

## AP Financial Services Group Limited

### DISPUTE RESOLUTION POLICY

#### 1. General

In delivering financial products to clients, situations may arise that cause dissatisfaction.

Dissatisfied clients will typically raise a complaint or dispute several issues, for example level of service provided, financial loss suffered, poor communication, etc.

While a complaint may mean any query, complaint or dispute in our business, AP Financial Services Group Limited (**AP**) has defined a complaint as any expression of dissatisfaction with our services that:

- threatens to escalate to a court or 3<sup>rd</sup> party (at which point it becomes a dispute);
- relates to fraudulent behaviour or non-compliance with legislation or practice standards; and/or
- is likely to lead to financial loss for any party.

Complaints of this nature will need to be recorded in a complaints register for two reasons - (i) for tracking and ensuring that a resolution is achieved, and (ii) for future evaluation and analysis to help identify systemic issues that require corrective action.

Some client queries are more likely to be service related matters, eg statements not issued on time, typographical errors or incorrect details on correspondence etc. These items should be recorded separately from the complaints register.

The complaints handling system is generally based on Australian Standards on Complaints Handling AS 4269-1995, and consists of an Internal Dispute Resolution (IDR) system and membership of an ASIC approved External Dispute Resolution (EDR) scheme. We recognise that for effective complaints handling, there needs to be commitment at all levels to be proactive and positive in handling and responding to complaints and issues raised.

Factors underpinning our approach are:

- Our commitment to dispute resolution. We recognise that complaints and complainants provide an opportunity to correct deficiencies in our systems and practices and should be viewed as a valuable source of continuous improvement for our company.
- An organisational culture that acknowledges client rights and protection of their interests.
- Allocation of sufficient resources to resolve disputes.
- The visibility of our complaint handling process. Our clients know in advance of what our complaint procedures are as this is disclosed in our Financial Services Guide (FSG).
- Our quick response to client complaints and our commitment to adhering to our published timeframes.
- A commitment to fee-free processes for the client.

- A commitment to be fair to both the complainant and the staff member taking into account the rights of both parties.
- Our commitment to fair remedies and reasonable compensation for legitimate losses.
- Our commitment to accurate and effective data collection which identifies systemic issues so that appropriate measures can be developed to prevent their re-occurrence.

An underlying feature of our dispute resolution procedures is our preference to resolve complaints directly through our IDR procedures, rather than involve external third parties.

## **2. Fairness**

We are committed to treating all complainants fairly and efficiently but we recognise that different procedures will apply depending on the source and likely consequence of the complaint. For example complaints received from a client may be able to be resolved to everyone's satisfaction without the need for any third party or regulatory body intervention. While some complaints can be carefully managed, others may have already attracted outside interest. Where there is possible damage to our company's reputation, they should immediately be escalated to the highest priority and involve the Responsible Manager.

### **2.1 Complainants Rights**

We recognise the complainant's right to:

- Be heard and be treated fairly;
- Know whether the company's client service guidelines have been followed;
- Provide and request all relevant material and information to support the complaint;
- Be informed of the criteria and processes, including the avenues for further review and redress;
- Be informed of the company's response to their complaint;
- Be informed of the company's decision and the reasons for that decision;
- Know that the complaint is being reviewed independently where possible; and
- Confidentiality of the complaint.

### **2.2 The Company's Rights**

The company reserves the right to:

- Have sufficient time, within its response time guidelines, to gather sufficient information and allocate sufficient resources to properly investigate the complaint internally;
- Be able to communicate freely and openly with the complainant to allow it to understand the nature and substance of the complaint;
- Be able to have the time and opportunity to properly respond to the complaint;
- Place all relevant material before the person investigating the complaint; and
- Be informed of the decision and the reason for the decision of the person investigating the complaint or the external adjudicator or Review Panel.

## **3. Complaints Training**

Although ultimately the Responsible Manager of **AP** are responsible for all complaints resolution, the Complaints Officer, the Compliance Officer and all Representatives are to be trained in complaints handling. The primary objective of this is to provide greater assurance that the complainant and complaint are given the correct level of attention and priority. The company is committed to ensuring that retail clients with a genuine complaint are given the attention they deserve to arrive at a fair and just resolution.

#### **4. Visibility**

The company recognises that clients have rights and that in the provision of advice and financial services situations may arise that cause dissatisfaction or financial loss to clients. AP is committed to ensuring awareness and visibility of avenues of complaints and redress available to clients at the earliest opportunity in the client contact process and relationship. The existence of an IDR system, its purpose and the method of accessing it, and an external EDR will therefore be contained in the Company's Product Disclosure Statement.

