

Complaints Handling and Dispute Resolution Policy

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1. Introduction and Coverage

1.1 The Group

Each of the entities below may hold either an Australian Credit Licence ('ACL') or an Australian Financial Services Licence ('AFSL') and are subject to this policy:

- Yellow Brick Road Finance Pty Limited ABN 33 128 708 109
- Resi Mortgage Corporation Pty Limited ABN 61 092 564 415
- Resi Wholesale Funding Pty Limited ABN 22 140 674 120*
- Vow Financial Pty Ltd ABN 66 138 789 161
- Vow Wealth Management Pty Limited ABN 46 149 304 469.
- Vow Financial Group Pty Limited ABN 26 135 411 120
- Loan Avenue Holdings Pty Limited ABN 45 611 315 416

(collectively, '**the Group**').

1.2 Introduction

As a Mortgage Aggregator (also referred to as a 'Head Group') Vow Financial Group Pty Limited provides aggregation services to other ACL holders that are providing credit assistance to customers. These are referred to as 'ACL Brokers' and are subject to their own obligations, as licensees, including responsible lending and best interests duty ('BID') obligations. ACL Brokers may choose to utilise elements of this policy to assist with compliance of their internal dispute resolution ('IDR') procedure obligations.¹

Although the Group no longer provides wealth advice, it may continue to exercise other authorisations under its ASFLs.

*except for complaints received by Resi Wholesale Funding Pty Limited ('RWF') in relation to services provided by AMAL Asset Management. RWF has appointed ('AMAL') to manage its core banking platform. Complaints received by RWF in relation to services provided by AMAL will be referred to AMAL for prompt resolution.

Such complaints will be acknowledged by the Group prior to referral to AMAL and will be recorded in the Group's Complaints Register so they are included in reporting to senior management (refer to section 3.6).

A Yellow Brick Road franchisee or a staff member of a franchisee, may be appointed as an Authorised Representative of another AFSL holder. If a complaint is received in relation to the provision of financial services, then that complaint is subject to the IDR procedure of that AFSL holder.² However, if that same Franchisee or staff member is also a credit representative under the ACL of one of the Group's entities, if a complaint relates to the provision of credit assistance under that ACL, then this policy will apply.

Version control is maintained through document listings held electronically and this policy is authorised in accordance with delegations. This policy is in force from the date listed above but activities commencing prior to this date may be informed by previous policies and procedures in

¹ *National Consumer Credit Protection Act 2009* (Cth) s47(1)(h)

² *Corporations Act 2001* (Cth) s912A(1)(g)(i)

force. This policy is substantively reviewed as required and is subject to a check annually as to whether a substantive review is required.

1.3 Purpose

The purpose of this policy is to set out clearly and concisely the requirements for managing complaints which will predominantly be related to providing credit assistance but may include credit origination and other activities the Group undertakes which involve its representatives authorised to act under its licenses ('Licensee Representatives'). This policy does not apply to complaints and disputes against staff members, officers and directors of Group companies, franchisees and brokers where the complaint is not covered by general licensing obligations.

Such disputes may be covered by other policies and agreements.

The Group has compliance staff to assist managing this policy, referred to as the 'Compliance Function' throughout this policy, and includes the services of a dedicated Complaints Manager.

2. General Licensing Obligations

2.1 Obligations of an ACL Holder

Holders of an ACL are required to:

- have an internal dispute resolution procedure that complies with Australian/New Zealand Standard AS/NZS 10002:2014 Guidelines for complaint management in organisations;³
- cover disputes in relation to the credit activities engaged in by the licensee or its representatives;⁴ and
- be a member of the AFCA scheme.⁵

Licensees must have adequate arrangements for compensating persons for loss or damages suffered due to a contravention of the National Consumer Credit Protection Act 2009 (Cth) by the licensee or its representatives.⁶ To comply with this requirement, licensees must hold professional indemnity insurance cover that is adequate, taking account of the maximum liability that has, realistically, some potential to arise in connection with:⁷

- any particular claim against the licensee;
- all claims in respect of which the licensee could be found to have liability; and
- relevant considerations in relation to engaging in a credit activity by the licensee, including:⁸
 - the volume of business involved in the credit activity;
 - the number and kind of customers;
 - the kind, or kinds, of credit activities involved; and
 - the number of representatives of the licensee.

Credit representatives of ACL Brokers are required to follow the IDR procedure of their licensee. That policy and supporting procedures must demonstrate equivalence with this policy and may be subject to review by the Group.

ACL Brokers may seek assistance from the Complaints Manager.

³ *National Consumer Credit Protection Regulations 2010* (Cth) reg10(1)(a)

⁴ *National Consumer Credit Protection Act 2009* (Cth) s47(1)(h)(ii)

⁵ *National Consumer Credit Protection Act 2009* (Cth) s47(1)(i)

⁶ *National Consumer Credit Protection Act 2009* (Cth) s48(1)

⁷ *National Consumer Credit Protection Regulations 2010* (Cth) reg12(1)(a)

⁸ *National Consumer Credit Protection Regulations 2010* (Cth) reg12(1)(b)

3. Australian / New Zealand TM AS/NZS 10002:2014

3.1 What is a Complaint?⁹

A 'complaint'¹⁰ is defined as an:

“Expression of dissatisfaction made to or about an organisation, 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.”

'Feedback'¹¹ is defined as:

“Opinions, comments and expressions of interest or concern, made directly or indirectly, explicitly or implicitly to or about the organisation, its products, services, staff or its handling of a complaint.”

Essentially, the difference between a complaint and feedback turns on whether a response is expected or required.

The Group's IDR process must be able to handle complaints made about the activities of the relevant licensee that is the subject of the complaint (refer to sections **Error! Reference source not found.** and **Error! Reference source not found.**).¹²

3.2 Guiding Principles¹³

Enabling Complaints¹⁴

All retail clients (as defined by s761G of the Corporations Act) have the right to complain.¹⁵ AFCA's Rules allow for complaints to be lodged by a “small business”, which is defined as a business that has less than one hundred employees. A small business includes a primary producer, if that primary producer is also a small business.¹⁶ The Group cannot exclude any party from making a complaint who has the right to lodge a complaint at AFCA.

