

Key changes required following the release of regulatory guide 271 internal dispute resolution (RG 271)

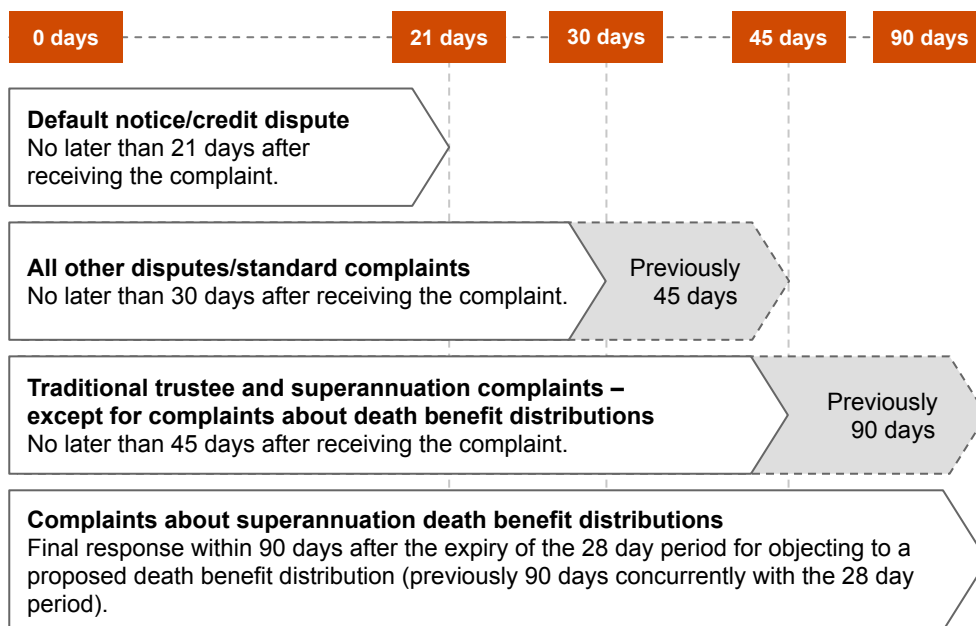
On 30 July 2020 ASIC released RG 271 that details updated requirements for how financial services firms (firms) deal with consumer and small business complaints under their Internal Dispute Resolution (IDR) procedures. RG 271 is effective 5 October 2021 and until then firms must continue to adhere to RG 165 Licensing: Internal and external dispute resolution (RG 165). Some of the key changes of RG 271 include:



Reduced timeframes

Revised timeframes to managing a complaint:

- An acknowledged receipt of each complaint should be provided within 24 hours (or one business day) or as soon as practicable
- Updated timeframes as outlined below:



Note: There may be exceptions to the maximum IDR timeframes, e.g. complaint complexity where there is no reasonable opportunity to provide the IDR response within the relevant timeframes; or circumstances causing a delay that are out of the firm's control



IDR Response disclosures

The **IDR final outcome must be communicated** to the complainant (either confirmation of actions taken by the firm to resolve the complaint or reasons for rejection or partial rejection of the complaint) as well the complainant's **right to escalate** to Australian Financial Complaints Authority (AFCA) if they are dissatisfied.



Role of customer advocates

Complainant may be **offered the option of escalating their complaint to the customer advocate**, as an alternative to AFCA, however this must not prevent the complainant from exercising their right to access AFCA. **The total time spent dealing with the complaint must not exceed the maximum IDR timeframes** (i.e. total time includes the IDR process and the customer advocate review).



Dealing with a representative

Representatives are permitted to lodge complaints on behalf of complainants. The **complainant should not be contacted directly unless** specifically requested or:

- There is reasonable belief that the representative is **acting against the complainant's best interest**, is acting in a deceptive or misleading manner or is not authorised to represent the complainant
- At the time of dealing with the complaint, the representative has been excluded by AFCA from representing complainants in relation to any complaint lodge with AFCA



New resourcing requirement

Reviews must be undertaken to assess whether the IDR process is **adequately resourced**, where the number of **staff number must be sufficient to deal with complaints in a fair and effective manner** within maximum IDR timeframes and that there are relevant staff with appropriate authority to determine and/or approve complaint outcomes to facilitate a fair and efficient resolution of complaints.



For more information

For more information refer to [RG271](#) including guidance on written reasons for superannuation death benefits, the role of the board and managing systemic issues.

Common IDR observations



Complaint committees: The creation of Complaints Committees that are involved in the governance over IDR processes and apply a 'fair and reasonableness' review over IDR resolutions.

Quality controls: The use of preventative and detective controls such as progress letter and outcome letter quality checks and complaint officer case file audits.

Implementation of systems and systems enforced controls: Automated complaints management.

Internal framework requirements: Some organisations hold themselves accountable to standards that go over and above regulatory requirements e.g. more frequent communication.

IDR framework and processes: Some firms are considering how their IDR framework and processes will fit into their product lifecycle and particularly triggers for the Design and Distribution Obligations requirements.



Communication: Communication with members is reactive or delayed as opposed to proactive and frequent.

Disclosure: IDR teams responding to complainants via informal emails as opposed to formal letter templates and therefore not providing mandatory disclosure requirements such as access to External Dispute Resolution (EDR) systems.

Disclosure: Failing to notify complainants of their rights to request written reasons should their complaint not be resolved within regulatory timeframes and/or failing to provide written reasons for decisions made.

Timeliness: Failing to resolve complaints within the regulatory timeframes.

Complaint support: Not adequately documenting key interactions with the complainant throughout the complaint lifecycle.

How we can help

Data analytics and enhanced reporting

- Provide a PwC developed dashboard that analyses complaints data for key insights, including word stemming, sentiment analysis, complaints ranking and keyword search
- Development of enhanced governance reporting to better identify systemic issues

Data transformation

- Establishment of a streamlined data transformation process
- Enable the creation of a high quality data asset for the reporting of complaints handling in accordance with ASIC's requirements

Independent assurance reviews

- Independent assurance reviews over the end to end IDR framework

Readiness assessment

- Complaints framework maturity assessment against best practice and market expectations
- Gap analysis of current complaint framework vs. the requirements of RG 271
- Assistance in updating policies, frameworks and processes

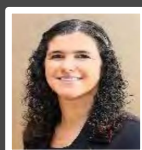
Business Assurance Controls

- Review of completeness and accuracy of input to and output from complaints management system
- Where complaints management is automated, review of IT and business application controls over complaints system



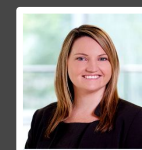
Sarah Hofman

Partner
Financial Services Risk and Regulatory,
Sydney
P: 02 8266 2231
E: sarah.hofman@pwc.com



Deanna Chesler

Partner
Regulation and Compliance
Sydney
P: 02 8266 0003
E: deanna.chesler@pwc.com



Jo Fleming

Senior Manager
Financial Services Risk and Regulatory
Sydney
P: 02 8266 0472
E: jo.a.fleming@pwc.com

Written by: Ruth Tan, Manager, Financial Services Risk and Regulatory Assurance

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