#### **5. Client Assistance**

All staff members and representatives must give every possible assistance to those making a complaint, and are required to establish clear communications with the complainant by way of telephone advice, direct communication, interview or correspondence. The assistance should allow a complaint to be made in a way which ensures it can be dealt with by the company. Such assistance could include help with making a written complaint or filling in forms for those with limited literacy skills, and interpreter assistance for people with limited English.

#### **6. Responsiveness**

The company has established a "14 days" and "25 days" time limit for the resolution of complaints by Representatives and the Complaints Officer. Once a client makes a complaint to a Representative, he or she must immediately notify the Complaints Officer within 24 hours in writing of the occurrence of the complaint. The Representative must give the Complaints Officer a status report on the complaint every 7 days (including non-business days).

The representative should endeavour to fairly resolve the complaint with the client within the 14 days time frame or refer the matter to the Complaints Officer if not resolved. If the Representative fails to resolve the complaint with the client within the 14 day time frame, then the Representative should refer the matter to the Complaints Officer. The Complaints Officer must try to resolve the complaint within 25 days from the date of the referral.

If the complaint has not been resolved within 25 days, or it is anticipated that a resolution will take longer than 25 days, the client should be advised of our external resolution scheme. The client has the right to have their matter heard by an external party, at no cost to themselves, through FOS, of which **AP** is a member.

The complainant shall be told how long it will take to deal with a complaint in accordance with these target time limits for action. Complainants shall be kept informed of progress by telephone advice, correspondence or interview.

#### **7. Handling Verbal Complaints**

The following should be used as a guide in handling verbal complaints:

- Identify yourself, listen, record details and determine what the complainant wants
- Confirm the details received.
- Empathize with the complainant in a courteous manner.
- Explain the courses of action available.
- Do not attempt to lay blame or be defensive.
- Resolve the complaint if possible or commit to doing something immediately, irrespective of who will ultimately handle the complaint.
- Ensure that the client is informed the complaint is receiving attention, without creating false expectations.
- Check whether the client is satisfied with the proposed action and, if not, advise alternative courses of action.
- Provide acknowledgment; e.g. a thank-you letter, a telephone call.

- Follow up as appropriate and monitor to ensure the client remains satisfied as well as receives feedback.
- Inform the Complaints Officer of the complaint within 24 hours
- Provide status reports to the Complaints Officer every 7 days

Detailed steps in handling complaints are contained in section 13.

## **8. Handling Written Complaints**

The following should be used as a guide in handling written complaints received:

- Read and understand the nature of the complaint.
- Liaise with the Complaints manager and if required, a Responsible Officer on the subject matter of the complaint.
- Establish contact and a line of communication with the client.
- Confirm details of the complaint with the client and where necessary obtain more information surrounding the circumstances and issues that lead to the client making the complaint.
- Inform the Complaints Officer of the complaint within 24 hours
- Provide status reports to the Complaints Officer every 7 days; and
- Provide assistance to the Complaints Officer and the Responsible Manager with responding to the complaint.

Detailed steps in handling complaints are contained in section 13.

## **9. Minimising Disputes**

Handling a client's complaint efficiently and skilfully needs patience and skill to avoid an initial 'negative' situation becoming even more negative and degenerating into a dispute. The two main elements in a complaint situation that need to be effectively handled to minimize the likelihood of dispute are:

- a) Dealing with the complainant's feelings:
  - i. *Listen*—this is the first step in reducing the tension.
  - ii. *Acknowledge the complainant's feelings*—denying that the complainant is, or has the right to be upset may antagonize the complainant.
  - iii. *Empathize*—relieves tension and so opens channels of communication.
  - iv. *Do not* offer excuses, or argue with the complainant.
- b) Dealing with the specifics of the complaint:
  - i. Ask the necessary questions in a polite and even-handed manner—to obtain the most detailed response.
  - ii. *Agree on a process to seek a solution*—without appearing to dictate terms in order to avoid the likelihood of re-raising tension.
  - iii. Set a timetable.
  - iv. Take action on the agreed solution.

## **10. Disputes**

**AP** deems that if a complaint that has not been resolved within 14 days, it will be a dispute. Disputes resolution requires an internal dispute resolution policy and a link to an external dispute resolution scheme. External dispute resolution processes are used when internal processes have failed to achieve resolution or resolution to the clients' satisfaction.

However all attempts must be made to resolve disputes internally as this is the most efficient and cost effective way to deal with complaints and does not involve an audit from regulators which could be detrimental to our business. Furthermore, resolution through the IDR procedure

preserves client relationships, prevents complaints from becoming entrenched and impedes external parties dictating our remedies.