The Group's approach is to proactively seek feedback from customers. For the avoidance of doubt, if it is difficult to interpret whether the customer expects a response or resolution, they should be asked: *“would you like me to register that as a complaint?”*

Customers making complaints are to be treated with respect at all times. They should be actively involved in the complaints process by being encouraged to provide evidence to support their allegations. Licensee Representatives who are the subject of a complaint should also be actively involved to ensure procedural fairness. Sometimes a customer might request that the relevant Licensee Representative not be informed that a complaint has been lodged against them. This

⁹ ASIC Regulatory Guide 271.27 to 271.29 – Enforceable Paragraphs

¹⁰ AS/NZS 10002:2014, s 4.2

¹¹ AS/NZS 10002:2014, s 4.5

¹² ASIC Regulatory Guide 271.43 – Enforceable Paragraph and 271.44

¹³ AS/NZS 10002:2014, s 5

¹⁴ AS/NZS 10002:2014, s 5.1

¹⁵ ASIC Regulatory Guide 271.36 – Enforceable Paragraph

¹⁶ ASIC Regulatory Guide 271.37 and section E.1 of AFCA's Rules

request will usually be brought about by the customer's concern that Licensee Representative will not treat them fairly after being notified of the complaint.

In such circumstances, the customer's wishes should be honoured but the Complaints Manager must explain to the customer that not seeking information from the Licensee Representative:

may considerably restrict the Complaints Manager's ability to investigate the issues raised; and does not afford procedural fairness to Licensee Representative.

Reasonable steps should be taken to ensure that complainants are not adversely affected because of a complaint made by them or on their behalf. To achieve this, the Complaints Manager should contact the Licensee Representative (unless the customer has requested otherwise) and encourage them to not take the complaint personally and to continue to deal with the complainant if the relevant transaction has not been completed. This should reduce the likelihood of communication between the customer and Licensee Representative becoming strained.

The current version of the internal complaints handling policy must be published on the YBR Professional and Vow Professional platforms to facilitate easy access for all credit representatives of the Group.

ACL holders are required to have a publicly available, readily accessible complaints policy and an internal complaints management procedure. The public version of the complaints handling policy will be made available on the websites of the Group.¹⁷Material that explains the IDR process must be free of charge to complainants.¹⁸ACL holders are also required to inform potential customers of how to access their dispute resolution procedures via their Credit Guide.¹⁹The IDR process must be easy to understand and use.²⁰

The complaints handling procedure must be accessible to everyone, particularly those who might require assistance. Customers may lodge their complaints either in writing or verbally. If a complaint is lodged verbally, then the Complaints Manager is to send an email to the complainant, summarising the issues they have raised and asking them to advise of any errors or omissions. This should give the complainant comfort that their issues have been recorded correctly. This summary will be deemed to be the Group's acknowledgement of the complaint.

Complainants have the right to nominate another person to act on their behalf. The Group will accept complaints from persons authorised by the complainant (the '**Advocate**'). For privacy reasons, it is preferable to receive written authorisation from the complainant before engaging with the Advocate. However, if a complainant chooses to give verbal authorisation, the Complaints Manager is to provide written confirmation to the complainant that the Group will comply with the complainant's verbal instruction to engage with their Advocate. The Group is to seek confirmation from the complainant of scope of the Advocate's authority (e.g., is the Advocate authorised to accept an offer of compensation on behalf of the complainant?)

If the Group receives written notification from a legal representative that they act on behalf of a complainant, the Group does not need to seek separate authorisation from the complainant.

¹⁷ ASIC Regulatory Guide 271.132(a) and 271.172 – Enforceable Paragraph

¹⁸ ASIC Regulatory Guide 271.141(a) – Enforceable Paragraph

¹⁹ ASIC Regulatory Guide 271.132(b)

²⁰ ASIC Regulatory Guide 271.134 – Enforceable Paragraph

Complainants will not be charged a fee to complain.²¹

Managing Complaints²²

An acknowledgement is to be provided to the complainant promptly and not more than one business day after receiving the complaint.²³ Acknowledgements will usually be sent via email. If a verbal acknowledgement is given, the Complaints Manager must record a file note on the complainant's file to evidence the date and time of acknowledgement.

Complaints will be assessed and given appropriate priority in accordance with the urgency of the issues raised.²⁴

Complainants are to be advised, as soon as practicable, where the Licensee is unable to deal with part of all of their complaint and given reasonable assistance to find where their complaint should be redirected.

It is important that complainant's expectations are effectively managed. This may include providing information about:

- the complaint process;
- expected timeframes;
- the likely involvement of the complainant in the complaint process; and/or
- the possible outcomes of the complaint.

Conflicting interests should not interfere with, or be perceived to interfere with, the management and resolution of complaints.

Where appropriate, the Group should defer actions that might have a significant detrimental impact on the complainant until their complaint (or review) has been finalised.

Personally identifiable information about any individual should only be disclosed or used in compliance with all relevant privacy laws and ethical obligations when managing a complaint.

Managing the Parties²⁵

It is expected that both the complainant (or Advocate) and Complaints Manager will act respectfully at all times. If a complainant does not act respectfully (e.g., shouting, swearing, making threats, etc.) the Complaints Manager is entitled to inform the complainant that such behaviour is unacceptable. The Complaints Manager must avoid matching the complainant's inappropriate behaviour. The Complaints Manager should use various techniques to attempt to modify the complainant's behaviour, such as:

²¹ ASIC Regulatory Guide 271.141(b) – Enforceable Paragraph

²² AS/NZS 10002:2014, s 5.2

²³ ASIC Regulatory Guide 271.51

²⁴ ASIC Regulatory Guide 271.158

²⁵ AS/NZS 10002:2014, s 5.3

if on the phone, not matching the complainant's tone (i.e., remaining calm and using a neutral tone of voice), apologising for causing the complainant distress and offering to call back at an agreed later time to discuss further; or

if via email, maintaining a professional & neutral tone and asking the complainant to verify what they are seeking in order to resolve their complaint. If the complainant makes unreasonable demands, it might be necessary to explain to the complainant the extent to which we can meet their request, or to inform them that we are not in a position to meet their request at all.

