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## **1. Introduction**

All AFS licensees are required by s912A and s912B to have in place adequate dispute resolution systems and adequate compensation arrangements for the services that they and their representatives provide to retail clients.

ASIC has provided guidance on their expectations for these systems and arrangements through Regulatory Guides 165 and 126. Licensees need to:

- Have a documented internal dispute resolution procedure that is consistent with the Australian Standard on Complaints Handling (AS ISO 10002-2006)
- Be a member of an ASIC approved external dispute resolution
- Include information on the dispute resolution systems in their Financial Services Guide
- Have in place compensation arrangements meeting the requirements set by ASIC

The directors, with the assistance of Richard Liverpool, are responsible for the dispute resolution systems and compensation arrangements for Financial Planning Advice Australia.

## **2. What is a Complaint?**

ASIC requires licensees to adopt the definition of a complaint as set out in AS ISO 10002-2006:

- A complaint is an expression of dissatisfaction made to an organisation, related to its products or services, or the complaints handling process itself, where a response or resolution is explicitly or implicitly expected.

It is recognised that this is a broad definition which includes service complaints (as well as compensation claims) and verbal complaints (and not just written complaints).

This policy gives consideration to the nature of complaints and enables low level complaints to be dealt with in a more efficient and timely manner. For example, low level complaints may be managed by the representative subject to the complaint and resolved verbally through an apology to the client.

Low level complaints are those where no compensation is required, they are not associated with a breach and they are resolved within five business days.

## **3. Complaint Handling Principles**

In accordance with RG 165 and AS ISO 10002-2006, Financial Planning Advice Australia applies the following principles to the management of complaints:

### Visibility

- clear communication to clients that a dispute resolution scheme exists

- clear communication of how a complaint can be made and the process involved
- inclusion of the above in the Financial Services Guide
- all employees are also required to understand the above

#### Accessibility

- easy access for clients to make complaints
- no requirement for complaints to be put in writing
- clients with special needs are supported

#### Responsiveness

- complaints are acknowledged immediately
- response times are defined and communicated to clients
- continuous communication to clients on the progress and status of their complaint

#### Objectivity

- complaints are addressed in an equitable, objective and unbiased manner
- clients are provided with adequate opportunity to make their case
- clients are provided with reasons for the response to their complaint

#### Charges

- clients can have complaints heard at no cost to them

#### Confidentiality & Collection of Information

- complaint handling systems and processes protect the personal information of clients
- complaint records (other than those for low level complaints) are stored separately and accessible only to those people responsible for complaint management

#### Customer Focused Approach

- a customer focused approach to complaint handling is adopted by being helpful, user friendly, open to feedback and demonstrating a commitment to resolve complaints

#### Accountability

- records are maintained on complaints received and the progress in resolving them
- complaints reporting is included in all compliance committee reports to the board

#### Continual Improvement

- the dispute resolution process supports the continual improvement of services
- all complaints are analysed to identify systemic or recurring issues
- the effectiveness of the dispute resolution process is reviewed annually to ensure continual improvement

#### Commitment & Resources

- the business principals demonstrate a commitment to the dispute resolution process
- this includes providing sufficient training, people resources, financial resources and system resources to support an efficient and effective dispute resolution process
- it also includes the communication and promotion of the process

**4. Complaint Handling Procedure**

- The directors, with the assistance of Richard Liverpool, are responsible for complaint handling.
- At all times the Complaints Register and Complaint File are kept up to date by the directors, with the assistance of Richard.
- At all times consideration is given to opportunities for continual service improvement, whether the complaint impacts other clients (and further action is required in respect of those clients), the need for external legal advice and the breach management process.
- If it is likely or possible that PI cover will be required, then no offer of financial compensation (or acceptance of liability) will be made without PI Insurer approval.
- The schedule below is for elapsed days. ASIC RG165 allows a maximum of 45 days. The response period does not ordinarily recommence if a client provides new information in respect of a complaint.
- If a complaint cannot be resolved within 45 days, the client must be given reasons why and informed of their right to immediately contact the AFCA.

Day 1	<ul style="list-style-type: none"> <li>• Receipt of complaint. If the recipient does not expect to be able to resolve the complaint within 24 hours, then they immediately acknowledge receipt of the complaint via a phone call or email to the client.</li> <li>• Complaint recipient to notify Richard of complaint and proposed action.</li> <li>• Richard to determine if it is a low-level complaint and can remain with representative for resolution.</li> </ul>
By Day 5	<ul style="list-style-type: none"> <li>• If complaint is resolved, then Richard will update and close the complaint on the complaint register.</li> <li>• If complaint is not resolved, then one of the directors, with the assistance of Richard, will: <ul style="list-style-type: none"> <li>○ Investigate the complaint</li> <li>○ Consider the need for external legal support</li> <li>○ Consider the need to notify the PI Insurer</li> <li>○ Contact the client to provide an update and explain next steps</li> <li>○ Send the client an acknowledgement letter setting out the person responsible for handling the complaint, next steps, timeframes and the availability of the external dispute resolution system</li> </ul> </li> </ul>
By Day 45	<ul style="list-style-type: none"> <li>• Investigate the complaint in greater detail through discussion with client and reference to supporting documentation.</li> <li>• Determine the proposed resolution of the complaint and (where required) confirm acceptance of resolution with PI insurer.</li> <li>• Contact client to offer resolution and (where required) agree terms of settlement.</li> <li>• Send letter to client setting out the proposed resolution and the basis for resolution or alternatively the reasons for rejecting the complaint. Within the letter inform client of external dispute resolution process (AFCA) and enclose their brochure.</li> </ul>
By Day 50	<ul style="list-style-type: none"> <li>• Where required, obtain a deed of release and pay financial compensation</li> </ul>