## **11. Internal Dispute Resolution**

Should a complaint not be resolved in 14 days, the representative that was dealing with the complaint must refer the matter to the Complaints Officer for resolution.

Full details of the complaint must be forwarded to the Complaints Officer, including expectations, results, perceptions, remedies, actions, thoughts, criticisms, accolades, and histories pertaining to this issue.

The client must be assured that confidentiality will be maintained and that close and swift attention will follow.

## **12. External Dispute Resolution**

Should there still be no acceptable resolution within 25 days the client should be informed of the Financial Ombudsman Service Limited (FOS) of which we are a member.

FOS has been established as an independent body to help retail clients:

- in the resolution of complaints relating to members of the financial services industry, including life insurance, superannuation, funds management, financial advice, investment advice and sales of financial or investment products; and
- to put their complaints to the Service.

The Service offers two main types of procedure:

- A conciliation process in which an officer of the Service tries to resolve the complaint by talking to the complainant and the member involved.
- If conciliation fails, an arbitration by an 'Adjudicator' or a Panel leading to a decision on the complaint. An Adjudicator will deal with the complaint if the amount is no more than \$10,000 or such lower amount as is nominated by the Board from time to time.

Before a complaint goes to FOS or ASIC, the complaint must first be dealt with by our internal dispute resolution procedures. If, after this process the complainant was not satisfied with the response or did not receive a response within the agreed response time, they can be referred to FOS for resolution.

Disputes that are referred to FOS will involve a cost to **AP** FOS will attend to the dispute with a Case Officer. If the Case Officer cannot resolve the dispute, a panel will be formed to deal with the issue. This will involve a further cost, to us.

Membership of this service requires acceptance of their rulings by AP with no recourse. This ruling does not bind the client who may proceed with litigation, if they prefer.

To have a basis for disputes to be resolved, all Representatives should:

- follow company policies as set out in the procedures manual;
- keep good and proper documentation of transactions with clients/investors;
- obtain client signatures, acknowledgements and authorisations where these need to be obtained; and
- keep the client/investor informed of changes which may affect their investments and financial situation.

**13. Complaints Handling Procedures**

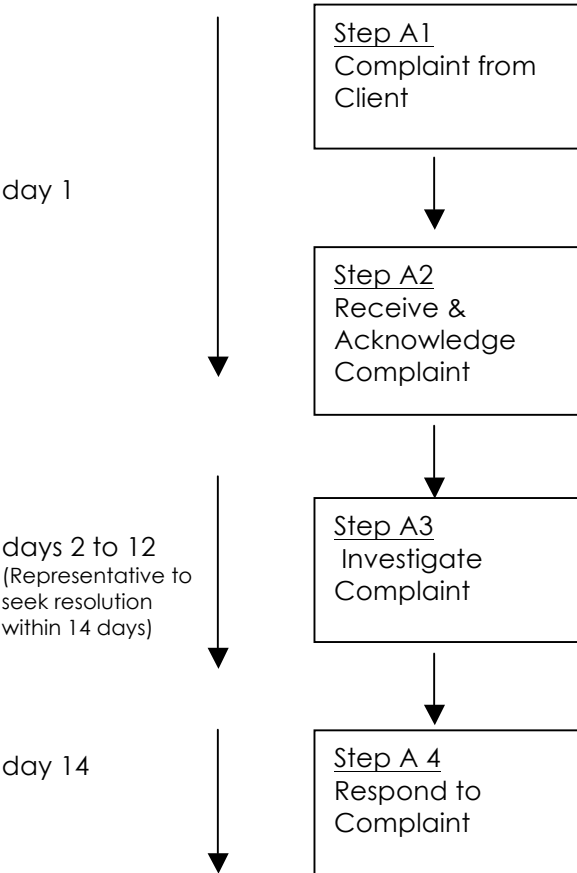
Complaints received by Representatives and the company can come from three sources:

- The client/investor
- FOS
- ASIC

The complaint handling procedures must be followed by all staff, they are as follows:

**A. COMPLAINT FROM THE CLIENT**

A Flow chart of the process is as Follows:



**Step A1:** **Complaint from Client**  
**Performed by:** **Authorised Representative / Complaints Officer**

**Task Details**

Dispute resolution processes should be accessible to all potential complainants, our IDR procedures allows complaints to be made by any reasonable means, eg letter,

telephone, in person or email. Although we are flexible in accepting complaints, once a complaint is received all future contacts with the client should be documented.

When complaints are received by a Representative he/she must report the complaints to the Complaints Officer within 24 hours of receipt, this can be by email notification.

