

Advisers just 0.38% of AFCA complaints but do all the heavy lifting

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Financial advisers made angry by the prospect of a further \$1,200 regulatory impost to fund the Compensation Scheme of Last Resort (CSLR) are arguing that the Australian Financial Complaints Authority data makes clear they are being treated unfairly.

The advisers are pointing to the fact that the AFCA data makes clear that if complaints lodged around Dixon Advisory and Best Leader Markets were removed from the equation, then complaints around financial advice would account for 0.38% of all those handled by AFCA.

Victorian adviser, Michael Chalmers has also raised with colleagues the amount of time being taken by the financial services regulators to cancel the licenses of miscreant product providers – something which he suggests is adding to the cost of regulation.

And it is that cost of regulation to financial advisers which has him most concerned in circumstances where advice represents such a small component of matters dealt with by AFCA.

“Investments and advice made up 1,684 complaints or only 5% of total complaints,” he said. “Within that, 402 were forex and 68 timeshare schemes [and] I wouldn’t put either of those in the Financial advice bucket.”

He said that deducting those two elements “gets the Financial advice sector down to 1, 1,214 of 35,263 or 3.4%

“Yet Financial advice featured second in their (AFCA’s) report after Banking & Finance.”

Chalmers said that by digging into the AFCA DATACUBE for the 22-23 financial year it could be seen that Dixon Advisory and Best Leader Markets accounted for, 2377 complaints combined against financial advisers out of 2,735 that AFCA provide detail on, or 87% in only two firms.

“[This is] against a backdrop of 92,915 complaints. So only 358 financial advice complaints from the remainder of the sector,” he said.

Chalmers said the data suggests the financial advice sector excluding two firms accounts for 0.38% of all AFCA complaints.

“The fact that two firms account for such a high percentage of one sectors complaints suggests a lack of oversight or vigour by the regulator.”

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