

Internal Dispute Resolution Procedures

FOR MCMAHON FINANCIAL BROKING ASSOCIATES ABN 76 180 061 578 Australian Credit Licence 385689

This document sets out the internal dispute resolution (IDR) procedures for **MCMAHON FINANCIAL BROKING ASSOCIATES ABN 76 180 061 578** Australian Credit Licence **385689** and its related entities (**we/us/our**)

These procedures have been prepared in accordance with the requirements of ASIC Regulatory Guide 271 *Internal dispute resolution (RG 271)*.

1. Objectives

Our IDR procedures have been developed to foster a positive complaint management culture. Our aim is to produce beneficial outcomes for both our customers and our business, including:

- the opportunity to resolve complaints quickly and directly;
- the promotion of trusted relationships between our business and our customers;
- improved levels of customer confidence and satisfaction;
- greater understanding of the key drivers of complaints;
- the ability to identify emerging issues and inform product and service delivery improvements; and
- reduced Australian Financial Complaints Authority (AFCA) complaints.

2. Definition of 'complaint'

We adopt the definition of 'complaint' in AS/NZS 10002-2014, which is as follows: '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'.

A response or resolution is 'explicitly expected' if a customer clearly requests a response, and is 'implicitly expected' if the customer raises the expression of dissatisfaction in a way that implies the consumer reasonably expects the firm to respond and/or take specific action.

A customer is not required to expressly state the word 'complaint' or 'dispute', or put their complaint in writing, to trigger our obligation to deal with a matter in accordance with these IDR procedures.

Where the National Consumer Credit Protection Act 2009 (Cth) refers to 'dispute', we will treat that term as having the same meaning as 'complaint'.

The following expressions of dissatisfaction are considered 'complaints' for the purposes of these IDR procedures:

- a) posts (that meet the definition of 'complaint') on a social media channel or account that we own or control where the author is both identifiable and contactable;
- b) complaints about a matter that is the subject of an existing remediation program or about the remediation program itself (eg delays, lack of communication etc);
- c) complaints about any credit activities we or our credit representatives engage in.

We do not consider the following to be 'complaints':

- a) employment-related complaints raised by internal staff; and
- b) comments made about our business where a response is not expected, such as:
 - (i) feedback provided in surveys; or
 - (ii) reports intended solely to bring a matter to our attention.

We will not categorise an expression of dissatisfaction that meets the definition of 'complaint' as 'feedback', an 'inquiry', a 'comment' or similar.

3. Identifying complaints

We take a proactive approach to identifying complaints. This includes assisting complainants who might need additional assistance to lodge a complaint. We do this by:

- a) offering multiple methods for lodging complaints, including phone, email, letter, social media, in person, or online;
- b) not requiring complaints to be in writing;
- c) ensuring that information provided to the public about our IDR process is available in a range of languages and formats (including large print and audiotape);
- d) providing training to all staff (not just complaints management staff) to enable staff to be able to identify, support and assist complainants who need additional assistance, including cross-cultural training; and
- e) allowing representatives to lodge complaints on behalf of complainants, including financial counsellors, legal representatives, family members and friends.

4. [OPTION]Outsourcing IDR processes. N/A

5. Acknowledging complaints

We acknowledge receipt of a complaint promptly within one business day of receiving it, or as soon as practicable. Acknowledgment of a complaint may be verbal or in writing (email, post or social media channels).

When determining the appropriate method of communication, we will take into account the method used by the complainant to lodge their complaint and any preferences they may have expressed about communication methods by the complainant.

6. Assessing and investigating complaints

Complaints will be reviewed carefully and promptly, taking such steps and reviewing such documents as reasonably necessary.

We will deal with complaints with as little formality as possible and avoid requirements (eg that a complaint must be lodged in writing) that restrict complainants' access to our IDR process.

We will attempt to conduct negotiations with the complainant and explore resolution options (as detailed below).

We will acknowledge the complaint within 24 hours (or one business day) of receiving it, or as soon as practicable.

All complaints received must be immediately assessed and prioritised according to the urgency and severity of the issues raised. Example of matters that should be prioritised include where:

- a) the complainant is experiencing domestic or financial abuse;
- b) the complainant has a serious or terminal illness; or
- c) a delay in addressing the complaint could adversely affect the complainant's basic living conditions.

Each complaint will be managed in an equitable manner, including those lodged by complainants who display unreasonable or challenging behaviour.

7. Responding to complaints

After completing our investigation of a complaint, we will provide the complainant with an 'IDR response'. An 'IDR response' is a written communication to the complainant which informs them of:

- a) the final outcome of their complaint through our IDR process (ie either confirmation of our actions to fully resolve the complaint or reasons for rejection or partial rejection of the complaint);
- b) the complainant's right to take the complaint to AFCA if they are not satisfied with our IDR response; and
- c) AFCA's contact details.

If we reject or partially reject the complaint, 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 our 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 AFCA or another forum.

We do not need to provide an IDR response to a complainant if we close the complaint by the end of the fifth business day after receipt where we have:

- a) resolved the complaint to the complainant's satisfaction; or
- b) given the complainant an explanation and/or apology when we can take no further action to reasonably address the complaint.