The Representative must record and document all details of the complaint in the form of a Complaints Classification Form – Att. 2. The form must be updated with progress of the complaint as required. The form and other client correspondence relating to the complaint must be kept in a separate file with the client's name clearly printed on the file.

The Representative must endeavour to resolve the complaint with the client within 14 days and liaise closely with the Complaints Officer to ensure a speedy resolution to the complaint.

Once the complaint has been resolved or if the complaint has been referred to the Complaints Officer after 14 days, the Representative must complete a Complaints Report – Att. 1 and forward the report and other complaints documentation to the Complaints Officer.

**Step A2: Received and Acknowledge Complaint**  
**Performed by: Complaints Officer**

### **Task Details**

#### **Received**

Once the Complaints Officer has received the complaints report, the details will be recorded in the Complaints Register noting:

- Name and address of client
- Client number
- Date received
- Representative (if applicable)
- Complaint category (see below)
- Complaint Description
- The original correspondence from the client's file is scanned into the register
- Quantum i.e. the potential loss
- Date P/I insurer notified
- Investigating Person / Officer
- Actions and Correspondence
- Hours spent Investigating
- Status i.e. opened/closed

The registration process enables us to ensure simple matters are rectified quickly and that potentially more serious issues are recognised as soon as they are received. However, if the data is to be used effectively, the cause of the complaint and complaint category and any other relevant details must be addressed systematically. Complaints should be classified as:

Administration Error – Calculation  
Administration Error – Delay  
Administration Error – Process  
Administration Error – Incorrect Data Entry  
Administration Error – Purchase Request  
Administration Error – Notification Error  
Investment Performance  
Misrepresentation – Performance  
Misrepresentation – Terms and Categories  
Misrepresentation – Fees and Charges  
Non-Disclosure – Commissions/Benefits  
Non-Disclosure – Terms and Conditions  
Non-Disclosure – Fees and Charges  
Non-Disclosure – Other  
Notification Error – Other

Please see Attachment 2 for Complaints Classification Form. The Complaints Classification Form is to be cross-referenced to the complaints entry in the Complaints Register Data Sheet.

## **Acknowledgement**

Response times for dealing with a complaint should always be made known to the complainant. We are committed to effective dispute resolution and we recognise that complaints and complainants are a valuable source of continuous improvement for our company.

As a general rule, we should acknowledge the complaint immediately, within 1 working day of receipt. A formal response should be provided to the complainant within 14 days or a progress report if the complaint cannot be resolved within 14 days. A complaint may involve complex issues, and therefore external parties' involvement may be required, we generally allow ourselves another 25 days (from the date of referral from the Representative) to provide a conclusive and formal response to the client. The client should be informed of the response timeframe(s) from the outset.

See Attachment 3 for Example of Complaints Acknowledgement Letter to Client.

As part of our commitment, we ensure that complainants are told that if they are dissatisfied with our processes or if the complaint is not resolved to their satisfaction or within the agreed time frame, they can choose to pursue the complaint with either of the following regulatory bodies:

- Financial Ombudsman Service Limited (FOS)
- Australian Securities and Investments Commission (ASIC)

**Step A3: Investigate Complaint**  
**Performed by: Complaints Officer**

## **Task Details**

In the interests of ensuring complaints are dealt with fairly, our procedures try to allow adequate opportunity for all parties to make their case. Wherever possible, we try to



ensure that persons that are involved with the complaint are not involved in its investigation or management.

Our first step in investigating the complaint is to assess the potential financial loss (quantum) as a result of the complaint. For example if you receive a complaint requesting compensation less than the EDR case fee we may decide to simply pay the client without any admission of liability, as a "good will gesture" for the sake of expediency or possible loss of reputation. However, if the claim is in excess of our PI excess amount a more detailed investigation may be warranted. If this is the case our PI insurer should be notified immediately.

As the nature of complaints varies so widely, so will the investigation process but it may include:

- a review of policy application(s) and correspondence and other client/investor records
- a review of the Scheme's Product Disclosure Statement issued to the complainant
- reports from the representative, if applicable, including a service/contact history eg file notes
- review of and/ or preparation of calculations of payments to the client/investor.

Where there is a need to obtain information from third parties we need to ensure that strict instructions are included on response times to ensure adherence to stated turnaround time parameters. This issue should be taken into consideration when responding to the client's initial complaint.

Contact the complainant by telephone or in person before the detailed investigation commences. Quite often direct communication with a client can help to solve conflict before it escalates.

