



28 February 2019

Dr Sean Turner
Committee Secretary
Legal and Constitutional Affairs References Committee
The Senate
Canberra
ACT

Sent electronically-

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Dear Dr Turner

Invitation to submit to the legal and constitutional affairs reference inquiry into the resolution of disputes with financial service providers within the justice system

We refer to your letter of 19 February 2019 to Ms Sally Loane. Thank you for this opportunity to provide submissions on this topic.

About the Financial Services Council (FSC)

The FSC has over 100 members and represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing more than \$2.7 trillion on behalf of 13 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the third largest pool of managed funds in the world. The FSC promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.

Our Submission

At this stage, we wish to comment in detail only in respect of item (c) of the Terms of Reference.

As a general theme, the FSC supports measures and developments that improve outcomes within AFCA for vulnerable claimants. The financial services industry wishes AFCA to be as effective as possible in handling complaints. In this respect, the industry recognises that it should be

should be mindful of the difficulties some claimants have in navigating the dispute resolution system. Such vulnerable claimants include those with mental health conditions. A member has commented to us that this is particularly the case in respect of vulnerable life insurance claimants, (given the likely nature of the claim and the condition suffered by the claimant).

In our view, AFCA should be encouraged to adopt measures that make the system easier to navigate for vulnerable claimants. Our industry is mindful of the difficulties that some claimants (particularly vulnerable claimants such as those with mental health conditions) face in navigating our dispute resolution systems. Financial service providers each have a common interest in ensuring that AFCA is effective at handling as many complaints as possible.

In this respect, we refer to recommendations previously made by organisations such as BeyondBlue, in particular:

- Complaints mechanisms should be streamlined to enable a 'no wrong door' joint approach to investigative complaints between AFCA and other external dispute resolution bodies (such as the Australian Human Rights Commission and its State and Territory equivalents) to avoid repetition and lengthy delays that may occur in seeking redress through successive or multiple agencies. A triage system should be overlaid to ensure that complaints are directed to the most suitable organisation.
- AFCA should reduce timeframes for resolving complaints through the development, implementation and monitoring of clear and well-defined timeframes for complaint resolution and benchmarks should be introduced with consequences for falling below those timeframes (as is the case for internal dispute resolution processes under the FSC's Life Insurance Code of Practice).

Should you have any questions please do not hesitate to contact us.

Yours Sincerely

PG Callaghan

General Counsel