

## Article Information

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# ASIC ensures licensees meet their AFCA membership obligations

## ASIC consults on new IDR processes

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On 1 November 2018, Australian Financial Complaints Authority (AFCA) was formed and replaced the Financial Ombudsman Service, Credit and Investments Ombudsman and Superannuation Complaints Tribunal. All financial services licencees and credit licencees were required to obtain an AFCA membership as part of their general conduct obligations.

On 12 July 2019, AFCA advised ASIC that 58 financial services licencees and 217 credit licencees had not obtained an AFCA membership. Although these licencees previously held external dispute resolution memberships with previous schemes, as they had not obtained an AFCA membership they may be found in breach of their licence conduct obligations. As a result of ASIC's intervention, of these potentially non-compliant financial and credit licencees:

- 50 financial services licencees subsequently obtained AFCA membership;
- 4 financial services licencees voluntarily cancelled their licences;
- 4 financial services licences were cancelled or suspended by ASIC;
- 131 credit licencees subsequently obtained AFCA membership;
- 38 credit licencees voluntarily cancelled their licences; and
- 48 credit licences were cancelled or suspended by ASIC.<sup>[1]</sup>

ASIC's intervention aims to protect consumers by ensuring they have access to an external dispute resolution service, in accordance with their licencees' obligations. If entities fail to comply, ASIC will take formal action to cancel or suspend their licences.<sup>[2]</sup>

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<sup>[1]</sup> ASIC, '19-182MR ASIC ensures licensees meet their AFCA membership obligations', media release, 12 July 2019, <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2019-releases/19-182mr-asic-ensures-licensees-meet-their-afca-membership-obligations/>.

<sup>[2]</sup> Ibid.