**Step A4: Respond to Complaint**  
**Performed by: Complaints Officer / Compliance Officer / Responsible Officer**

### **Task Details**

Our commitment to fair, efficient and open processes means that it is important that our clients are kept informed of the progress of their complaint. If we are unable to substantially respond to a complaint, we should explain why we are not in a position to respond and give an indication of when a further response will be made.

There are essentially three ways in which we can respond to a complaint:

- Firstly, by accepting the complaint and where appropriate offering redress;
- Secondly, by offering redress without accepting the complaint; or
- Thirdly, by rejecting the complaint with an explanation of the reasoning behind your decision.

We should respond to the complainant as soon as we have completed our information gathering, our analysis is complete and a conclusion reached. This is required within 14 or 25 days of receipt of complaint or referral. Wherever possible, we try to resolve

complaints directly with our clients because we feel it is better for all parties that a complaint is dealt with at the earliest possible opportunity.

Our responses must demonstrate the following characteristics:

- be in plain English, avoiding industry jargon;
- demonstrate empathy, sincerity and avoid defensiveness;
- be relevant, accurate and address all issues raised in the complaint;
- advise nature and result of any investigations undertaken and the consideration given to the issues raised;
- where appropriate and relevant, response to include copies of documentation obtained in the course of the investigation; and
- our position must be accompanied by a suitable explanation and may include the provision of alternatives or compromise outcomes as applicable.

Resolutions, whether in the form of information, explanation, alteration or cancellation, should be clearly documented. Where we decide to settle or offer a payment, we need to ensure that the complainant acknowledges that the offer as the full and final discharge of our liability.

See Attachment 4 for sample letter offering to settle the dispute with the client.

For this reason, our policy is that no settlement will be made without an executed deed of release. Once the remedy is accepted, priority is given to processing any alterations and documentation involved which is subsequently forwarded to the client.

If a complaint remains unresolved after it has been dealt with under our internal IDR procedures or after the relevant time limit has expired, then it is important that we tell the complainant about the availability of the EDR scheme to which we belong and provide details about how the client can access the scheme.

In all cases the complainant should be made aware that if they are dissatisfied with our processes or if their complaint is not resolved to their satisfaction, they can choose to pursue their complaint with one of the following:

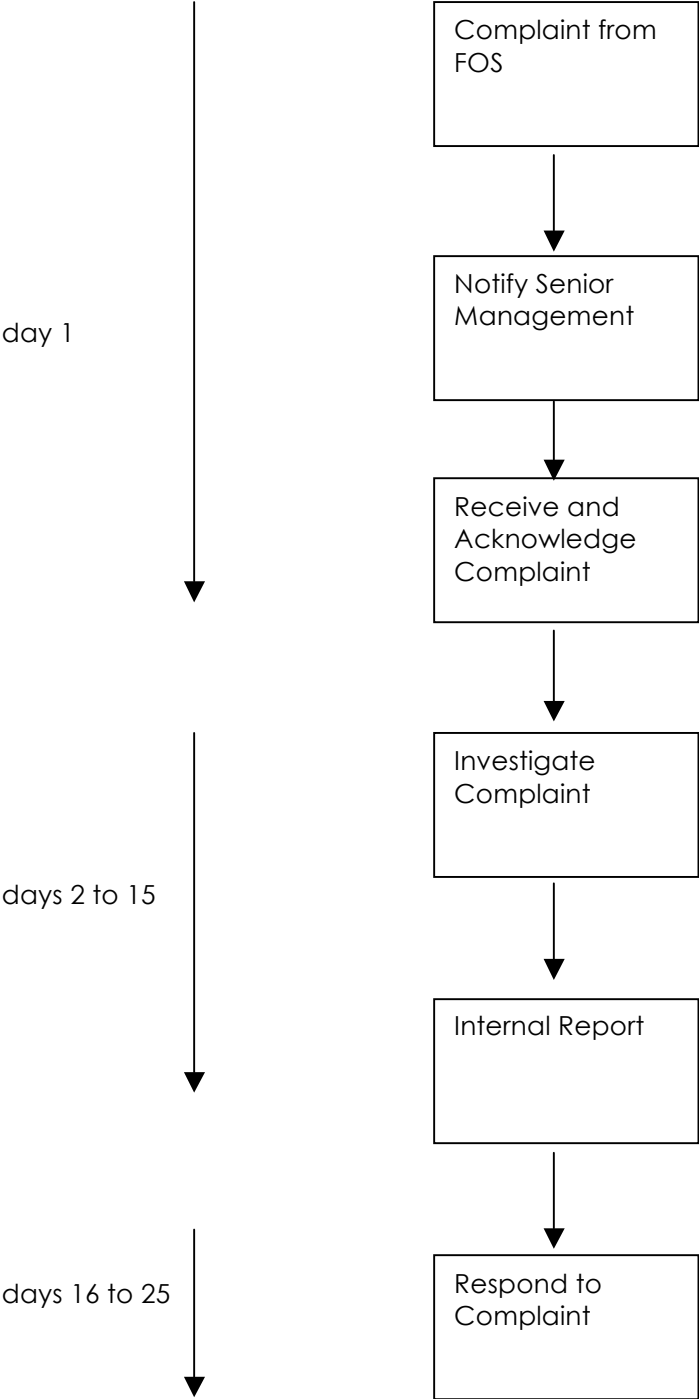
- Financial Ombudsman Service Limited (FOS)
- Australian Securities and Investments Commission (ASIC)