There may be occasions where a complaint involves multiple parties (e.g., where the issues raised involve the Group and the lender). Consideration should be given to options for coordinating communication with the complainant, the Group and other parties. Communication and information exchange (subject to privacy and confidentiality obligations) should be arranged in order to facilitate prompt investigation and response to the complainant by each party. Consideration should also be given to whether it may be appropriate to copy the other parties into communications with the complainant, and/or whether pre-approval from the complainant should be sought.

3.6 Accountability, Learning and Prevention²⁶

The Complaints Manager is accountable for the operation of the Group's complaints management system. Information from complaints received will be used to continually improve the Group's operations (e.g., to identify areas where policy and/or procedures require updating or the Licensee Representatives should receive targeted training).

This could have the effect of reducing the likelihood of similar complaints being received in the future.

3.7 Commitment²⁷

The Group's board of directors and management team is committed to complaints being handled effectively and efficiently. This commitment is demonstrated through:

- The establishment, implementation and maintenance of the complaints handling and dispute resolution policy;
- The appointment of a Complaints Manager;
- Training of staff and Licensee Representatives with respect to our complaints handling procedures;
- Ensuring our complaints handling procedures are accessible to all customers and other external parties via Credit Guides;
- Issuing of public version of complaints policy via websites; ²⁸
- The implementation of management systems and reporting procedures to ensure timely and effective complaints handling and monitoring;
- Regular reporting of complaints received to senior management; ²⁹
- Ensuring that there are sufficient resources devoted to adequately cover the handling of disputes involving the Group's activities.

²⁶ AS/NZS 10002:2014, s 5.4

²⁷ AS/NZS 10002:2014, s 6.2

²⁸ ASIC Regulatory Guide 271.172 – Enforceable Paragraph

²⁹ ASIC Regulatory Guide 271.183 – Enforceable Paragraph

3.8 Resources³⁰

The Group will continually review the adequacy of resources necessary to manage complaints fairly, effectively and efficiently within maximum IDR timeframes.³¹This includes the:

- number of staff managing complaints against the number and nature of complaints received and being resolved;
- ability to deal with intermittent spikes in complaint volumes; and
- adequacy of materials and equipment.³²

The Group will at all times ensure there is in place a Professional Indemnity ('PI') Insurance policy to ensure it has sufficient financial resources to provide compensation payments to complainants, where such action is warranted. In taking out PI insurance, the Group will utilise the services of an insurance broker to ensure that an adequate amount of coverage is taken out. In assessing the amount of cover to be taken out, the Group and the insurance broker will give consideration to the maximum liability that has, realistically, some potential to arise in connection with:

- any particular claim against the Group.
- all claims in respect of which the Group could be found to have liability; and
- relevant considerations in relation to the engaging in a credit activity by the Group, including:
 - the volume of business involved in the credit activity;
 - the number and kind of customers;
 - the kind, or kinds, of credit activities involved; and
 - the number of representatives of the Group.

3.9 Collection of Information³³

Upon receipt, each complaint will be recorded.³⁴Information recorded includes (but is not limited to):

- Status (open or closed);
- Complainant name;
- Complaint category;
- Summary of complaint;
- Date received;
- Date acknowledged;
- IDR or EDR;
- The name of the Complaints Manager to whom the complaint has been assigned;
- Licensee Representative who is the subject of the complaint;
- Location (state) of branch office;
- Funder and product (to facilitate Design and Distribution Obligations requirements).

This information constitutes a 'register' as required to meet regulatory obligations and relevant standards and is a central record of key information.

³⁰ AS/NZS 10002:2014, s 7.4

³¹ ASIC Regulatory Guide 271.142 and 271.143 – Enforceable Paragraphs

³² ASIC Regulatory Guide 271.151

³³ AS/NZS 10002:2014, s 9.1

³⁴ ASIC Regulatory Guide 271.179 – Enforceable Paragraph

An electronic folder will be created for each complaint and all records in relation to the investigation and resolution of that complaint will be stored in that electronic folder. Items to be stored may include (but is not limited to):

- Correspondence with the complainant, the Licensee Representative, AFCA and any other relevant parties;
- If internal or external legal advice is sought, in relation to the complaint such information may be stored in a subfolder marked “privileged and confidential”. Correspondence in such folders shall not be made available to sources external to the Licensee unless legally obliged to do so (e.g., by subpoena)
- File notes in relation to phone conversations with any of the abovementioned parties;
- Any applications, credit proposal disclosure documents, preliminary assessments or other documents in relation to the provision of services or products associated with the complaint; and
- Information sourced to calculate potential compensation amounts.

The Complaints Manager may obtain personal information about the complainant only for the purposes of investigating and resolving the issues raised in the complaint.³⁵ The Complaints Manager must not use or disclose the abovementioned personal information for a secondary purpose unless the complainant has consented to the use or disclosure of that information,³⁶ except as allowed by the Australian Privacy Principles.³⁷

Customers may request to be provided with a copy of any personal information that has been collected by the Group. In most circumstances, the Group is obliged to comply with such a request,³⁸ with a limited number of exceptions, such as situations where to comply would unreasonably impact on the privacy of another person.³⁹ If such a request is made by a customer’s Advocate, written authorisation must be obtained from the customer prior to providing such information to the Advocate.

3.10 Analysis and Evaluation of Complaint⁴⁰

Records held include the following information, which will facilitate analysis and evaluation of complaints received:

- Subject of complaint;
- The licensee;
- The Licensee Representative the complaint is against;
- Location of the Licensee Representative
- Complaint classification;
- IDR vs EDR;
- Compensation claimed and compensation paid.

³⁵ Australian Privacy Principle 3.2

³⁶ Australian Privacy Principle 6.1(a)

³⁷ Australian Privacy Principle 6.1(b)

³⁸ Australian Privacy Principle 12.1

³⁹ Australian Privacy Principle 12.3

⁴⁰ AS/NZS 10002:2014, s 9.2

Complaints received over the past 12 months will be periodically analysed (usually monthly) to identify potential systemic, recurring and/or potentially significant issues and a report will be issued to the Group Leadership Team ('GLT').⁴¹

If the analysis identifies any such issues, the Complaints Manager will provide one or more recommendations to the GLT for consideration.⁴²

Recommendations may include (but are not limited to):

- Review relevant policies and/or procedures;
- Review messaging to customers (i.e., marketing documentation);
- Review terms and conditions of relevant product(s);
- Review features of relevant product(s); and
- Targeted training for one or more Licensee Representative.

