

# Accomplish

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## Code Compliance Committee:

- Dr Sue-Anne Wallace, Chairperson
- Anita Schut, Industry Representative
- Professor Gail Pearson, Consumer Representative

## Call for new consumer representative in 2015.

## Review of Committee's operations.

## Next Committee meeting: 3 December in Sydney.

## News from the Committee

The Customer Owned Banking Code Compliance Committee (the Committee) has now finalised the new Charter document and Service Level Agreement in co-operation with the Customer Owned Banking Association (COBA).

The term of the current Consumer Representative, Professor Gail Pearson, will expire on 26 March 2015. COBA will be making arrangements with the Consumer Federation of Australia or similar organisations for the appointment of a new consumer representative commencing 2015.

Professor Gail Pearson was appointed to the Code Compliance Committee in October 2009 under the former Mutual Banking Code of Practice and re-appointed under the revised Code in February 2014. She has been a valuable contributor to the Committee, reinforcing consumer issues, in particular for remote and non-English speaking communities.

The Committee has proposed to undertake a self-evaluation of its governance, processes and procedures in 2015.

## Engaging with stakeholders

To assist Code subscribers in their data submission to the Code Compliance Committee, we are developing an online portal which we expect to be available from 2015/2016.

The Secretariat delivered Code training to students at Victoria University as part of the Diploma of Financial Counselling on behalf of Financial Consumer Rights Council. We also participated in a series of Code training days for financial counsellors and community legal advisers, in conjunction with the Code Compliance Monitoring Committee, the Telecommunications Industry Ombudsman, Energy and Water Ombudsman NSW and Victoria and the Credit Ombudsman Service.

**Presentations to raise awareness of Code obligations associated with significant areas of consumer risk, such as consumer credit insurance, debt aggregators and financial difficulty.**

Dr June Smith, General Manager Code Compliance and Monitoring attended the Global Women's Leadership Forum Workshop and the World Credit Union Conference at the Gold Coast. Dr Smith, together with Dr Sue-Anne Wallace attended the 2014 FOS Conference in Melbourne in October

The Secretariat also:

- Attended and presented at the National Conference of the Money Workers Association of Northern Territory and the National Conference of Community Legal Centres in Alice Springs in August.
- Attended a presentation of the Alzheimer's Australia NSW regarding financial abuse of people with dementia.
- Attended the Financial Counselling Tasmania Annual General Meeting.
- Attended the Finance and Consumer Rights Council (FCRC) Annual Conference in Creswick.
- Attended and presented at the West Australian Financial Counselling Annual Conference in Perth.

### **Own Motion Inquiry 'Financial Difficulty'**

**Compliance with Section 24 of the Code**

The Committee's own motion Inquiry examined Customer Owned Banking Institutions' compliance with financial difficulty obligations under Section 24 of the Customer Owned Banking Code of Practice. A total of 30 institutions and 52 financial counsellors were consulted as part of the inquiry, which was accompanied by a review of institutions' websites to assess the visibility and accessibility of financial difficulty information.

**Consultation of 30 institutions and 52 financial counsellors.**

The inquiry found that overall, institutions are genuinely willing to work with their customers to assist them with their financial difficulties, as outlined in the Code. The results suggest however that there may be broad variations in how institutions interpret and apply their obligations, and that the customer experience when engaging with institutions on financial difficulty matters can at times be inconsistent.

**Key findings to be published in due course.**

The key findings of the report will be published in due course. The following lists some of the key recommendations made by the Committee:

#### ***Accessibility of information on institutions websites***

**Accessibility of information**

- make sure information about your financial difficulty process, including the types of assistance that may be available; a financial difficulty information fact sheet and links to financial counselling and similar services in your area are readily accessible.
- if possible, have a financial difficulty application form available on your website

## Prompt and pro-active service

- develop tools that may help the customer handle their financial matters, such as budget spreadsheet, calculators and helpful tips

### ***Prompt and proactive service***

- have a dedicated staff member or team of staff who will deal with financial hardship matters and ensure their contact details are accessible to customers
- train customer-facing and other relevant staff to identify 'triggers' which may indicate that a customer may be experiencing financial difficulty

## Financial difficulty assistance

### ***Types of financial difficulty assistance***

- ensure financial assistance is assessed based on a customer's individual circumstances and that tailored and flexible options are available
- ensure that some options for repayment arrangements including access to superannuation or a customer's expenditure pattern are handled in accordance with the law and the Code obligations
- have procedures in place to deal with authorised financial counsellors, refer customers to financial counsellors or similar services and increase engagement with such third parties, where possible

## Debt collection

### ***Default listing and external sale of debt***

- ensure that debt collection and external sale of a debt does not take place when a financial difficulty request has been made

## Training

### ***Staff training***

- provide training and refresher training on all legal requirements associated with financial difficulty to relevant staff
- have financial difficulty focused training so staff understand the causes of financial difficulty and possible solutions available to customer

## **2014 Annual Compliance Statement**

The Committee has been collecting breach and complaints data from Code subscribers via its Annual Compliance Statement (ACS) program since 2012–13. Detailed information about the data will be published in our 2013/2014 Annual Report in December this year. the following will provide you with some key findings.