See Attachment 5 for example of a Referral Letter to FOS responding to the client's complaint.

The Complaints Register is recognised under our compliance plan as a key management tool and all complaints are recorded and managed through to completion on this register.

**B. COMPLAINT FROM FOS**

A Flow chart of the process is as Follows:



**Step B1: Receive Complaint From FOS**  
**Performed by: Complaints Officer**

**Task Details**

Any complaints received from FOS should already have been through our own internal dispute resolution procedures. By receiving notice from the FOS it is a clear indication that the client was not happy with the original decision and has escalated the problem.

Communicate with the Case Officer from FOS as necessary as to the details of the Complaint. Cross reference this complaint with the original received from the client, noting that FOS are now involved.

**Step B2: Notify Senior Management**  
**Performed by: Complaints Officer**

**Task Details**

As it will be FOS that are now going to make the judgement as to whether the complaint has any merit, the Compliance Officer and the Responsible Manager should be immediately notified of any complaints received from FOS. This is because FOS will look at the overall compliance of the file and not just the specific advice given to the client. As our files could reveal inadequacies with our systems and procedures it may be prudent to check the overall compliance policies and procedures of our organisation. For example, they will often question whether we have adequate training and supervision policies in place and examine relevant measures, processes and procedures.

So not only do we need to re-examine the original complaint, but our processes and compliance systems. In anticipation of the regulator's attention, when we receive a complaint of this sort, we should check the accuracy, adequacy and currency of our:

- Registers (breaches and training);
- Training Plans;
- Our Product Disclosure Statements;
- Our Privacy Policy; and
- Our Supervision and Monitoring processes.

Due to the possible repercussions of having FOS scrutinise our files senior management may decide to obtain external help in dealing with the complaint. This may include solicitors or a back office service provider specialising in compliance.

**Step B3:** **Receive and Acknowledge Complaint**  
**Performed by:** **Complaints Officer / Compliance Officer / Responsible Officer(s)**

### **Task Details**

When a complaint is made to FOS, they will write to us, seeking a written report on the matters the claimant has raised. We are required to respond within **21 days** of being notified by the Service and give the Service (subject to legal advice) any information in our possession that the Service requires in order to deal with the complaint

### **Acknowledgement**

Our procedures should include clear response times for dealing with a complaint and the complainant and FOS should be notified of these response times. As the complaint has come from the FOS the response time may be dictated by them and not our normal time frame. Either way, we should acknowledge the complaint immediately, within 1 working day and provide details to the complainant and the FOS of our anticipated response times.

**Step B4:** **Investigate Complaint**  
**Performed by:** **Compliance Officer / Responsible Officer(s)**

### **Task Details**

This is our opportunity to reassess the original findings of the initial complaint and to ensure that all pertinent information is forwarded to the tribunal that will help to justify our original decision.

All material relating to the client file will need to be forwarded to FOS so that they can reach a decision. Our investigation process should centre on, the file proving and justifying our original response.

We should consider whether sending a letter, similar to the one in Attachment 5, to FOS is appropriate at this point in time considering all the circumstances.'

We are obliged to pay the costs for FOS to investigate the claim.

If matters do not settle at Mediation and progress to the Panel and a panel fee will be charged.

If the costs are more (plus PI excess) than the claim, then the dispute may be settled "as a matter of good will". The PI insurer should be notified.

Please see Attachment 6 for Sample letter – offer to finalise/ refer to ASIC.

This may be a good time to consider outsourcing this function in order to obtain an independent opinion on our decision. Remember however, that this must be completed within our agreed response times. This may be a solicitor or external compliance experts.