Alternatively, the Complaints Manager may refer the matter to the Compliance Function for further investigation or review (refer to section Error! Reference source not found.).

⁴¹ ASIC Regulatory Guide 271.119 – Enforceable Paragraph

⁴² ASIC Regulatory Guide 271.120 – Enforceable Paragraph

4. Internal Dispute Resolution (IDR)

4.1 Time Limits for Complainants

Complainants must lodge their complaints with the Group within 6 years from the date they first became aware (or should reasonably have become aware) that they suffered a loss because of the actions (or inaction).

This is because of the time limits imposed by the courts for civil proceedings in contract and tort is generally 6 years.⁴³ AFCA applies similar time limits.⁴⁴

4.2 Acknowledgement of Complaint

An acknowledgement is to be provided to the complainant where possible, on the same day as the complaint is received and otherwise at the earliest time practicable in the circumstances⁴⁵. It is preferable to provide acknowledgements in written form (generally by email for speed). However, verbal acknowledgement is acceptable if a file note is recorded on the complainant's file.

If the complainant has raised multiple issues, the acknowledgement should include a brief summary of the main issues to give the complainant confidence that the main issues have been understood and to give an opportunity for the complainant to notify the Licensee if there has been any misunderstanding.

4.3 What an IDR Response Must Contain⁴⁶

An "IDR response" is a written communication to the complainant, informing them of:

- a) the final outcome of their complaint at IDR;
- b) their right to take their complaint to EDR if they are not satisfied with the IDR response; and
- c) the name and contact details of the relevant EDR scheme to which they can take their complaint or dispute.

If the complaint is rejected or partially rejected, the IDR response must clearly set out the reasons for the decision by:

- a) identifying and addressing the issues raised in the complaint;
- b) setting out the findings on material questions of fact and referring to the information that supports those findings; and
- c) providing enough detail for the complainant to understand the basis of the decision and to be fully informed when deciding whether to escalate the matter to EDR or another forum.

4.4 IDR Timeframes⁴⁷

In most cases, financial service providers must provide an IDR response within 30 calendar days of receiving the complaint⁴⁸ but different timeframes apply to certain types of credit disputes.⁴⁹

⁴³ *Limitations of Actions Act 1974* (Qld) s10; *Limitations Act 1969* (NSW) s14; *Limitations of Actions Act 1958* (Vic) s5; *Limitation Act 2005* (WA) s13; *Limitations of Actions Act 1936* (SA) s35

⁴⁴ s B.4 AFCA Rules (refer B.4.3.1(a))

⁴⁵ ASIC Regulatory Guide 271.51

⁴⁶ ASIC Regulatory Guide 271.53, 271.54 and 271.111 – Enforceable Paragraphs

⁴⁷

⁴⁸ ASIC Regulatory Guide 271.56 – Enforceable Paragraph

⁴⁹ ASIC Regulatory Guide 271.59(d) – Enforceable Paragraph

However, the IDR timeframes do not apply if certain circumstances exist.⁵⁰ First, there must be no reasonable opportunity to provide the IDR response within the relevant time because:⁵¹

- a) Resolution of the complaint is particularly complex; and/or
- b) Circumstances beyond the Group's control cause complaint management delays.

Second, before the relevant IDR timeframe expires, the complainant is given an "IDR delay notification" that informs the customer of:⁵²

- c) the reasons for the delay;
- d) their right to take their complaint to EDR if they are dissatisfied; and
- e) the contact details of the relevant EDR scheme to which they can complain.

If it becomes apparent that the Group is unable to deal with either part or all of the customer's complaint, the customer should be informed as soon as practicable, and if possible, informed how their issue(s) may be resolved (e.g. by dealing directly with another party).

The National Credit Code enables borrowers, guarantors and lessees to give a hardship notice or request for a postponement of enforcement proceedings. Complaints involving hardship notices or postponement of enforcement proceeding must be treated as urgent matters.⁵³

Except where the complaint relates to hardship, a declined insurance claim or the value of an insurance claim, if the complaint is resolved to the complainant's complete satisfaction by the end of the fifth business day after the complaint was received, it is not necessary to provide a written response to the complainant (unless requested by the complainant).⁵⁴

An IDR response must be provided within 21 calendar days⁵⁵ where a complaint involves a default notice where:⁵⁶

- a) there is an allegation that the default notice was not served;
- b) the borrower disputes the amount specified in the default notice or whether the default was rectified; or
- c) there is a dispute about the lender's communications leading up to the issue of the default notice.

Credit providers (including debt collectors), credit service providers and their credit representatives must refrain from commencing or continuing with legal proceedings or any other enforcement action (i.e. debt collection activity) against the customer. Unless the statute of limitations is about to expire, this applies:⁵⁷

- a) while the complaint is being handled at IDR (during the 21 calendar days); and
- b) for a reasonable time thereafter.

⁵⁰ ASIC Regulatory Guide 271.64 – Enforceable Paragraph

⁵¹ ASIC Regulatory Guide 271.65 – Enforceable Paragraph

⁵² ASIC Regulatory Guide 271.66 and RG 271.112 – Enforceable Paragraphs

⁵³ ASIC Regulatory Guide 271.92 – Enforceable Paragraph

⁵⁴ ASIC Regulatory Guide 271.71 and 271.75 – Enforceable Paragraphs

⁵⁵ ASIC Regulatory Guide 271.86 – Enforceable Paragraph

⁵⁶ ASIC Regulatory Guide 271.88

⁵⁷ ASIC Regulatory Guide 271.89 – Enforceable Paragraph

Credit providers or lessors have 21 calendar days to consider and agree to a change in the terms of the credit contract or lease for hardship or postponement of enforcement proceedings.⁵⁸ If further information is requested, credit providers or lessees have up to 28 calendar days from the date the information is requested (but not received), or up to 21 calendar days from when the information is received.⁵⁹ No further time is allowed at IDR to handle the complaint and the customer should be referred to the relevant EDR scheme.⁶⁰

The Group must adhere to the requirements for issuing IDR responses within maximum IDR timeframes.⁶¹

4.5 Types of Complaints

In most cases, financial service providers must provide an IDR response within 30 calendar days of receiving the complaint⁶² but different timeframes apply to certain types of credit disputes.⁶³

However, the IDR timeframes do not apply if certain circumstances exist.⁶⁴ First, there must be no reasonable opportunity to provide the IDR response within the relevant time because:⁶⁵

- a) Resolution of the complaint is particularly complex; and/or
- b) Circumstances beyond the Group's control cause complaint management delays.

