeing some really poor practice in those markets, and that is of interest.

CHAIR: Can you name those and give them a ranking so we can attach it to the evidence?

Mr Locke: We will certainly give you information about how they're resolving the complaints and where we're seeing poorer resolution rates, definitely.

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Answer

Resolution rate

AFCA defines a resolution rate as the percentage of complaints closed after being referred by AFCA back to the financial firm. The AFCA process provides firms with a final opportunity to resolve complaints themselves prior AFCA starting its investigations into the case.

This means where we see high resolution rate, it is a positive sign as it shows that a firm is reaching out to the customer and resolving the dispute. This means that the consumer has accepted the resolution offered and not had to go through the whole EDR process. Early resolution is normally better for the customer, and it means the bank may be more likely to retain that customer.

Tiers are based on the number of complaints AFCA has received for a member in the preceding 12 months. **Tier 2** Banking & Finance - is based on received volumes of between 1,000 - 2,499 complaints in the last 12 months.

Tier 2 (6 firms fall into this category)				
Financial firms	FY23 received volume	% of FY23 volume compared to all of B&F	FY23 Resolution rate	FYTD24 Resolution rate
St George Bank	1,696	3.2%	65.0%	64.0%
American Express Australia Limited	1,297	2.4%	63.0%	66.0%
Citigroup Pty Limited	2,074	3.9%	58.0%	66.0%
Latitude Finance Australia	2,002	3.7%	53.0%	61.0%
Macquarie Bank Limited	1,034	1.9%	48.0%	48.0%
Bendigo and Adelaide Bank Limited	1,087	2.0%	40.0%	32.0%
Total		17.2%	56.0%	58.0%
		Tier 2 % of all B&F		

This shows that some of the second-tier lenders are resolving high percentages of disputes at this 'refer back' stage. Bendigo and Adelaide and Macquarie Bank Limited's performance are the outliers, with poorer performance on this metric.

Tier 3 - is based on received volumes of between 100 – 999 complaints in the last 12 months.

With this tier you will see below that there is huge variability in performance. The best performers on this metric are Credit Corp Recoveries Pty Limited and Humm Cards Pty Limited. The poorest performer on this metric is McMillan Shakespeare Limited.

Tier 3 (42 firms fall into this category)

Financial firms	FY23 received volume	% of FY23 volume compared to all of B&F	FY23 Resolution rate	FYTD24 Resolution rate
Credit Corp Recoveries Pty Limited	123	0.2%	89.4%	87.5%
Humm Cards Pty Ltd	303	0.6%	88.8%	89.1%
Afterpay Australia Pty Ltd	582	1.1%	75.3%	62.6%
BankSA (a division of Westpac Banking Group)	310	0.6%	68.7%	75.9%
Members Equity Bank Limited	409	0.9%	67.4%	69.4%
Credit Corp Services Pty Limited	275	0.6%	67.3%	73.5%
Complete Credit Solutions Pty Ltd	113	0.2%	64.6%	61.8%
Pepper Asset Finance Pty Ltd	188	0.4%	63.6%	87.9%
Pepper Money Limited	165	0.3%	63.6%	76.0%
PayPal Australia Pty Limited	843	1.6%	63.3%	56.2%
Suncorp-Metway Limited	640	1.4%	62.9%	62.3%
Bank of Melbourne	558	1.1%	62.2%	67.1%
Ausfinancial Pty. Ltd.	184	0.4%	61.4%	64.5%
Pepper Finance Corporation Ltd	147	0.3%	60.5%	78.6%
LatitudePAY Australia Pty Ltd	101	0.2%	60.4%	52.9%
Pioneer Credit Solutions Pty Ltd	268	0.5%	60.1%	61.4%
Zipmoney Payments Pty Limited	588	1.2%	58.7%	79.9%
Bank of Queensland Limited	493	1.0%	58.2%	54.9%
Equifax Data Registries Pty Ltd	115	0.2%	55.7%	82.6%
Moneyme Financial Group Pty Ltd	209	0.4%	54.3%	41.4%
Great Southern Bank	224	0.4%	54.0%	42.5%
Nissan Financial Services Australia Pty Ltd	150	0.3%	54.0%	48.7%
Volkswagen Financial Services Australia Pty Ltd	327	0.6%	53.7%	51.9%
ING Bank (Australia) Limited	993	1.9%	53.3%	65.6%
Latitude Personal Finance Pty Ltd	231	0.5%	52.4%	56.9%
Openpay Pty Ltd (Receivers and Managers)	137	0.3%	51.8%	0.0%
Equifax Australia Information Services Pty Ltd	339	0.6%	51.0%	53.7%
Toyota Finance Australia Limited	398	0.8%	50.3%	63.2%
Panthera Finance Pty Ltd	296	0.6%	49.8%	68.9%
Bank of Western Australia Limited	738	1.5%	47.4%	62.9%
Macquarie Leasing Pty Limited	182	0.3%	47.3%	37.8%
HSBC Bank Australia Limited	792	1.5%	47.2%	33.6%
Advantage Financial Services Pty Ltd	108	0.2%	47.2%	59.3%
MasterCard Prepaid Management Services Pty Ltd	133	0.3%	44.4%	47.5%
AMP Bank Limited	339	0.7%	44.3%	43.8%
Heritage and People's Choice Limited	219	0.4%	43.8%	42.5%
Money3 Loans Pty Ltd	139	0.3%	36.7%	26.2%
Beyond Bank Australia Limited	111	0.2%	35.8%	64.3%
Secure Funding Pty Ltd	121	0.2%	35.5%	53.6%
RAMS Financial Group Pty Ltd	228	0.4%	33.0%	39.2%
Wise Australia Pty Ltd	156	0.3%	30.1%	50.0%
McMillan Shakespeare Limited	119	0.2%	15.1%	11.8%
Total		25.8%	56%	58%
		Tier 3 % of all B&F.		