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# The Ultimate Guide to RG-271

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**The Australian Securities and Investments Commission (ASIC) has a new regulatory guide, RG 271. This new Guide replaces RG 165 and sets new obligations for the internal dispute resolution (IDR) processes of financial service businesses.**

These new regulations come into effect October 5 2021 and it is essential that businesses in this industry comply with the changes before the deadline.

# Why You Need To Ensure You Are Compliant

RG 271 is not only replacing RG 165, it is delivering significantly improved outcomes for consumers and has a much greater, more enforceable reach than the previous guide.

For financial services businesses, compliance with these requirements has now become imperative.

This is mostly to do with the IDR Legislative Instrument that was created alongside RG 271. This has given ASIC the power to legally enforce certain sections of the guide. Throughout the document, there are 'enforceable paragraphs' which mean that if the requirements outlined in these are not met, ASIC can pursue civil action against the business to ensure compliance.

Of course, legal action is never a good look for any business, which will be the case for any found not complying with the new requirements. This is why it is essential that businesses review and update their IDR processes before October 5 2021.

# The Incoming Changes

RG 271 is a considerable step up from RG 165 and there are numerous IDR requirements and standards that are set to change.

The guide itself contains a mammoth amount of information regarding these across its 57 pages, but to make it simple, we'll give you the rundown of the most important changes that you need to be aware of.

**THESE INCLUDE:**

- A broadened definition of 'complaint' to include dissatisfaction expressed on social media
- Shorter maximum deadlines for responses to complaints
- Additional resourcing requirements
- Requirements for firms to include written IDR notices
- Identifications of systemic issues
- Processes to act in the best interest of the customer
- ASIC Mandatory data reporting

Most importantly, we'll look at some of the enforceable paragraphs, which you are legally required to follow.

## DEFINITION OF COMPLAINT

The first major change that RG 271 poses is the broadening of the definition of complaints.

The guide defines a complaint as:

> *"[An expression] of dissatisfaction made to or about an organization, related to its products, services, staff or the handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required." (RG 271.27)*

However, the most important change here is that they specify that this includes posts about the institution on a social media channel or an account owned or controlled by the financial firm. This is only when the post meets the above criteria and when the user is both identifiable and contactable.

This means that these posts need to be handled in accordance with the rest of the IDR standards and requirements outlined in the guide.

## MAXIMUM IDR TIMEFRAMES AND RESPONSES

After October 5, there will be shorter maximum timeframes for financial institutions to respond to complaints.

For most complaints, this will be reduced to 30 calendar days from the previous 45 days, with some exceptions allowed if the matter is particularly complex and an 'IDR delay notification' has been submitted.

## THERE ARE ALSO DIFFERENT TIMEFRAMES FOR COMPLAINTS RELATING TO:

- A traditional trustee
- Superannuation trustees
- Superannuation death benefit distributions
- Certain types of credit

It's important that these businesses are using an IDR system that can keep up with all of the variables and make it as easy as possible for the team handling the complaints.

Overall, financial firms will need to look at any weaknesses in efficiency within their handling processes, as a result of the changes in time frame.

## RESOURCING REQUIREMENTS

The resourcing requirements in RG 271 is perhaps one of the biggest changes for financial services businesses.

This enforceable paragraph requires that a business's IDR process must have adequate and appropriate staff numbers, empowerment, training, materials and funding "so that it operates fairly, effectively and efficiently" with continual review.

For many businesses, this will prove to have a significant financial impact on their operations, as they try to budget in the funds required to provide this extra resourcing.

This will be particularly hard on businesses that do not have a complaints system with all of the in-built features needed to quickly, simply and effectively respond to complaints without hiring additional staff.

## WRITTEN IDR NOTICES

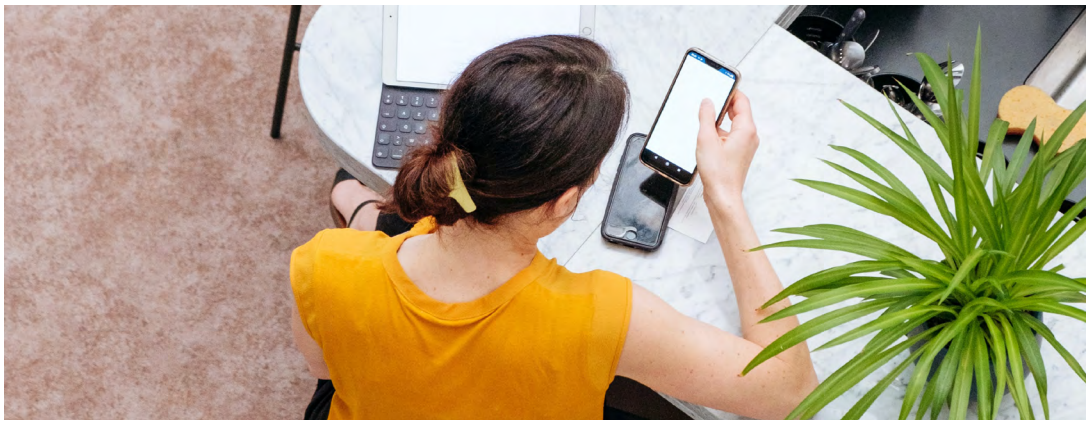
Another requirement of RG 271 is to provide written IDR notices. If a complaint is not resolved by the end of the fifth business day, the financial institution must provide a written response to the complainant.