Second, before the relevant IDR timeframe expires, the complainant is given an "IDR delay notification" that informs the customer of:⁶⁶

- a) the reasons for the delay;
- b) their right to take their complaint to EDR if they are dissatisfied; and
- c) the contact details of the relevant EDR scheme to which they can complain.

If it becomes apparent that the Group is unable to deal with either part or all of the customer's complaint, the customer should be informed as soon as practicable, and if possible, informed how their issue(s) may be resolved (e.g., by dealing directly with another party).

The National Credit Code enables borrowers, guarantors and lessees to give a hardship notice or request for a postponement of enforcement proceedings. Complaints involving hardship notices or postponement of enforcement proceeding must be treated as urgent matters.⁶⁷

Except where the complaint relates to hardship, a declined insurance claim or the value of an insurance claim, if the complaint is resolved to the complainant's complete satisfaction by the end of

⁵⁸ ASIC Regulatory Guide 271.93(a) – Enforceable Paragraph

⁵⁹ ASIC Regulatory Guide 271.93(b) – Enforceable Paragraph

⁶⁰ ASIC Regulatory Guide 271.94

⁶¹ ASIC Regulatory Guide 271.163 – Enforceable Paragraph

⁶² ASIC Regulatory Guide 271.56 – Enforceable Paragraph

⁶³ ASIC Regulatory Guide 271.59(d) – Enforceable Paragraph

⁶⁴ ASIC Regulatory Guide 271.64 – Enforceable Paragraph

⁶⁵ ASIC Regulatory Guide 271.65 – Enforceable Paragraph

⁶⁶ ASIC Regulatory Guide 271.66 and RG 271.112 – Enforceable Paragraphs

⁶⁷ ASIC Regulatory Guide 271.92 – Enforceable Paragraph

the fifth business day after the complaint was received, it is not necessary to provide a written response to the complainant (unless requested by the complainant).⁶⁸

An IDR response must be provided within 21 calendar days⁶⁹ where a complaint involves a default notice where:⁷⁰

- a) there is an allegation that the default notice was not served;
- b) the borrower disputes the amount specified in the default notice or whether the default was rectified; or
- c) there is a dispute about the lender's communications leading up to the issue of the default notice.

Credit providers (including debt collectors), credit service providers and their credit representatives must refrain from commencing or continuing with legal proceedings or any other enforcement action (i.e., debt collection activity) against the customer. Unless the statute of limitations is about to expire, this applies:⁷¹

- a) while the complaint is being handled at IDR (during the 21 calendar days); and
- b) for a reasonable time thereafter.

Credit providers or lessors have 21 calendar days to consider and agree to a change in the terms of the credit contract or lease for hardship or postponement of enforcement proceedings.⁷² If further information is requested, credit providers or lessees have up to 28 calendar days from the date the information is requested (but not received), or up to 21 calendar days from when the information is received.⁷³ No further time is allowed at IDR to handle the complaint and the customer should be referred to the relevant EDR scheme.⁷⁴

The Group must adhere to the requirements for issuing IDR responses within maximum IDR timeframes.⁷⁵

4.6 IDR Process

Complaints can be made by any reasonable means e.g., letter, telephone, email or social media. Posts on a social media channel or account owned or controlled by the Group should be captured if they meet the definition of a complaint (refer to section **Error! Reference source not found.**). However, it is not expected that complaints made on third party social media channels should be captured.⁷⁶

Complainants should however be notified that the Group prefers complaints to be made in writing (letter or email) as this helps to reduce the risk of misinterpretation or misunderstanding.

⁶⁸ ASIC Regulatory Guide 271.71 and 271.75 – Enforceable Paragraphs

⁶⁹ ASIC Regulatory Guide 271.86 – Enforceable Paragraph

⁷⁰ ASIC Regulatory Guide 271.88

⁷¹ ASIC Regulatory Guide 271.89 – Enforceable Paragraph

⁷² ASIC Regulatory Guide 271.93(a) – Enforceable Paragraph

⁷³ ASIC Regulatory Guide 271.93(b) – Enforceable Paragraph

⁷⁴ ASIC Regulatory Guide 271.94

⁷⁵ ASIC Regulatory Guide 271.163 – Enforceable Paragraph

⁷⁶ ASIC Regulatory Guide 271.32(a) – Enforceable Paragraph

Complainants are encouraged in the Credit Guide to contact the Complaints Manager. However, if the customer complains to their Licensee Representative in the first instance, the customer must be informed that the matter will be referred to the Complaints Manager for investigation.

The Complaints Manager is then to be the central point of contact for the complaint.

If the complaint is lodged with the Complaints Manager in the first instance, unless the complainant has expressly requested anonymity, the matter should be brought to the attention of the relevant Licensee Representative. Since the contract with the Group enables the business to recover any complaint expenses not covered by PI insurance (refer to section **Error! Reference source not found.**), the Licensee Representative should have the right to instruct the Complaints Manager to make an offer to the complainant (subject to approval from the General Counsel) if they wish to promptly resolve the matter (refer to section **Error! Reference source not found.**).

However, the Licensee Representative does not have the right to instruct the Complaints Manager to refuse to settle a complaint. This is because the complaint is against the licensee (not against the Licensee Representative personally) and the obligation rests with the licensee to resolve the complaint. It may be appropriate to make a commercial decision to settle the complaint in order to avoid additional costs (such as EDR Case Management fees, refer to section **Error! Reference source not found.**).