When determining whether a complaint has been resolved to a complainant's satisfaction, we must consider whether:

- a) the complainant has confirmed (verbally or in writing) that they are satisfied with the action(s) we have taken in response to the complaint and do not wish to take the matter further; or
- b) other circumstances exist that make it reasonable for us to form the view that the complaint has been resolved to the complainant's satisfaction

However, we must still provide a written IDR response to the complainant for complaints closed by the end of the fifth business day after receipt if:

- a) the complainant requests a written response; or
- b) the complaint is about hardship.

Complaint type	Maximum timeframes for IDR response
Standard complaints	No later than 30 calendar days after receiving the complaint.
Credit-related complaints involving default notices	No later than 21 calendar days after receiving the complaint.
Credit-related complaints involving hardship notices or requests to postpone enforcement proceedings	No later than 21 calendar days after receiving the complaint. Exceptions apply if we do not have sufficient information to make a decision, or if we reach an agreement with the complainant.

Record of the complaint and our IDR response must still be included in the Complaint Register to maintain accurate records.

8. Timeframes for responding to credit-related complaints

a) Default notices

An IDR response for credit-related complaints involving default notices must be provided no later than 21 calendar days after receiving the complaint.

A complaint will likely be considered to involve a default notice if, for example, the complainant:

- (i) alleges that the default notice was not served;
- (ii) disputes the amount specified in the default notice or whether the default notice was rectified; or
- (iii) has a dispute about our communications leading up to the issue of the default notice.

We will refrain from commencing or continuing with legal proceedings or any other enforcement action (ie debt collection activity) against the complainant during the IDR process.

Unless the statute of limitations is about to expire, this applies:

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

The 'reasonable time thereafter' will allow the complainant the opportunity to lodge their complaint with AFCA if the complaint cannot be resolved at IDR. A sufficient timeframe for a complainant to lodge a complaint with AFCA will be at least 14 calendar days after receiving the IDR response.

b) Hardship notices or requests to postpone enforcement proceedings

We will treat complaints involving hardship notices or requests to postpone enforcement proceedings as urgent matters.

Where a complaint is about a hardship notice or request to postpone enforcement proceedings, the following maximum IDR timeframes apply:

- i. 21 calendar days to consider and determine whether to agree to:
 - a) a change in the terms of the credit contract or lease for hardship (under sections 72 and 177B of the National Credit Code); or
 - b) the request to postpone enforcement proceedings (under sections 94 and 179H of the National Credit Code).
- ii. If we require further information about a hardship notice, we have the additional time allowed for credit contracts or leases entered into on or after 1 March 2013 (under sections 72 and 177B of the National Credit Code). This is up to:
 - a) 28 calendar days from the date the information is requested, but not received; or
 - b) 21 calendar days from when they consider they have received the information requested.

The AFCA Rules may allow AFCA discretion to vary timeframes that apply to complaints that are referred back to financial firms for consideration. This may include complaints where no agreement is reached within the maximum IDR timeframes for complaints about hardship notices or requests to postpone enforcement proceedings.

If we reach an agreement about a hardship notice or postponement of enforcement proceedings, we have a further 30 calendar days to confirm in writing:

- i. the terms of change to the credit contract or lease (see sections 73 or 177C of the National Credit Code); or
- ii. the conditions of postponement of enforcement proceedings (see sections 95 or 179J of the National Credit Code).

We must inform the complainant of their right to complain to AFCA and provide AFCA's contact details at certain points during the process of dealing with a hardship notice and/or request to postpone enforcement proceedings. This information must be provided when we:

- i. advise the complainant in writing that we have not agreed to change the terms of their credit contract or lease, or that we do not agree to negotiate a postponement of enforcement proceedings; and
- ii. if a change to the contract or lease terms or postponement has been agreed to, notify the complainant in writing of the terms of the variation or conditions of the postponement. We must send this written notice within 30 calendar days of the agreement being reached.

9. Complaint management delays

Although we aim to regularly meet or outperform the maximum IDR timeframes, there are many variables that can affect complaint response times. Accordingly, we are not required to provide a complainant with an IDR response within the relevant maximum IDR timeframe if:

- a) there is no reasonable opportunity to provide the IDR response within the relevant maximum IDR timeframe because:
 - i. resolution of the individual complaint is particularly complex (for example, an individual complaint is about a transaction or event that occurred more than six years ago and requires reconstruction of account information); and/or
 - ii. circumstances beyond our control are causing complaint management delays (for example, information must be obtained from third parties (not including our authorised representatives)); and
- b) before the relevant maximum IDR timeframe expires, we give the complainant an 'IDR delay notification' that informs the complainant about:
 - i. the reasons for the delay;
 - ii. their right to complain to AFCA if they are dissatisfied; and
 - iii. AFCA's contact details.

