

Reporting data about complaints and Internal Dispute Resolution to ASIC



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It has been over a year since the **new Internal Dispute Resolution (IDR)** came into force for Australian Financial Services and Credit licensees. This reform, in the form of **Regulatory Guide 271** has changed the way in which complaints are required to be identified and managed.

The next phase of the reform hasn't attracted as much attention. **IDR reporting obligations are here**, so licensees should make sure they're prepared and already collecting the required data for reporting to ASIC.

In this article, we summarise the main requirements and identify some key considerations for licensees to ensure preparedness for the IDR reporting regime.

What are the IDR reporting obligations?

A financial services licensee must report to ASIC prescribed details in relation to all complaints against the licensee within a reporting period. The *ASIC Corporations (Internal Dispute Resolution Data Reporting) Instrument 2022/205* contains the general IDR reporting obligations for licensees, while the *ASIC IDR Data Reporting Handbook* details the specific data and technical details the reporting must contain, including instructions.

There are two reporting periods each year: 1 January to 30 June and 1 July to 31 December, thereby requiring two reports to be issued every 12 months. The reports must be issued within one month of the end of the reporting period (extended to two months for the first two reporting periods).

The commencement is in two stages: the first applying to a selection of 11 large financial services entities (including major banks and large superannuation funds) for whom the first reporting period is already complete and ran from 1 July 2022 to 31 December 2022. Their first IDR report is due to ASIC by 28 February 2023.

The second stage applies to all other financial services licensees caught by the IDR provisions (i.e., all other superannuation trustees and licensees), for whom the first reporting period commenced from 1 January 2023 to runs to 30 June 2023. The first report by these entities will be due 31 August 2023.

What do we need to report?

The scope of reporting includes any complaint covered under the licensee's IDR procedure that was received within the reporting period, as well as any that were open at any time during the reporting period. Note, complaints received prior to the licensees first reporting period do not need to be reported, but re-opened complaints do.



The details required to be reported as set out in the legislation and are very specific, requiring demographic details of the complainant, complaint information including dates and complaint receipt information, the complaint issue, service or product and complaint outcome, including any remedies applied.

Much of the information required must be reported as alpha-numeric values, with very little free-text information reportable. There are 22 data elements that may need to be completed for each complaint.

How do I report?

The report must be submitted to ASIC in .csv format via the ASIC Regulatory Portal within the submission period. Two layers of data quality validations will be applied against the file before ASIC will consider the file acceptable and the licensees IDR data reporting obligations deemed to be fulfilled.

How do I prepare?

Good news for licensees is that much of the reporting to ASIC will overlap with the information already reported to Board and senior management regarding systemic issue identification. The key to leveraging this overlap is ensuring consistency in the data being collected and used for both purposes.

As mentioned, a selection of Australia's largest entities are already in the midst of their first submission period. For everyone else, there are some activities you can do now to ensure you're fully prepared when the time comes to submit your first report.



Ensure you're collecting the right data – the report contains mandatory information that some licensees may have overlooked as not directly related to the complaint or complainant. Ensure your complaints management system contains all relevant information regarding a complaint that ASIC require. Remember, the first reporting period has already commenced, and chances are you've already received a complaint that will need to be reported, so it's best to ensure you're capturing everything you need as early as possible.



Consider the format of your data – even if the data is recorded in the complaints management system, this may not align with the specific values that are permissible within the report to ASIC. The use of free-text fields or allowing data to be entered that does not strictly align with ASIC's requirements will add unnecessary complexity and time to the reporting process. The goal is to automate this process to the extent possible, only requiring manual intervention at time of review, not making updates to the report line-by-line within the submission period.



Ensure you can extract the data for reporting – while extracting data from various complaint management systems is a standard feature, to do so in the specific machine-readable format is likely to require technical expertise and potentially some lead time to make these changes. Licensees should ensure they're clear on the desired end-state format and how each field will be mapped to produce an accurate report.



Review your data before lodgement – ensure there are robust validations performed internally by the licensee against the data before lodgement with ASIC to identify abnormalities or other material changes from the expected output. This is another great opportunity to review for systemic issues or other trends that may not have been identified previously for reporting to the Board or senior management.



Have clear roles and responsibilities – although licensees have additional time for their first report, one month to complete end-to-end reporting is not a lot of time, especially given the submission period overlaps end of financial year processing and Christmas holidays. A mini-project team may be required to ensure the information can be extracted, reviewed, updated (as required), authorised and submitted all within this period. Different technical expertise across the organisation may be required and it's recommended staff are aware of responsibilities ahead of these busy times.

As licensees are still adjusting to the new IDR regime almost 18 months after commencement, the new reporting obligations add an additional layer of complexity over this process. Unsurprisingly, ASIC have identified deficiencies in the application of the new IDR regime by superannuation trustees, confirming uplift is required, bringing into question the quality of the data that is expected to be reported to ASIC in August.

Given the reporting period has already commenced and the scrutiny it's likely to receive by ASIC, trustees should ensure they are well placed to provide comprehensive and high-quality reporting to ASIC in August. If the above activities haven't already been considered or implemented, we recommend giving in the IDR reporting your immediate attention.



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