**Step B5:** **Internal Report**  
**Performed by:** **Complaints Officer / Compliance Officer / Responsible Officer(s)**

### **Task Details**

FOS is obliged by ASIC policy Statement 139 to report systemic issues to ASIC. FOS procedure is firstly to attempt to resolve the systemic issue and if this is successful, the matter is taken no further with an anonymous report sent to ASIC. FOS also has an obligation to report to the FPA and ASX matters that they think may require further investigation. Therefore, as the ramifications of the FOS finding against us could be potentially detrimental to our organisations reputation, it would be wise to examine why a client felt the need to escalate a complaint to a third party. This should include the basis of the complaint and our organisations reasons for rejecting the complaint in the first place. But more importantly a report should be circulated to all staff highlighting any deficiencies uncovered in the investigation process to ensure that there won't be a reoccurrence.

**Step B6:** **Respond to Complaint**  
**Performed by:** **Complaints Officer / Compliance Officer / Responsible Officer(s)**

### **Task Details**

It will be important to keep FOS informed of the progress of the complaint. If we are unable to respond to FOS, a holding response should be sent which explains why we are not in a position to respond and give an indication of when a further response will be made.

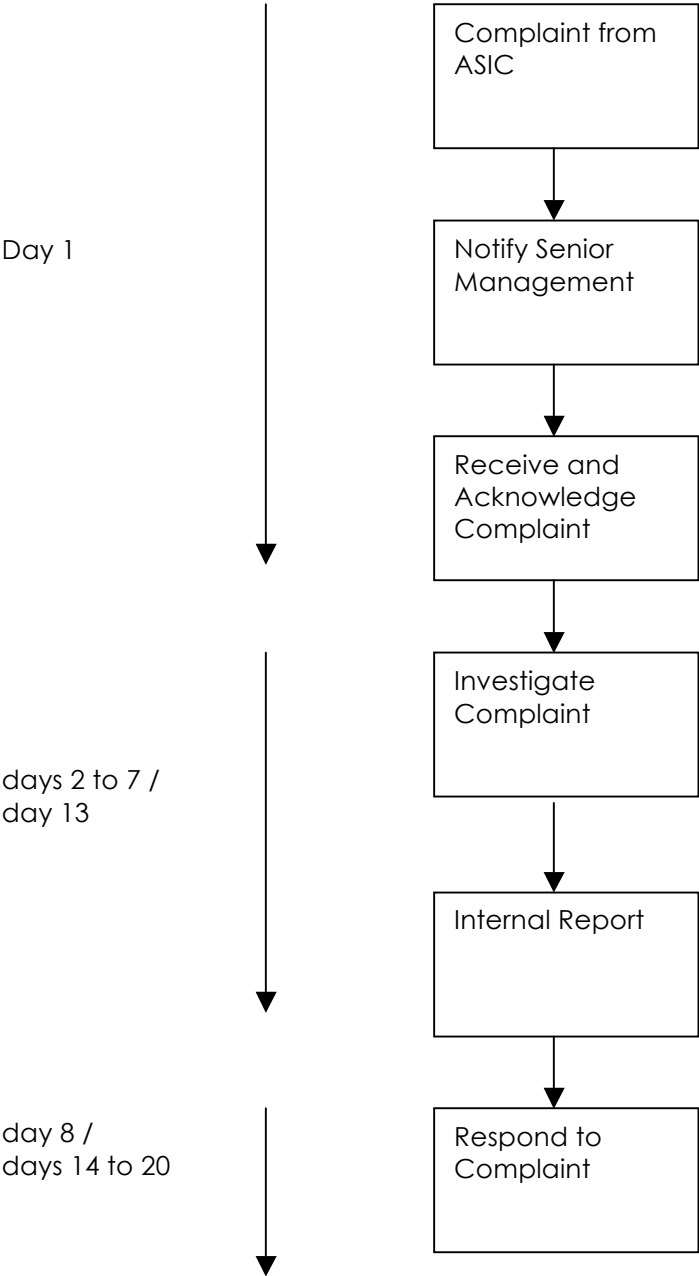
Unlike dealing with a client, this time we will have to justify our decisions to FOS. This is where outside help may be warranted. Either way our response should consider whether we should:

- accept the complaint and where appropriate redress;
- offer redress without accepting the complaint; or
- reject the complaint with the reasoning behind our decision.

Included in our response to FOS there should be details of any procedures we have put in place to help prevent a similar type of complaint reoccurring.

**C. COMPLAINT FROM ASIC**

A Flow chart of the process is as follows:



**Step C1: Receive Complaint from ASIC**  
**Performed by: Complaints Officer / Compliance Officer**

### **Task Details**

ASIC generally prefer not to intervene in complaints until the complainant has attempted to resolve their complaint with the licensee directly however, if the complaint involves a breach of license conditions and/or fair trading legislation, ASIC may get involved immediately. In most circumstances, any complaints we receive directly from ASIC are likely to have already been through our own internal dispute resolution procedures. By receiving notice from ASIC it is a clear indication that the client was not happy with the original decision and has escalated the problem.