4.7 Notifying PI Insurer

All ACL holders are required to hold professional indemnity (PI) insurance (refer to sections **Error! Reference source not found.** and **Error! Reference source not found.**). PI insurers offer to indemnify financial service providers and their representatives in respect of potential civil liability arising from various matters, including complaints.

All Licensee Representatives are required to be covered by the Group's PI insurance policy, for which they will be levied a premium. ACL Brokers may choose to either be covered by the Group's PI insurance policy or to source their own. A deductible of \$15,000 is applicable for the Group's PI insurance policy.

N.B. the difference between a deductible and an excess is that a deductible can reduce the maximum payout on the insurance policy, whereas an excess cannot.

For example, if an insured person incurs a loss of \$1,500 and their insurance policy has a sum insured of \$1,000 and:

- an excess of \$100, then the insurer will pay \$1,000
- a deductible of \$100, then the insurer will pay \$900

Please note that this distinction only occurs where the insured person incurs a loss that exceeds the sum insured, otherwise the insurer will pay the same amount to the insured person.

The PI insurer must be immediately notified of any complaint where the amount of the claim or potential claim (including potential EDR expenses) is likely to exceed the excess amount. Failure to notify the PI insurer within a reasonable timeframe may result in the PI insurer refusing to indemnify the Group.

The PI insurer must be provided with status updates of the complaint investigation periodically.

Where the PI insurer has been notified of a potential claim, no offer should be made to a complainant without consulting the PI insurer. If an offer needs to be made urgently, the PI insurer

should be notified of the reason for the urgency, the intended offer and the reasons behind making that offer. On such occasions, the Group accepts the risk that the insurer may agree to only partially indemnify the Group or not at all.

On such occasions, the General Counsel must determine whether the amount not covered by the PI insurer in addition to the normal excess amount is to be covered by the business, the Licensee Representative / ACL Broker or proportionately between the parties.

5. External Dispute Resolution (EDR) Process

5.1 EDR Scheme

The Australian Financial Complaints Authority ('**AFCA**') replaced the Financial Ombudsman Service ('**FOS**'), Credit and Investments Ombudsman ('**CIO**') and Superannuation Complaints Tribunal ('**SCT**') on 1 November 2018, giving consumers access to a single EDR scheme.

AFCA's contact details are:

Australian Financial Complaints Authority	
Telephone	1800 931 678
Email	info@afca.org.au
Post	GPO Box 3 Melbourne VIC 3001
Website	www.afca.org.au

5.2 The Group Memberships of AFCA

The table below shows a list of all the licensee companies that are members of AFCA:

Company	Membership Number
Yellow Brick Road Finance Pty Limited	42046
RESI Mortgage Corporation	42172
RESI Wholesale Funding Pty Ltd	43911
VOW Financial Pty Ltd	44626
VOW Financial Group Pty Ltd	44906
Loan Avenue Holdings Pty Ltd	45748

If a licensee ceases to be, or becomes aware that it will cease to be, a member of AFCA, the Compliance Manager will, within three (3) business days of the date the licensee's membership ceased, or the licensee became aware that its membership would cease, notify ASIC in writing of the reasons the licensee's membership of AFCA has ceased or will cease.

5.3 AFCA Resolution Points⁷⁷

The cost of a complaint is triggered and invoiced upon closure of a file. Complaints are resolved and closed at various statuses in the complaint resolution process and these are described as resolution points.

Resolution Point	Description
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⁷⁷ Refer to Secure Services part of AFCA Website (Invoices/Complaint Fee Guide)

Registration and referral:	The complaint is resolved directly by the financial firm with the complainant and AFCA is notified of the resolution before it progresses to case management.
Rules review:	The complaint is assessed as outside AFCA's jurisdiction (in accordance with AFCA's Rules) before it progresses to case management.
Case management 1:	The complaint is resolved early in case management before or directly after AFCA's initial contact and correspondence, without additional AFCA input.
Case management 2:	The complaint is resolved, normally through negotiation or facilitated discussions between the parties, before progressing to a preliminary assessment or decision.
Case management conciliation:	The complaint is resolved after a conciliation conference is conducted and before progressing to a preliminary assessment or decision.
Decision - preliminary view:	<p>The complaint is resolved after both parties accept AFCA's preliminary view on the merits of the complaint. A preliminary view may be provided through a written recommendation or a verbal or other written preliminary view, without the need to proceed to a decision.</p> <p>Complaints that have been progressed to this point for a preliminary view to be issued may also be finalised at this status through a negotiated or conciliated resolution, prior to a preliminary view being issued.</p>
Decision – determination:	The complaint is resolved as a result of a determination made by an adjudicator, ombudsman or panel. Complaints that have been progressed for a determination to be issued may also be finalised at this status through a negotiated or conciliated resolution, or assessed as Outside the Rules, prior to a determination being issued. Complaints may also be expedited directly to a decision without a preliminary assessment being provided. Different fees apply, depending on whether the determination is issued by an adjudicator, ombudsman or panel.

Complaints may progress to the next complaint status / resolution point and incur the higher complaint cost of that next status when a response has been requested from a financial firm but and the response has not been provided by the financial firm within the required timeframe.

5.4 AFCA Case Management Fee Structure⁷⁸

The following table shows the complaint fees for each resolution point and stream for complaints closed from 01/07/2021.

FOSSIC Closed Status	Invoice Service Code	Resolution point	Fast Track	Standard	Complex
ALL					
CRGR	RGR	Registration & Referral	\$101.50		
CTOR	N/A	TOR Review	\$0.00		
CFCM1 CCM1	FCM1 CM1	Case Management 1	\$903.35		
CCM2	CM2	Case Management 2		\$2,258.38	\$2,552.73
CCM2	CM2C	Case Management – Conciliation		\$2,410.63	\$2,796.33
CFPRV	FPRV	Fast Track – Preliminary Review	\$2,161.95		
CFDEC	FDEC	Fast Track - Decision	\$4,034.63		
CPRV	PRV	Decision – Preliminary Review		\$5,739.83	\$7,160.83
CDEC	ODEC	Decision – Ombudsman		\$9,013.20	\$11,525.33
CDEC	PDEC	Decision – Panel			
	OCON	Ombudsman Conference	\$1,436.23		

All figures include GST and have an annual CPI related increase applied.