**800 self-reported Code breaches, a decrease of 13% to 2012/2013.**

### ***Breach data***

- 800 Code breaches were self-reported by Code subscribers, a decrease of 117 (13%) on the 917 breaches reported last year.
- Two Code Subscribers collectively reported 387 breaches (302 and 85), which accounted for 48% of the total breaches reported in 2013–14. 167 (36%) of these breaches related to chargebacks (clause D21) and 83 (18%) of these breaches related to account access and suitability – third party products (clause D13).
- 50 of the 89 Code subscribers reported Code breach activity during the reporting year (56% compared to 62% in 2012–13).
- 39 Code subscribers reported no breaches of the Code in 2013–14, four more than in the previous reporting period.
- 15 Code subscribers are yet to report a breach over the four years of ACS data collection.
- Nine Code subscribers collectively accounted for 559 (70%) of the total breaches.
- 430 (54%) of the 800 breaches reported were identified through quality assurance programs.
- The remaining 370 (46%) were identified as a result of customer complaint investigations.
- Most instances of non-compliance with Code obligations related to: ‘Training, Privacy, Internal Dispute Resolution (IDR) and other’ (284 breaches or 36%), and ‘Provision of mutual service’ (280 breaches of 35%).

### ***Significant breach data***

Six significant breaches were reported in 2013-14 by five Code Subscribers. These significant breaches cover Code obligations regarding:

- changes to accounts (D17)
- electronic communication (D18)
- legal and industry obligations (C8), and
- privacy and advertising obligations (D1, D23)

### ***Internal dispute resolution data***

- The Financial Ombudsman Service reported that it accepted 330 disputes against customer owned banking institutions in 2013–2014 in its role as an external dispute resolution provider.<sup>1</sup>
- This compares to 12,409 disputes self-reported by Code Subscribers in their ACS through their internal dispute resolution process (a decrease of 14% in comparison to 2012/2013).
- The decrease in complaint numbers occurred across most Code Subscribers.

**5 Code subscribers reported 6 significant Code breaches.**

**12,409 self-reported internal dispute resolution complaints, a decrease of 14% to 2012/2013**

<sup>1</sup> [FOS Annual Review 2013-2014, page 52](#)

- Ten Code Subscribers recorded no complaints, a similar result to 2012–13 when nine Code Subscribers recorded no complaints.
- The major service/product areas for customer complaint in 2013–14 concerned payment systems (33%) and complaints registered under the category ‘other’ (40%) detailed as prepaid card system, service issues, marketing content, and general issues not related to a particular product.
- 39% of complaints related to service issues.
- 56% of complaints were resolved within five days, 31% within 21 days and 7% within 45 days. This compares to similar results in 2012–13 of 58%, 30% and 6%.
- 83% of complaints were resolved in favour of the customer or by mutual agreement, compared to 74% last year, and
- 370 instances of non-compliance with the Code (42% of total breaches) were identified from an internal analysis of customer complaints, compared to 309 (34% of total breaches) last year.

## 2013/2014 Annual Report

**2013/2014 Annual Report to be published in December 2014.**

The Code Compliance Committee 2013/2014 Annual Report will be published by 20 December 2014 on our website at:

<http://www.cobccc.org.au/category/news-and-publications/annual-report/>.

The Annual Report will review the Committee’s key Code monitoring activities from 1 July 2013 to 30 June 2014 and analyse aggregated industry data to assess compliance with the Code’s standards. We will report on good industry practice and the initiatives of the 89 Customer Owned Banking Institutions who subscribe to the Code and their efforts to improve standards of practice and service in 2013–14.

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## Contact us

### If you have a general enquiry or want to provide feedback –

You can write to, call or email us using the details to the left.

### If you have a media enquiry –

All media enquiries should be referred to Dr June Smith, General Manager, Code Compliance and Monitoring, at:

[jsmith@codecompliance.org.au](mailto:jsmith@codecompliance.org.au).

Copies of the Code and information about the Code are available on [our website](#) and the Customer Owned Banking Association ([COBA](#)) website.