

Article Information

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AFCA up and running

On 1 November 2018, the Australian Financial Complaints Authority (AFCA) commenced accepting complaints as the new financial services external dispute resolution (EDR) service.

AFCA will be the largest EDR scheme in Australia, with 36,000 members and 55,000 complaints expected in the first year.

On 22 November, AFCA Chair, the Hon. Helen Coonan, announced that in the first month of operations, AFCA received 2,500 phone calls and 1,200 complaints.^[1] This included 651 complaints within the first two days.^[2] Helen noted that 42% of these calls have concerned issues around credit, with the two most prominent issues being decisions by a financial institution, followed by financial difficulty.^[3]

AFCA will address small business complaints, with 98% of small businesses covered by the scheme, and has announced the introduction of a dedicated small business lead ombudsman.^[4]

Becoming a member of AFCA is a requirement of maintaining an Australian financial services licence and an Australian credit licence. If your business has not already joined, you must join now. Financial firms were also required to notify ASIC of their AFCA membership by Friday 30 November, with those who haven't done so in breach of their licence conditions and will face fees for late notification.^[5]

^[1] The Hon. Helen Coonan, 'The Australian Financial Complaints Authority' (Speech delivered at the Legalwise 3rd Annual Credit Law Conference, Sydney, 22 November 2018).

^[2] Ibid.

^[3] Ibid.

^[4] Ibid.

^[5] ASIC, 'Firms must notify ASIC of their AFCA membership by end of November before late fees apply' (Media release 18-358MR) 28 November 2018 <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2018-releases/18-358mr-firms-must-notify-asic-of-their-afca-membership-by-end-of-november-before-late-fees-apply/>.