

# Accomplish

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## Code Compliance Committee:

- Dr Sue-Anne Wallace, Chairperson
- Anita Schut, Industry Representative
- Carolyn Bond, Consumer Representative

## Next Committee meeting:

23/09/2015 Melbourne

## Achievements for 2014/2015

## News from the Committee

The Committee welcomed Carolyn Bond to her role as consumer representative on the Customer Owned Banking Code Compliance Committee.

Carolyn has worked in the consumer advocacy field for over 20 years, focusing primarily on issues including high pressure selling, consumer credit, debt collection and credit reporting. Carolyn headed-up specialist consumer legal centres for 15 years (including the Consumer Action Law Centre) and has been Chair of the Consumers Federation of Australia. She has represented consumer interests on a number of bodies, including the Victorian Legal Services Board, Energy and Water Ombudsman Victoria board, the Banking and Financial Services Ombudsman board and the Commonwealth Consumer Affairs Advisory Committee

At its recent meeting, the Committee met with Tim Gough, Senior Manager Deposit Takers, Insurers and Credit Services, and Tara Joyce, Lawyer, from the Australian Securities and Investments Commission (ASIC).

The Committee discussed its operations and future expectations, and explored ways to proactively engage with the regulator to address challenges faced by the customer owned banking sector, including compliance with financial difficulty and responsible lending Code obligations.

The Committee is pleased to advise that over the past 12 months it has undertaken a focused work program, with the assistance of its Secretariat, to affirm the integrity of the sector's self-regulatory framework. This involved being a trusted advisor to, and collaborating with, stakeholders.

To achieve service standards people can trust, the Committee conducted a range of Code monitoring activities, investigated alleged Code breaches and shared experiences of good industry practice, including:

- 89 analysis of Annual Compliance Statements (relating to the 2013/2014 period)
- 14 compliance verification audits

**Committee will be present at the 2015 COBA Convention in Darwin**

- 1 investigation regarding an alleged Code breach
- 6 Committee meetings
- 14 publications (including one Annual Report and one Own Motion Inquiry Report)
- 25 stakeholder engagements
- 8 conference attendances, and
- 13 training sessions and presentations to industry and consumer advocate groups.

The Committee will continue to engage with industry and consumer advocates as part of its work plan for 2015/2016. This will include taking part in the 2015 Customer Owned Banking Association (COBA) Convention in Darwin in September, which will be attended by Chairperson Dr Sue-Anne Wallace and Consumer Representative Carolyn Bond.

If you wish to meet with Sue-Anne or Carolyn to discuss any Code-related matters, please contact Gina Vasquez on [gvasquez@codecompliance.org.au](mailto:gvasquez@codecompliance.org.au).

**Farewell to Dr June Smith**

The Committee farewelled Dr June Smith, General Manager Code Compliance and Monitoring of the Financial Ombudsman Code Compliance Team. June will be taking on a new role as FOS Lead Ombudsman (Investments and Advice) from 1 July. The Committee would like to thank her for her outstanding professional work with the Committee over the past three years and her work to establish its reputation in the customer owned banking sector and among regulators. Further, the Committee congratulated June on her new appointment with FOS.

## **2014 Annual Compliance Statement Verification**

As part of the 2014 Annual Compliance Statement (ACS) Verification Program, 14 Institutions were selected to test and validate their Code compliance programs, including how effectively they identify, report and remedy breaches of the Code. Institutions were selected based on their 2014 ACS responses, which showed signs of inconsistent or inaccurate complaints and breach data reporting. Participating Institutions were geographically spread across Australia and varied in size.

Key issues included the:

- low number of complaints, and
- zero breaches.

### **Low number of complaints**

Only one of the 14 selected Institutions reported that more than 1% of its customers raised a complaint between 1 July 2013 and 30 June 2014.

This indicates there may be an inconsistent approach to recording disputes/complaints among the participating Institutions, such as:

*EFT, chargeback or ATM related disputes* – Institutions reported that often these disputes are not considered as complaints about the Institution, but

**Review how disputes and complaints are categorised**

directed against the relevant service providers. Institutions lodge the complaints with the service providers on behalf of their customers.

*Financial difficulty hardship applications* – Institutions considered that these were the only complaints which required follow up.

Resolved '*on the spot*' – Institutions advised that they only record escalated complaints which require follow-up action. Complaints which are resolved by an explanation, apology, general discussion or acknowledgment of dissatisfaction are not recorded in their complaints register.

### **Zero breaches**

Institutions advised referrals from staff and line managers are the main source of breach data. Other sources include internal audits, spot checks, social media such as Facebook and Twitter and disputes referred to the Financial Ombudsman Service. Despite this, 50% of the participating Institutions recorded zero breaches in their 2013 and 2014 ACS.

All participating Institutions confirmed that they have a breach register in place, which is accessible to all staff. The common approach is for staff to record an 'incident' or 'event' in the breach register. The Compliance manager or Compliance team will then consult with the relevant line manager, legal team or senior management to determine whether an incident is considered a breach.

If a breach has been identified, the Compliance manager or Compliance team oversees the process in rectifying the breach. Remedial action often included remedial training for all staff or relevant teams of staff.

### **Addressing the issue**

As the number of complaints is directly correlated with the number of breaches, inaccurate complaints reporting has limited Institutions' ability to identify Code breaches. As a result, Institutions are not able to apply or test their breach procedures in practice.

To address the issue, the Committee encourages Institutions to:

- review their definition of a complaint to include any expression of dissatisfaction made by the customer
- record all complaints in their complaints register including matters resolved '*on the spot*' (eg within five days)
- clarify whether EFT and chargeback matters, ATM disputes and similar complaints should be included in ACS complaints and breach data
- review their process to record and monitor Code breaches, and
- assess their link between complaints and Code breach reporting.

**Include 'resolved on the spot' matters**

**Review accuracy of complaints reporting**

**Acknowledge link between complaints and Code breaches**

## 2015 ACS via online portal

## Completing the ACS: instructions will be issued early July

## Changes to 2015 ACS

### Email:

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

**Phone:** 1300 78 08 08

### Address:

PO Box 14240  
Melbourne Vic 8001

### Website:

[www.cobccc.org.au](http://www.cobccc.org.au)

## 2015 Annual Compliance Statement

The 2015 ACS program has been developed by the Committee in conjunction with stakeholders and COBA.

This year the 2015 ACS will be issued for the first time via an online portal which can be accessed through FOS Secured Services. In early July you will be provided with information on how to access the online portal via a secured personal user ID and password.

The 2014–15 ACS questionnaire forms the initial phase of the Committee's assessment of how effectively Institutions complied with their obligations under the Code between 1 July 2014 and 30 June 2015, including:

- information about Code compliance frameworks and breach and complaints reporting and monitoring
- information regarding good industry practice and an Institution's overall culture to embrace Code obligations, and
- feedback from Code subscribers on completing the ACS.

Based on feedback received, we have added the following complaints categories in the 2015 ACS:

- issue: 'General feedback or improvement suggestion, expression of opinion'
- resolution timeframe: 'Resolved on the spot' (e.g. does your institution record complaints which are resolved within five working days?), and
- outcome of complaint: 'Apology, explanation and/or acknowledgement of feedback.'

## 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 Daniela Kirchlinde, Code Compliance Manager, at: [dkirchlinde@codecompliance.org.au](mailto:dkirchlinde@codecompliance.org.au).

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