The complaint fees listed in the table above are not cumulative. So, for example, if a complaint is resolved at Case Management 1, a fee of \$903.35 is charged, not \$1,004.85 (\$101.50 + \$903.35).

5.5 Stream Allocation⁷⁹

Summary:

A complaint that progresses from registration and referral to case management is assessed and allocated to the appropriate stream and case worker at the beginning of case management

fast track, standard or complex. The appropriate stream a complaint is allocated to, is based on a number of factors, including:

- The complexity and number of issues raised in the complaint;
- The claim amount; and
- The time and effort required to investigate and resolve the complaint.

⁷⁸ Refer to Secure Services part of AFCA Website (Invoices/Complaint Fee Guide)

⁷⁹ Refer to Secure Services part of AFCA Website (Invoices/Complaint Fee Guide)

Fast Track:

Complaints that are suitable for fast track are typically single issue, low value complaints that generally do not require a detailed investigation. They are suitable for fast information gathering and resolution through expedited negotiation, preliminary view or decision by an adjudicator.

Standard:

Complaints that are suitable for the standard stream typically require AFCA to investigate, gather and consider more information to deal with the issues raised in the complaint. However, they generally involve straightforward issues and may be more likely to be resolved by agreement through negotiation, conciliation or preliminary view.

Complex:

Complaints that are suitable for the complex stream generally require detailed investigation and consideration. They may involve a number of issues, including conduct and disclosure issues, and often involve higher claim amounts. These complaints are less likely to resolve by agreement through negotiation or conciliation and are more likely to require a decision by AFCA.

Whilst a complaint may commence in a particular stream, it may on occasions be appropriate to change streams where the issues raised change/expand, during AFCA's consideration of the complaint. If this occurs, AFCA may redirect the complaint to a more appropriate stream. When a complaint changes streams, it is the stream in which it is closed that determines the fee.

5.6 AFCA Invoicing⁸⁰

AFCA issues invoice early each month for all complaints closed during the prior month. The invoice identifies the complaint, the point in the process at which it was closed and also the stream, if relevant.

5.7 Time Limits for Complainants⁸¹

If a complainant is dissatisfied with the outcome of the IDR process and wishes to refer their case to AFCA, they must do so within 2 years of receiving their IDR response from the Licensee.

⁸⁰ Refer to Secure Services part of AFCA Website (Invoices/Complaint Fee Guide)

⁸¹ Refer to Secure Services part of AFCA Website (Invoices/Complaint Fee Guide)

6. Authorisations

6.1 Dealing with a Complaint⁸²

Licensee Representatives are not authorised to deal with complaints. If a customer lodges a complaint with the Licensee Representative with whom they have been dealing, the Licensee Representative must immediately notify the Complaints Manager of the complaint. The Complaints Manager will make a record and will acknowledge receipt of the complaint.

This gives the complainant confidence that their complaint is being investigated by a person who is somewhat removed from the Licensee Representative. Such distance in handling of the complaint often results the Licensee Representative being able to continue to deal with the customer while the complaint is on foot.

Complainants must be provided with an IDR response in writing unless the resolution is to the complainant's complete satisfaction by the fifth business day after the complaint was lodged and the complainant has not requested a response in writing.⁸³

6.2 Making Financial Offers to Resolve a Complaint⁸⁴

The Complaints Manager is not granted any delegated authorisation to make offers of compensation to the complainant. This preserves the integrity of the investigation process by ensuring the Complaints Manager does not have the ability to avoid investigating the complaint by choosing to offer a financial outcome rather than investigate the issues raised by the complaint. The integrity of the investigation process ensures that other actions may be identified that may reduce the likelihood of the issue recurring (refer to section **Error! Reference source not found.**).

Instead, the Complaints Manager must present a case to the General Counsel for approval. Prior to contacting the General Counsel, the Complaints Manager must notify the Licensee Representative of the recommended offer for which they intend to seek approval from the General Counsel. This is because the business will seek to recoup its net expense from the Licensee Representative (refer to Section **Error! Reference source not found.**).

The following types of financial offers may be made to a complainant:

- Compensation for loss, plus interest;
- Ex-gratia payment; or
- Commercial offer.

Where the Group agrees that a complainant has incurred a financial loss (or has missed a financial opportunity that is reasonably certain, the complainant would have taken) due to its actions or inaction, the compensation offer will be based on the amount of the financial loss (or lost opportunity), except to the extent that the complainant has contributed to the loss and/or has failed to take reasonable action to mitigate the loss. If the loss is historic (i.e., was or could have been realised at an identifiable point in time), an amount of interest will be calculated at the RBA Cash Rate(s) over the relevant period to additionally compensate the complainant for the effects of inflation, from the date of loss to the present day.

⁸² s B.4 AFCA Rules (refer B.4.3.1(b))

⁸³ ASIC Regulatory Guide 271.146 – Enforceable Paragraph

⁸⁴ ASIC Regulatory Guide 271.71

Where the Group believes it has no liability but seeks to make a gesture of goodwill, it may make an ex-gratia offer (Latin for “*by favour*”) of compensation to the complainant.

Where the Group is seeking to avoid future costs (both financial and in terms of time), it may choose to make a commercial offer to the complainant. This is particularly the case with complaints that have been referred to AFCA and the potential Case Management fees outweighs the amount claimed by the complainant.

All offers are to be made to complainants on a without prejudice basis and should include the phrase “*without any admission of liability*”, even where The Group’s offer is based on the loss amount plus interest.

6.3 Prohibition on Discounting Fees as Compensation

Licensee Representatives are prohibited from offering to the customer discounted future commissions, brokerage or other fees as a means of compensation.

Such an offer would force the complainant to continue to do business with the Group in order to receive the proposed benefit and would defer payment of the compensation until the customer conducts sufficient business with the Group to receive the full discounted amount. This is unacceptable.