**Step C 2. Notify Responsible Officer(s)**  
**Performed By: Complaints Officer**

### **Task Details**

The Compliance Manger and the Responsible Officer(s) should be immediately notified of any complaints we receive directly from any Regulator (including ASIC). Often the regulator will not only look at the specific advice in relation to the complaint but will quite likely, also look at the overall compliance policies and procedures of our organisation. For example, they will often question whether we have adequate training and supervision policies in place and examine relevant measures, processes and procedures.

So not only do we need to re-examine the original complaint, but our processes and compliance systems. In anticipation of the regulator's attention, when we receive a complaint of this sort, we should check the accuracy, adequacy and currency of our:

- Registers (breaches and training);
- Training Plans;
- Our Product Disclosure Statement;
- Our Privacy Policy; and
- Our Supervision and Monitoring processes.

Due to the possible repercussions of having a regulator audit our business, senior management may decide to obtain external help in dealing with the complaint. This may include solicitors or a back office service specialising in compliance.

**Step C 3. Receive & Acknowledge Complaint**  
**Performed By: Responsible Officer(s)**

### **Task Details**

ASIC will notify us of the complaint against our organisation and will spell out the process they intend to follow to reach a satisfactory conclusion. Regardless of the likely consequences we should manage the complaint in accordance with our normal procedures and cross reference this complaint in the Complaints Register with the original received from the client, noting that ASIC are now involved.



## Acknowledgement

Our procedures should include clear response times for dealing with a complaint and the complainant and ASIC should be notified of these response times. As the complaint has come from ASIC the response time may be dictated by them and not our normal time frame. Either way, we acknowledge the complaint immediately, within 1 working day and provide details to the complainant and ASIC of our anticipated response times.

**Step C4: Investigate Complaint**  
**Performed by: Compliance Officer / Responsible Officer(s)**

### Task Details

Especially in light of the renewed focus on the complaint issue, the complaint should be investigated by staff not previously involved in the subject matter of the complaint.

This is our opportunity to consider the original findings of the initial complaint and to ensure that all pertinent information is forwarded to the ASIC that will help to justify our original decision.

Our investigation process must centre on, proving and justifying the reasonableness of our original response. For example, if the complaint is about disclosures in a PDS but the relevant documentation can not prove full and complete disclosure we may choose to review our decision because ASIC would likely find in favour of the claimant. If this is the case, settlement (depending on the size) may be more preferable than an ASIC audit. A supplementary PDS would also have to be prepared.

If the P/I insurer was not previously notified, they should be notified now.

With the likelihood of the regulators intervention we might want to consider outsourcing this function in order to obtain an independent opinion. Remember however, that this must be completed within the agreed response times.

We must co-operate fully with ASIC to help ensure a speedy resolution to the complaint by providing to ASIC (subject to legal advice) all the relevant material.

In addition we should be able to verify whether the client received a copy of our Product Disclosure Statement and Privacy Policy.

As part of the investigation process we should ensure that all our other compliance systems are in place and are accessible in case of a physical ASIC audit.

**Step C5: Prepare Internal Report**  
**Performed by: Complaints Officer / Compliance Officer**

### **Task Details**

As the ramifications of an ASIC visit could be potentially detrimental to our business it would be wise to examine the reasons why a client felt the need to escalate a complaint to a third party. This should include the basis of the complaint and our reasons for rejecting the complaint in the first place. But more importantly a report should be circulated to all staff highlighting any deficiencies uncovered in the investigation process to ensure that there won't be a reoccurrence of the original complaint.

**Step C6: Respond to Complaint**  
**Performed by: Responsible Officer(s)**

### **Task Details**

It will be important to keep ASIC informed of the progress of the complaint. If we are unable to substantially respond to ASIC, a holding response should be sent which explains why we are not in a position to respond and gives an indication of when a further response will be made.

Unlike dealing with a client, this time we will have to justify our decisions to ASIC. This is a more complex matter as a regulator will be more conscious of our overall compliance with all the relevant financial services laws. This is where outside help may be warranted. Either way our analysis should explicitly consider whether we should:

- accept the complaint and where appropriate, redress; or
- offer redress without accepting the complaint; or
- reject the complaint with the reasoning behind your decision.

Included in our response to ASIC, there should be details of any procedures we have put in place to help prevent a similar type of complaint reoccurring.