

INDUSTRY NEWS

Australian Financial Complaints Authority

The Federal Government's new "one stop shop" to deal with financial services complaints has come one step closer to reality.

A Bill to establish the new body, which will be known as the "Australian Financial Complaints Authority" ('AFCA') has been introduced and was read for the first time in the House of Representatives on 7 December 2017. Relevantly, from the perspective of the life insurance industry, the AFCA will replace both the FOS and Superannuation Complaints Tribunal.

The AFCA Board will have equal numbers of industry and consumer directors, with the Federal government initially appointing a minority of the AFCA board, including the independent chair.

A transition team was appointed in July 2017 headed by former Reserve Bank Assistant Governor Dr Malcolm Edey, to settle the terms of reference. Consultation on key aspects of AFCA's operations, including monetary limits, concluded on 20 November 2017.

The Government has decided that AFCA will commence operations with a monetary limit of \$1 million and a compensation cap of \$500,000 for most non-superannuation disputes.

The Bill sets out standards that AFCA must meet, confers powers in relation to superannuation disputes and gives ASIC additional regulatory powers, including the power to issue directions. AFCA's terms of reference will set out how legislative and policy requirements will be met.