Instead, prompt payment of financial compensation will be arranged by the Complaints Manager upon receipt of the Settlement and Release Agreement (‘SRA’), executed by the customer. The Group will subsequently seek reimbursement from its PI insurer and/or the future commissions of the Licensee Representative.

6.4 Delegated Authority to Approve Offers of Compensation⁸⁵

Neither the Licensee’s Representatives nor the Complaints Manager are authorised to make any offers of compensation to a complainant without prior written authorisation from both the General Counsel and Chief Financial Officer.

6.5 Making Non-Financial Offers to Resolve a Complaint

Any person dealing the complaint can make non-financial offers to the complainant. This will usually be in the form of an apology. From time to time, this may extend to informing a complainant that internal policy and/or procedures will be updated to ensure a similar situation is not likely to recur.

However, the Licensee’s internal documents are strictly confidential and complainants are not entitled to receive a copy of internal policy or procedure documents.

6.6 Arranging for Payments to be Made to Complainants

Any complaint made against the Licensee Representative is deemed to have been made against the Group entity and not against the Licensee Representative personally. Hence, all payments are to be made by the relevant licensed Group entity, via the Group’s finance department. Licensee Representatives are prohibited from arranging or making payments to complainants.

Prior to arranging for any payment to be made, the Complaints Manager will provide the complainant with an SRA and will ask the complainant to provide details of the bank account into

⁸⁵ ASIC Regulatory Guide 271.147 – Enforceable Paragraph

which they would like the funds to be deposited (unless in relation to a superannuation account). The Complaints Manager will inform the complainant that payment will be made within 28 days of receiving the executed SRA (this allows for potential delays in the Group executing the SRA and the workload of the Group's finance department). However, efforts will be made for payment to be made at the earliest opportunity.⁸⁶

For complaints in relation to activities conducted within a superannuation environment, where the complainant is in accumulation phase, the compensation amount will be deposited into the relevant superannuation account of the complainant (as the complainant is not entitled to those funds until retirement). For complainants in pension phase, funds will be deposited into the complainant's nominated bank account (since no new contributions can be made to a pension account). If the SRA is not appropriately executed (e.g. not dated, post-dated, includes amendments), a fresh SRA will be sent to the complainant for execution.

Where a complainant disputes the terms of the SRA, they are entitled to make proposed amendments, which the Complaints Manager will forward to internal or external legal for consideration. Upon receipt of advice from internal or external legal regarding the appropriateness of the complainant's proposed changes, the Complaints Manager will promptly notify complainant whether any of the proposed amendments have been accepted by the Group and will request the complainant to execute a fresh SRA. Upon receipt of the appropriately executed SRA (i.e. signed, dated and without amendment), the Complaints Manager will request an appropriately authorised person to execute the SRA on behalf of the Group.

The Complaints Manager will send an email to the Group's finance department requesting prompt payment into the complainant's nominated bank account.⁸⁷ A scanned copy of the fully executed SRA and evidence of the authority to make the offer to the complainant are to be attached to the email to the Group's finance department.

If the PI insurer was notified of a potential claim, the Complaints Manager must forward a copy of the fully executed SRA to the PI insurer (via email to the insurance broker). If the complaint was escalated to EDR, a copy of the fees charged by AFCA is also to be sent to the PI insurer. It is likely that payment from the PI insurer will not be received prior to the payment to the complainant.

When the amount to be received from the PI insurer is known, the Licensee Representative is to be informed of the residual balance (i.e. the difference between the amount paid to the complainant, additional costs (such as EDR fees) and the amount to be recouped from the PI insurer), which is to be funded via the Licensee Representative's future commissions, unless otherwise authorised by the General Counsel (refer to section **Error! Reference source not found.**).

When the Group's finance department has been requested to arrange for payment to be made, a copy of the fully executed SRA is to be forwarded to the complainant (usually a PDF version is emailed to the complainant).

⁸⁶ ASIC Regulatory Guide 271.165 – Enforceable Paragraph

⁸⁷ ASIC Regulatory Guide 271.165 – Enforceable Paragraph

7. Consequence Management

7.1 Recovery of Compensation Payments

Via PI Insurance

If the PI insurer was notified of a potential claim, the Complaints Manager must forward a copy of the fully executed SRA to the PI insurer (via email to the insurance broker). This is to notify the PI insurer of the agreed settlement amount and to prompt them to reimburse the Group (less the deductible). If the complaint was escalated to EDR, a copy of the fees charged by AFCA is also to be sent to the PI insurer to be reimbursed.

The bank details of the appropriate the Group entity (details are to be sought from the Group's finance department) are to be included in the email to the insurance broker.

The Group's finance department is to be notified when the insurance broker advises that the PI insurer has made payment. If the Group's finance department advises within 3 business days that the funds have not arrived in the designated bank account, the Complaints Manager must instruct the insurance broker to obtain evidence of the deposit (including the receiving bank account details) from the PI insurer.

Via Licensee Representatives

After payment has been made to the complainant, the Compliance Manager is to notify the Licensee Representative of the full expense (including any EDR fees) and whether any proportion of those funds are to be recouped from PI insurance and/or whether the business agrees to absorb any of the expense.

The Licensee Representative must be informed of the amount that will be recouped from their future commissions, the number of months over which the amount will be recovered and that not more than 30% of their monthly commissions earned will be withheld in any particular month until the full amount has been reimbursed to the Group. If the Licensee Representative advises that the amount to be withheld each month is not affordable in their particular circumstances, they should be invited to provide reasons to the Complaints Manager, who will present their case to the General Counsel for approval.

Commissions is to be notified of the amount to be recouped from the Licensee Representative's future commissions, the number of months over which the amount will be recovered and that not more than 30% of their monthly commissions earned will be withheld in any particular month until the full amount has been recovered.

7.4 Referring Representatives to the Compliance Function

If during the investigation of a complaint, it is identified that the behaviour of the Licensee Representative may have contravened the law or this policy or demonstrates issues with operational compliance or matter of quality, the matter will be referred to the Compliance Function for further investigation or review.

The consequences of such may include, but are not limited to:

- refresher training
- a warning, without further action being required
- probationary agreement

- termination of Licensee Representative
- referral to ASIC