AFCA May Yet Prove Useful

Summary:
AFCA Chair Helen Coonan says community trust in the finance sector had been "shattered", with financial institutions causing "despair and hopelessness in many broken lives and broken businesses." If a key part of the economy profits from this type of crooked dealing with customers something is terribly wrong. If we have to remove one CEO after another so be it. Our sense of justice has not been tempered .... it's been honed razor sharp and it will be used to remove recalcitrant bankers, regulators and politicians. Justice has been delayed ..... it will not be denied and it will be sweet.

The Australian Financial Complaints Authority is making the right noises BUT it has built in limitations. Just like the Banking Code of Conduct and the Code Compliance monitoring apparatus it is rigged in favour of bankers. Victims of bank crimes have the deck stacked against them BUT Helen Coonan will serve a purpose that could help victims despite her hands being tied behind her back.

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'Appalling treatment': Bank customers making 5,900 complaints a month

The chair of the government's new financial dispute authority, Helen Coonan, has accused banks of **"arrogant indifference" to risk and "appalling" treatment of customers after being inundated with 5,900 complaints a month.**

Ms Coonan also put financial institutions on notice that the Australian Financial Complaints Authority (AFCA) would not look kindly on attempts to resolve disputes by mounting arguments that were technically legal, but not in the best interests of customers.

AFCA received 35,000 complaints in its first six months, awarded customers $83 million in compensation and identified 85 cases of "systemic" risk, where an issue is likely to affect a class of people beyond the original complainants.

Community trust in the sector had been "shattered", with financial institutions causing "despair and hopelessness in many broken lives and broken businesses", Ms Coonan said in a speech to a private trustees-only event at the Committee for Economic Development of Australia.

In a sign of the approach the AFCA would take to dispute resolution, the former Howard government minister said **"black-letter law" arguments, even if legally sound and well-articulated, would not succeed if they delivered fundamentally unfair outcomes for consumers.**

"It is no good relying upon a provision in a 52-page standard-term contract if that term is unfair and unreasonable," she said.

A spokesman for the **Australian Banking Association said Ms Coonan's comments were consistent with its new code of practice, which says banks will "act honestly and with integrity" and "be fair and responsible" in their dealings with customers.**

The Morrison government has signalled it will take a tough line on financial institutions, promising to adopt the bulk of the Hayne banking royal commission's recommendations, after spending two years resisting such an inquiry.

Following the Coalition's election win, Treasurer Josh Frydenberg will now be able to see through the recommendations, including laws that crack down on executives, cap commissions and ban grandfathering of conflicted remuneration.

"Implementing the recommendations of the royal commission is a priority for the

government as we seek to restore trust in our financial system and ensure that those responsible for misconduct are held to account," he said on Friday.

AFCA has asked Treasury to confirm details of legacy misconduct cases, which it will start examining from July 1.

Ms Coonan said thousands of consumers had felt "badly let down" by financial institutions as far back as the global financial crisis.

"Poor culture in financial institutions has been identified as the main culprit that permitted a slew of bad practices, appalling treatment of consumers and small businesses, and in many cases arrogant indifference to regulatory and compliance risk," she said in the speech seen by The Sydney Morning Herald and The Age.

"Now almost seven months old, AFCA is playing an important part in restoring shattered community trust and confidence in the financial services sector."

The royal commission has turned from a regulatory hurdle to an economic one for the government, as tighter lending standards exacerbate an economic slowdown and threaten growth forecasts weeks after the federal election.

Figures released by the Reserve Bank of Australia on Friday showed housing credit growth in April slowed to its lowest rate since records began in 1977. Business credit growth was also flat.

The data comes on top of Australian Bureau of Statistics figures on Thursday showing business investment as a share of GDP fell to 12 per cent in the three months to March 31 - its lowest level since the mid-1990s - while building approvals dropped 4.7 per cent in April.

The RBA board is almost certain to cut rates to a new record low for the first time in almost three years when it meets on Tuesday, just a day before Mr Frydenberg delivers the first set of national accounts since the election.

AFCA has built in limitations in favour of the banks. Bank Warrior Phil Sweeney explains in the attached document below.

File Attachments:

Attachment	Size
The Abomination Known As AFCA - Phil Sweeney	206.33 KB

Websites For More Information: Source
https://www.smh.com.au/politics/federal/appalling-treatment-bank-customers-making-5900-complaints-a-month-20190531-p51t79.html

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