

INDUSTRY NEWS

Australian Financial Complaints Authority update

The Bill establishing the Australian Financial Complaints Authority (AFCA) passed both Houses of Federal Parliament on 14 February 2018.

We previously covered the transitional arrangements for the new authority in the [December FSB](#) which included higher monetary limits and compensation caps.

The AFCA, which originated from the review of the dispute resolution framework by an independent panel led by Melbourne University Law School Professor, Ian Ramsay, will combine the operations of the Financial Ombudsman Service (FOS), the Credit and Investments Ombudsman (CIO) and the Superannuation Complaints Tribunal (SCT).

ASIC welcomed the passage of the legislation with an announcement on its website saying that it will:

"work with Government and scheme stakeholders to ensure that the transition to the commencement of AFCA is as smooth as possible. In the interim, ASIC will retain direct oversight of the two ASIC-approved schemes - FOS and CIO - which will continue to provide high levels of service to consumers and firms".

Separate arrangements have been put in place in place for the ongoing operation of the SCT to enable it to deal with existing complaints, though the press has recently been critical of backlogs and has questioned whether funding arrangements are in place to adequately resource the SCT.

ASIC Deputy Chair Peter Kell said, in the ASIC announcement that:

"Fair, timely and effective dispute resolution is a cornerstone of the financial services consumer protection framework. The combination of firms' internal dispute resolution procedures and access to a free independent external scheme currently provides redress for many tens of thousands of Australians each year".

In a separate announcement on 5 March, the Minister for Revenue and Financial Services, Kelly O'Dwyer, said the AFCA would be ready to start to receive disputes by 1 November 2018.

The Hon Helen Coonan, a former Barrister and Howard Government Minister, will be the inaugural Chair of AFCA.

Draft Regulatory Guide 139, *Oversight of the AFCA*, was released on 5 March 2018 and will be open for consultation with interested stakeholders until 6 April 2018. It seeks feedback on whether financial firms need transitional relief from external dispute resolution disclosure obligations in the lead up to commencement of the AFCA, and is available on the [ASIC website](#).