These need to include enough information for them to understand the final outcome, include the reasons for the decision and outline their right to escalate the matter to the Australian Financial Complaints Authority (AFCA) and how to do so.

### A FINANCIAL FIRM MUST PROVIDE A WRITTEN IDR RESPONSE, EVEN WHERE THE COMPLAINT IS CLOSED BY THE END OF THE FIFTH BUSINESS DAY, IF:

- The complainant requests a written response; or
- The complaint is about:
- Hardship;
- A declined insurance claim;
- The value of an insurance claim; or
- A decision of a superannuation trustee.

These enforceable paragraphs tie in with the resourcing requirements, as businesses will need to ensure that there are sufficient and effective processes in place to enable staff to provide these notices.



## SYSTEMIC ISSUES

The management of systemic issues is a particularly prominent change that businesses will need to continually keep an eye on.

ASIC defines a systemic issue as 'a matter that affects, or has the potential to affect, more than one consumer'.

### TO COMPLY WITH THE NEW REQUIREMENTS, THESE BUSINESSES MUST:

- Set clear accountability for complaints handling functions
- Encourage and enable staff to escalate any possible systemic issues they encounter in individual complaints
- Consistently analyse complaint data sets to identify systemic issues
- Promptly escalate possible systemic issues to appropriate areas within the firm for investigation and action
- Report internally on the outcome of investigations, including actions taken, in a timely manner

These obligations have been put in place to identify and fix systemic issues early and prevent these matters being raised to external bodies, like AFCA.

ASIC also suggests that financial firms take action to identify any previous customers that may have been affected by these issues.

## IDR STANDARDS

Section E of the Guide outlines the standards that should underlie Financial Institution's management of the complaints and feedback they receive. RG 271 recommends that these are the principles that should be the basis for every business's IDR process.

## THEY INCLUDE:

- Top-level commitment to effective, fair and timely complaint management;
- Enabling complaints;
- Responsiveness;
- Objectivity and fairness;
- Complaint management policies and procedures;
- Data collection, analysis and internal reporting; and
- Continuous improvement of the IDR process.

Within these, there are numerous enforceable paragraphs that ensure compliance with these standards.

Check out our blog The IDR Standards Underlying RG 271 for the full rundown.

## MANDATORY DATA REPORTING TO ASIC

It has been indicated that data reporting to ASIC will also soon be mandatory, although these changes will not come into effect on the 5th of October.

However, businesses should start thinking about how to prepare for these upcoming changes now.

Considering that resourcing is an enforceable aspect of RG 271, companies in the financial services industry will need to ensure there is adequate staffing, training and authority in the IDR process.

This is designed to improve the experience for the customer and assist with the requirement to provide a written IDR response to the complainant. When it comes to it, this extra resourcing will be vital to ensuring that the mandatory data reporting to ASIC is complied with as well.

# How To Get Compliant Before The Deadline

With so much changing, it is easy to get overwhelmed with the amount there is to do before October.

With only a few short months before the deadline, building a software yourself, or updating the software you already have, is off the cards. Chances are, your IT team will not have time to build a new system and it's likely that the system is far off from meeting every compliance requirement with every complaint you receive.

That's why you need a purpose built software with all the in-built features you need to get compliant out of the box.

Complaints Pro® by Causia® is the industry specific complaint management and compliance software that will get you compliant from the moment of installation.

Made in Australia, it is purpose built for the Australian market that is specifically designed with in-built features to comply with every one of ASIC's requirements. With everything you require at your fingertips, there won't be any need to hire additional staff to meet resourcing requirements.

Our software can be set up in as little as 45 days and takes just 15 minutes for anyone to get around it.

## AS A COMPANY-WIDE, CLOUD-BASED AND INTEGRATED SOLUTION, YOU'LL BE GIVEN ALL OF THE TOOLS AND TEMPLATES YOU NEED:

- Compliance to all SLA's with reminders alerting you to the complaints that are slipping before you're in breach
- Automatically capture complaints even if they are closed on first contact
- ASIC IDR response and delay notification templates
- Supports complex processes for AFCA requests including managing IDR timelines with an open IDR and receiving AFCA requests.
- Tracking AFCA streams, resolution points and stages for comprehensive reporting and reconciliation with AFCA invoices.
- Systemic issues and root causes analysis
- Create emails and letter templates and manage final IDR responses from draft to final submission
- ASIC mandatory data reporting

If you need to comply with RG 271 in the simplest way, get in contact with the team at Causia™, or book a demo today

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# About Complaints Pro

Designed with social media and quality assurance in mind, Complaints Pro is a modern complaints handling system that will get you compliant with RG 271 straight out of the box.

Book a demo and see for yourself!

For more detailed information about complaints management, turn to any one of our How-To Guides or check out: www.causia.com.au.

**BOOK A DEMO**