## **5. Complaint Handling Resources**

All complaints (other than low-level complaints) are handled by one of the directors, with the assistance of Richard Liverpool. They have:

- Availability to deal with complaints within the required timeframe
- Authority to resolve complaints in a timely and effective manner
- Access to external legal and compliance support where required
- Extensive knowledge and experience of the services provided under the licence
- Excellent written and verbal communication skills
- The authority to ensure complaints are dealt with in accordance with this policy

## **6. Complaint Handling Guidance**

Financial Planning Advice Australia will apply the following guiding principles when handling complaints:

**Deal with the complainant's feelings**

- Preference will be given to in person communication. Where this cannot be achieved then verbal communication is preferable to written communication.
- Listen, empathise and show respect for the client. This will help reduce tension and open channels of communication.
- Allow the client time to explain their complaint and express their feelings.
- Acknowledge the client's feelings. For example, if they claim to be frustrated or disappointed then specifically acknowledge that feeling.
- Subject to the PI Insurance position, if you are at fault then take the blame and apologise immediately in the first person, without appearing defensive and before offering excuses.
- If you cannot resolve the complaint immediately, then advise the complainant of the next step in the process and who will deal with their complaint. Do not create false expectations.

**Deal with the specifics of the complaint**

- Keep an open mind and deal with the complaint objectively
- Identify the cause of the complaint as quickly as possible
- Establish the facts by asking open-ended questions and confirming details
- Establish the client's desired outcome
- Identify a potential resolution and try to reach an agreed solution with the client
- Set an action plan and timetable for an agreed course of action. Let the client know what you plan to do
- Maintain file notes of conversations and actions taken
- Keep the client informed of the progress of the complaint including expected time frames and any delays to those time frames.

**7. Complaint Remedies**

Financial Planning Advice Australia recognises that there are a range of remedies to resolve complaints.

In some cases, it may be appropriate to simply apologise to a client. For example, where service has fallen short of their expectations and they have suffered no monetary loss.

Where there has been a more significant failing by Financial Planning Advice Australia or its representative, it may be appropriate to offer a refund of fees paid by a client.

In some cases, Financial Planning Advice Australia will remedy client losses through financial compensation. The compensation will seek to put the client into the position they would have been in had the failing not occurred.

## **8. Complaints Register**

Financial Planning Advice Australia maintains a Complaint Register with the following information:

- Date the complaint was received
- How the complaint was received (letter, email, phone call, meeting)
- Name of the client
- Nature of the complaint
- Action taken
- Current status
- A summary of the resolution once the complaint is closed.

Documentation including a record of all written correspondence and notes of all conversations with the complainant is retained in the complaint file.

## **9. Reporting & Review**

The directors, with the assistance of Richard Liverpool, give ongoing consideration as to whether the dispute resolution procedure is being followed and whether appropriate action is being taken to fairly, honestly and efficiently resolve each complaint. This includes matters such as whether:

- Responses to clients and external dispute resolution schemes are in accordance with set time limits and are consistent with the dispute resolution principles and guidance in this policy.
- Adequate consideration is being given to whether the complaint impacts other clients or highlights a systemic problem.
- The PI Insurer has been notified in a timely manner where required.
- External legal support has been sought where required.
- The breach management process has been initiated where appropriate.
- The resolution of closed complaints is appropriate.
- Opportunities for service improvement are being identified and actioned.

These matters are considered as part of the annual compliance checklist.

## **10. External Dispute Resolution Scheme**

Financial Planning Advice Australia is required as a condition of its AFS licence to be a member of the Australian Financial Complaints Authority (AFCA).

The directors, with the assistance of Richard Liverpool, are responsible for AFCA liaison and responding to complaints made through AFCA.

If membership is suspended, cancelled or revoked, then ASIC must be notified within 3 business days.

## **11. Compensation Arrangements**

Financial Planning Advice Australia has PI insurance to indemnify it against claims made by retail clients against it or its representatives.

The current policy complies with the requirements set out by ASIC in RG126. Specifically, it:

- Provides an appropriate level of cover
- Includes cover for all services and financial products provided under the licence
- Includes cover for breaches of Chapter 7 of the Corporations Act by directors, employees and representatives.
- Includes cover for negligence, fraud and dishonesty
- Includes cover for external dispute resolution scheme awards
- It has an excess level which allows an uninsured loss to be comfortably covered

In determining an appropriate level of cover, it is recognised that a minimum level of \$2m (or \$4m where there is not at least one automatic reinstatement) is required by RG126 for licensees with revenue of less than \$2m. The PI cover should then be maintained at a level consistent with the revenue of the licensee up to a maximum of \$20m.

Financial Planning Advice Australia also gives consideration to a range of other factors when determining the appropriateness of the level of cover:

- The number of representatives
- The number of clients serviced and total funds under advice across all representatives
- The qualifications, experience and length of service of representatives
- The level of control over the advice process and investments recommended by each representative
- The level of support provided in the advice process for each representative
- The location of each representative and the ongoing monitoring & supervision
- The risk and complexity in advice provided by representatives
- The risk and complexity of financial products / investments recommended by representatives
- The conflicts of interest in the services provided
- Prior results from monitoring and supervision
- Complaints and financial settlement experience
- The maximum value of claims through external dispute resolution schemes
- The financial resources available to the licensee and representatives

Financial Planning Advice Australia recognises that additional levels of cover will be required where clients and services which are not captured by the mandatory PI Insurance requirements and defence costs are included in the cover. That is, after taking account of these other services



and costs there should still be appropriate levels of cover (and at least \$2m/\$4m) for retail client advice and dealing services.

The PI insurance is renewed on a yearly basis by the directors, with the assistance of Richard Liverpool and a PI insurance broker. Consideration is given to ensuring the requirements of RG126 continue to be satisfied.