10. Resolving complaints – remedies available

If a complaint is justified, the Complaints Officer will recommend a solution which may comprise one or more of the following remedies:

- an explanation of the circumstances giving rise to the complaint;
- an apology;
- provision of assistance and support;
- a refund or waiver of a fee or charge;
- a goodwill payment;
- a payment of compensation;
- a waiver of a debt;
- correcting incorrect or out-of-date records;
- changing the terms of a contract;
- ceasing legal or other action that may cause detriment;
- undertaking to set in place improvements to systems, procedures or products.

11. Closing complaints

When closing a complaint, we will record the complaint outcome, complaint remedy and financial compensation amount (if any) in the Complaints Register (see below).

We will ensure that complaint resolution outcomes (eg refunds, fee waivers, correction of records, compensation payments) are implemented in a timely manner when a complaint is closed.

12. Recording information about complaints

We will record information about complaints in the Complaints Register in the tabular form below.

We will keep this data in a form which will enable analysis according to the type, subject or outcome of complaints or the timeliness of a response.

Personally identifiable information is actively protected in line with our Privacy Policy and our APP obligations, and will not be disclosed unless it is needed for the purposes of addressing the complaint or the complainant provides express consent.

Date of Complaint & Reference	Name of Complainant	Type (eg rates too high; didn't disclose all fees; didn't return calls)	Date acknowledged receipt	Result of investigation (eg our mistake; client mistaken; to AFCA for resolution)	Complainant advised/Date (phone; email; letter) NB: keep copy of notification on file	Number of days to resolve dispute (If shorter than 5 business days, no written response required)
1 July 2010 Complaint # 001	Fred Bloggs	"Didn't return my calls in time" via email at 5.07pm on 1 July	Emailed Mr Bloggs dated 1 July 2010	Our mistake: resolved the following day by return email	2 July at 10.10am. Copy of email on client file # 7631	

13. Identifying systemic issues

We will regularly analyse complaint data sets to identify systemic issues. If the complaint indicates a systemic issue, the Complaints Officer will immediately bring the matter to the attention of the CEO/board.

For the avoidance of doubt, a 'systemic issue' is a matter that affects, or has the potential to affect, more than one consumer. Some examples include:

- a) a disclosure document that is inadequate or misleading;
- b) a systems issue that produces errors – for example, benefit calculation errors or interest calculation errors; and
- c) a documented procedure that does not comply with legal requirements – for example, it permits privacy requirements to be breached.

14. Data collection, analysis and internal reporting

We have implemented an effective system for recording information about complaints. The system will enable us to keep track of the progress of each complaint.

a) Ongoing data analysis

We will analyse complaint data regularly so that we can:

- i. monitor the performance of our IDR process; and
- ii. identify possible systemic issues and areas where product or service delivery improvements are required.

To regularly monitor the performance of our IDR process, we will collect and analyse the following items of data (at a minimum) at regular intervals:

- i. number of complaints received;
- ii. number of complaints closed;
- iii. nature of complaints (eg product and problem);
- iv. time taken to acknowledge complaints;
- v. time taken to resolve or finalise complaints;
- vi. complaint outcomes, including:
 - (A) number of complaints resolved;
 - (B) number of complaints unresolved;
 - (C) number of complaints abandoned/withdrawn; and
 - (D) details of amounts paid to complainants to resolve complaints;

- vii. possible systemic issues identified; and
- viii. number of complaints escalated to AFCA.

b) Reporting complaints data internally and publically

We will provide reports about complaints data regularly to the CEO/board. These reports will include (where available):

- i. the number of complaints received;
- ii. the number of complaints closed;
- iii. the circumstances giving rise to complaints (eg products, services, and issues and reasons);
- iv. the time taken to acknowledge complaints;
- v. the time taken to resolve or finalise complaints;
- vi. complaint outcomes, including:
 - (A) the number of complaints resolved;
 - (B) the number of complaints unresolved;
 - (C) the number of complaints that were abandoned or withdrawn; and
 - (D) details of amounts paid to complainants to resolve complaints;
- vii. possible systemic issues identified;
- viii. the underlying causes of complaints;
- ix. complaint trends;
- x. the number of complaints escalated to AFCA; and
- xi. recommendations for improving products or services.

We will also include a report on complaints in our annual reports.

15. Ongoing review and improvement

We will regularly monitor and review the performance of their IDR process, including monitoring of complaint metrics and ongoing quality assurance.

a) Quality assurance

We will carry out regular and ongoing quality assurance of complaint management activity by frontline and specialist complaints teams, including monitoring whether:

- i. complaints are being recorded in our complaint management system;
- ii. telephone contact and correspondence with complainants is clear and consumer focused;
- iii. complaint outcomes are fair; and
- iv. complainants are being provided with their escalation options, including AFCA.

b) Compliance audits

We will conduct annual compliance audits to identify and address issues of non-conformity with RG 271 and these internal IDR procedures.

c) Review of these IDR procedures

The Compliance Officer will arrange regular independent reviews of these internal IDR procedures to:

- i. consider the suitability, effectiveness and efficiency of our IDR system;
- ii. assess whether systemic issues are being promptly identified and remedial action taken to address the issues;
- iii. assess whether the remedial action is prioritised and effective;
- iv. identify improvements that need to be made; and
- v. assess customer satisfaction (eg through surveys).