

AFCA receives more than 3100 complaints relating to COVID-19

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The Australian Financial Complaints Authority (AFCA) has received over 3180 COVID-19 related financial complaints since the coronavirus (COVID-19) was declared a pandemic in March.

Speaking to members at an online forum on Tuesday, Chief Operating Officer Justin Untersteiner revealed the COVID-19 related complaints included 1430 banking and finance complaints (with 680 of these relating to financial difficulty), 1070 general insurance complaints, and 610 superannuation complaints.

A majority of these complaints have been about loan break costs, disputed transactions, requests to extend payment terms, denial of travel insurance claims, as well as delays in early release of superannuation.

Mr Untersteiner urged financial firms to provide early, proactive communication with consumers following an increase in complaints relating to COVID-19.

“Many of these complaints result from poor communication, where a consumer has trouble contacting their firm, does not understand their policy, or is confused about the information they receive,” he said.

“To support consumers, we encourage financial firms to ensure their contact details and resources are visible and accessible and allow for genuine engagement with customers to resolve issues early on.”

Mr Untersteiner said AFCA anticipates receiving more financial difficulty complaints in the next six to 18 months.

“We expect to see more complaints from vulnerable consumers or others who struggle to repay mortgages or other debts as Government and sector support initiatives come to an end,” he said. “This won’t just be an issue for banking and finance, many will turn to their insurance policies to look for help, and in some cases, they will not be covered which will lead to disputes.”

“We also expect to see an increase in responsible lending complaints, disputes relating to scams, and a rise in business interruption insurance complaints, and additional complaints relating to early access to superannuation from June to September.”

During the forum on Tuesday, Mr Untersteiner discussed AFCA’s unique view of the challenges facing the industry and how data can be used to help financial firms see current trends so that they can address problems and reduce complaints.

“We encourage financial firms to minimise COVID-19 related disputes by communicating with consumers early, speaking in plain English, proactively setting customer expectations

around delays, reviewing internal dispute resolution processes and regularly engaging with AFCA.”

To watch the forum, visit: afca.org.au/news/webcasts

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