Media release

7 October 2021

Complaints about four major banks fall: AFCA

Consumer complaints about the four major banks fell 7 per cent in 2020-21, the Australian Financial Complaints Authority (AFCA) says in new analysis of the 70,510 complaints it received overall in 2020-21.

AFCA also said seven of the 10 firms with the highest number of complaints in 2020-21 had fewer disputes raised against them.

The ombudsman service said it had now received over 216,000 complaints since it opened its doors in November 2018.

Chief Ombudsman and CEO David Locke said he was pleased to report a decrease in complaints about the major banks. “While we know there are challenges ahead in the coming months across the board, I hope all firms and customers continue to do what they’ve been doing – firms actively engaging with customers they think may be struggling, and customers talking to firms before a small problem becomes a bigger one,” he said.

The analysis also found that 56 per cent of all complaints were resolved in under two months. By six months, 90 per cent of all complaints were resolved.

“This result demonstrates that AFCA is achieving its purpose in being faster and cheaper for consumers and firms compared to an alternative such as a court or tribunal,” Mr Locke said.

“We also saw that over 70 per cent of cases were resolved in the early stages of AFCA’s process with an agreement being reached between the complainant and firm or an outcome in favour of the complainant, without the need to progress the case to an ombudsman for a formal decision,” he said.

“This shows that firms are willing to work with AFCA and their customers to resolve issues quickly and early, which is pleasing,” Mr. Locke explained.

“We also saw that when a complaint does progress to a formal decision from ombudsman or adjudicator, it was most likely to be decided in the firm’s favour.

Mr Locke noted that five per cent of complainants were assisted by a paid representative in 2020-21. He continued, saying: “AFCA is working to ensure a small number of paid representatives who are not acting in good faith are prevented from exploiting AFCA’s process, either by delaying matters or by lodging complaints lacking merit.”

On more than 200 occasions in 2020-21 AFCA used its power to refuse to continue considering a complaint because of a representative’s conduct. AFCA works directly with the complainant when this occurs.

Mr Locke said AFCA also continued to see a high number of cases where consumers – in particular, First Nations Australians – believed they had been misled into buying funeral plans. Funeral plans were among the top five life insurance products complained about in 2020-21.

In the last 15 months, AFCA received 260 funeral plan complaints, more than half of them from people who identified themselves as Aboriginal or Torres Strait Islander peoples. AFCA has awarded $700,000 in refunds and compensation in funeral plan cases.

Mr Locke said AFCA was committed to providing the public access to information about complaints, and that it releases regular updates and analysis throughout the year.

"At AFCA, we believe our role should not just be to resolve complaints that are escalated to us but to also play a preventative role," he said. "Sharing our unique data and insights helps consumers by providing transparent information about the performance of financial firms, and helps firms understand how they might improve the way they resolve consumer complaints."

Data and analysis:

- AFCA today released its 2021 **AFCA Annual Review**, available at afca.org.au/annualreview
- Access the **AFCA Datacube** at data.afca.org.au

About AFCA

- The Australian Financial Complaints Authority (AFCA) is a non-government ombudsman service providing free, fair and independent help with financial disputes.
- AFCA is a one-stop-shop for consumers and small businesses who have a dispute with their financial firm, over things such as banking, credit, insurance, advice, investments or superannuation.
- Where an agreement cannot be reached between parties, AFCA can issue decisions that are binding on financial firms.

About the AFCA Datacube

- The Datacube is a searchable set of information about complaints and is made publicly available to firms and consumers at data.afca.org.au.
- The latest update to the AFCA Datacube update gives the public access to the complaint statistics for firms that have been the subject of four or more complaints (a total of 67,613 in 2020–21).

Media enquiries media@afca.org.au