Media release

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AFCA receives 70,000 financial complaints in 2020-21

- **Complaints involving financial difficulty down nearly 40%**
- **AFCA concerned at increase in complaints about unauthorised transactions**

Australians in dispute with banks, insurers, super funds, investment firms and financial advisers lodged more than 70,000 complaints with the Australian Financial Complaints Authority (AFCA) in the past 12 months.

They secured more than $240 million in compensation and refunds after seeking AFCA's help, as well as outcomes such as fee waivers, debt forgiveness and apologies.

In addition, AFCA's investigations into a range of systemic issues resulted in remediation payments to consumers totalling nearly $32 million in the past financial year.

AFCA has now helped to secure more than $610 million in compensation and refunds, and over $220 million in remediation payments, since starting operation on 1 November 2018.

In 2020-21, individual consumers and small businesses – who can also access the free ombudsman service – made 70,510 complaints to AFCA.

A preliminary data "snapshot" as of June 30 also shows that nearly 70 per cent of cases were resolved by agreement after AFCA brought the parties together, and that nearly 60 per cent of cases were resolved within 60 days.

The most complained about product in 2020-21 was credit cards, accounting for 14 per cent of all complaints, followed by home loans (9 per cent) and personal transaction accounts (8 per cent). With credit cards, the most common issues were default listings and unauthorised transactions – the latter accounting for 11 per cent of card complaints.

Government support, business relief measures and a steadying economy had a positive effect on complaint levels in 2020-21, including complaints involving financial difficulty, AFCA's Chief Ombudsman, David Locke, said.

"Significantly, complaints involving financial difficulty were down nearly 40 per cent from the numbers we saw the previous year," Mr Locke said. "That's a great outcome and reflects the positive response from government and industry to the impact of COVID.

"However, it's too early to say we're out of the woods yet. It may be some months before we know the full impact of the end of government emergency support and assistance from financial firms such as deferred loan repayments. And, of course, we are still living with COVID-19.

"It's important that consumers and financial service providers continue to work together to resolve issues quickly as they emerge," Mr Locke said. "The past 12 months show what's possible when that happens."

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Overall, complaints were down 12 per cent on 2019-20, a year that included the initial months of the COVID-19 pandemic and a spike in complaints in areas such as travel insurance.

In 2020-21, there were 8,303 COVID-related complaints, up from 5,013 in just four months at the end of 2019-20 after the pandemic was officially declared. That translates to an average of 692 a month in 2020-21, down sharply from an average of 1,253 a month from March through June 2020.

The past 12 months included 165 complaints related to insurance cover for business interruption associated with COVID-19. More complaints are expected in the coming year, once the second of two test cases brought by the insurance industry is resolved.

The AFCA data for 2020-21 also shows travel insurance complaints down 22 per cent, as Australians stayed at home, and superannuation complaints down 31 per cent, after a jump the prior year when the government allowed the early release of super at the start of COVID

On the other hand, complaints related to personal transaction accounts rose 48 per cent, with unauthorised transactions accounting for 29 per cent of those complaints. Also, complaints about electronic banking increased 76 per cent, with unauthorised transactions accounting for 28 per cent of those complaints and mistaken internet payments accounting for a further 19 per cent.

“There’s no single reason for these increases but people transacting online more during COVID will have contributed,” Mr Locke said. “Scams, which have accelerated during the pandemic, are also leading to growing complaints about transactions.”

Complaints about sales of funeral insurance in Indigenous communities continued to be troubling in 2020-21, Mr Locke said. “There’s a pattern of poor conduct in regional and remote communities that’s concerning.”

One provider accounted for 98 per cent of funeral insurance-related complaints and was the subject of multiple determinations in favour of complainants.

About AFCA

- The Australian Financial Complaints Authority (AFCA) is a non-government ombudsman service providing free, fair and independent help with financial disputes.
- It is a one-stop-shop for consumers and small businesses who have a dispute with their financial firm, in areas such as banking, credit, insurance, advice, investments and super.
- Where an agreement cannot be reached between parties, AFCA can issue decisions that are binding on financial firms.
- AFCA has searchable public data on financial complaints available at data.afca.org.au.

Also available on request

- Photos of spokespeople
- Stock photos, AFCA
- Stock video, AFCA

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