

# Market Bulletin

Ref: Y5207

<b>Title</b>	Australian Financial Complaints Authority
<b>Purpose</b>	To inform the market of the new Australian Financial Complaints Authority and required changes to disclosure documents and letters.
<b>Type</b>	Event
<b>From</b>	Yael Chen Senior Manager International Regulatory Affairs
<b>Date</b>	14 September 2018
<b>Deadline</b>	From 21 September 2018, claim denial letters and stage 1 complaint letters must include references to specific External Dispute Resolution schemes
<b>Related links</b>	<a href="http://www.afca.org.au">www.afca.org.au</a> ; <a href="http://www.fos.org.au/consumers/afca-information-for-consumers/">http://www.fos.org.au/consumers/afca-information-for-consumers/</a>

## Summary

The Australian Financial Complaints Authority (AFCA) is a new External Dispute Resolution (EDR) scheme established to deal with financial services complaints from consumers. AFCA will be operational and ready to receive complaints **from 1 November 2018**.

## Background

AFCA replaces the three existing EDR schemes - i.e. the Financial Ombudsman Service Australia (FOS), the Credit and Investments Ombudsman (CIO) and Superannuation Complaints Tribunal (SCT) - so that consumers have access to a single EDR scheme. AFCA will:

- be the single point of contact for complainants for EDR services;
- have higher monetary limits;
- be more accountable to users; and
- have rules (and terms of reference) to support its dispute resolution function.

Members of FOS will have their membership transferred to AFCA. Australian coverholders are generally required to be a member of AFCA as a condition of their Australian Financial Services Licence. Lloyd's Australia Limited is a member of AFCA on behalf of Lloyd's Underwriters.

The Australian Securities and Investments Commission (ASIC) has released the transitional arrangements as well as an updated [Regulatory Guide 165](#) which outlines various requirements regarding external dispute resolution systems. On 12 September 2018, ASIC approved the [AFCA Complaint Resolution Scheme Rules](#).

### **Action required**

From **21 September 2018**, managing agents, coverholders and TPAs will need to ensure that claim denial (including partial denial) letters and stage 1 complaint letters, issued to Australian policyholders, include references to *both* FOS (which will be able to receive complaints only up until 31 October 2018) and AFCA (which will be able to receive complaints on and after 1 November 2018).

### **Letters should not be changed until on or after 21 September 2018.**

See below sample text:

*If you are not satisfied with our response, you may lodge a complaint with:*

- *the Financial Ombudsman Service Australia **if lodged before 1 November 2018:***

*Online: [www.fos.org.au](http://www.fos.org.au)*

*Email: [info@fos.org.au](mailto:info@fos.org.au)*

*Phone: 1800 367 287*

*Mail: Financial Ombudsman Service Limited GPO Box 3 Melbourne VIC 3001; or*

- *the Australian Financial Complaints Authority **if lodged on or after 1 November 2018:***

*Online: [www.afc.org.au](http://www.afc.org.au)*

*Email: [info@afc.org.au](mailto:info@afc.org.au)*

*Phone: 1800 931 678*

*Mail: Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001*

Letters issued between 1 November 2018 and 1 February 2019 may continue to include references to both FOS and AFCA, provided it is clear that only AFCA can receive complaints after 1 November 2018.

### **Letters issued on or after 1 February 2019 must only include referral to AFCA, not FOS.**

Australian coverholders and TPAs have until 1 November 2018 to update complaint handling information on their websites. Disclosure documents **must** be updated **by 1 July 2019**.

Lloyd's is currently working with the LMA to update its model documents for Australian complaints, but managing agents, coverholders and TPAs should similarly ensure that their

own documents are updated. Lloyd's Australia will provide an updated complaint brochure to Australian coverholders and TPAs.

### **Contact Details**

If you have any queries, please contact:

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### **Further Information**

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