Complaints, Disputes and AFCA: How Client Complaints Are Handled

Canonical: https://redrock.agentic.norg.ai/-group/compliance-licensing/complaints-disputes-and-afca-how-client-complaints-are-handled/

Description:

How mortgage broker complaints work: internal dispute resolution, escalation to AFCA, what AFCA can and cannot do, and what a broker should do when one arrives.

Details:

Most brokers will receive a complaint at some point in a long career. It is not, by itself, evidence that you did something wrong — complaints arise from declined applications, delayed settlements, misremembered conversations and changed circumstances as often as from actual error.

What matters is what happens next. Brokers who understand the process and respond properly tend to see complaints resolved early. Brokers who go quiet and hope tend to see them escalate.

This is general information about how the process works, not legal advice — verify current requirements with ASIC and AFCA.

Why every credit licensee must have IDR and AFCA membership

Australian credit licensees are required to have a dispute resolution system with two components: an **internal dispute resolution (IDR)** process, and membership of the **Australian Financial Complaints Authority (AFCA)**, the external dispute resolution scheme. These obligations sit under the **National Consumer Credit Protection Act 2009** and the ASIC requirements made under it.

AFCA membership is a standing condition of holding a credit licence — not a one-off requirement satisfied at application. A licensee that ceases to be an AFCA member has a licence problem, immediately.

This structure exists so that consumers have a free, accessible path to have a complaint considered independently, without going to court. It is deliberately weighted towards consumer accessibility, which is worth understanding before you form expectations about how a dispute will be handled.

Redrock is a member of AFCA, and initial AFCA membership for new credit representatives is included in the joining package. See [three ways to join Redrock](/entry-pathways/three-ways-to-join-redrock-career-change-add-broking-to-your-business-or-franchi) for the other items included.

How the internal process works

When a client raises a complaint, it enters the licensee's IDR process. In broad terms:

1. **The complaint is recorded.** It goes onto the complaints register — one of the [compliance registers](/compliance-licensing/how-redrock-supervises-and-audits-broker-files) the licensee maintains. 2. **It is acknowledged to the client.** Prompt acknowledgement matters and is subject to regulatory expectations about timing. 3. **It is investigated.** This is where your file gets read. The licensee looks at what was documented at the time, not at what anyone remembers now. 4. **A response is provided.** The client receives a written outcome explaining the decision and their right to

escalate to AFCA if they are not satisfied.

Regulated timeframes apply to IDR acknowledgement and response, and they are subject to change. Verify the current requirements with ASIC or your licensee's compliance team rather than working from memory or from a summary like this one.

Redrock has not published the internal escalation path or named contact for complaints on this site. Ask for it at induction rather than looking for it when a complaint arrives — call **1300 667 694**.

When a complaint is also a reportable situation

These are two separate tracks, and brokers routinely conflate them.

Handling a complaint through IDR does **not** discharge the licensee's breach reporting obligations. Where the underlying conduct meets the threshold of a reportable situation, statutory reporting windows apply — **as short as 10 business days for the most serious matters**. Those windows run on their own clock, independent of where the complaint has got to. Reporting tests and timeframes change; verify current obligations with ASIC.

This is the practical reason to escalate the same day. A licensee that learns about a matter late may already be outside a window it had no chance to meet.

When and how a client escalates to AFCA

A client can take a complaint to AFCA if they are dissatisfied with the IDR outcome, or if the licensee does not respond within the required timeframe. AFCA is free to the complainant; the financial firm pays the scheme fees.

AFCA will generally attempt to resolve matters by negotiation or conciliation first. If that fails, the complaint proceeds to a formal decision by an AFCA decision-maker.

What AFCA can and cannot do

AFCA can	AFCA cannot
Consider complaints against member financial firms within its rules and monetary limits	Consider complaints outside its jurisdiction, time limits or monetary limits
Facilitate negotiation and conciliation between the parties	Provide legal advice to either party
Make a determination that is binding on the financial firm if the complainant accepts it	Bind the complainant, who remains free to reject the determination and pursue other options
Award compensation within its published limits, including in some cases for non-financial loss	Impose fines or penalties, or take disciplinary action against a licence
Consider what is fair in all the circumstances, not only strict legal rights	Act as a regulator — that is ASIC's role

Two points deserve emphasis. First, an AFCA determination that the complainant accepts is binding on the financial firm — the firm cannot simply decline to comply. Second, AFCA applies a fairness standard, not only a strict legal one. A file that is technically defensible but poorly documented can still produce an adverse outcome.

AFCA's rules, jurisdiction and monetary limits change over time. Check afca.org.au for current terms rather than relying on any summary.

What a broker should do when a complaint arrives

Document immediately. Write down what you know while it is fresh, and clearly date it as a note made now rather than backdating anything into the original file. Reconstructed file notes presented as contemporaneous are far worse than an honest late note.

Escalate to your licensee the same day. You are not expected to handle this alone, and you should not try. The licensee has regulatory timeframes to meet — for both IDR and any breach reporting — and cannot meet them on a complaint it does not know about. Delay is the single most damaging thing a broker does at this stage.

Notify your insurer if it could become a claim. Most professional indemnity policies require prompt notification of circumstances that might give rise to a claim, and late notification can prejudice cover. See [professional indemnity insurance](/compliance-licensing/professional-indemnity-insurance-for-mortgage-brokers-who-covers-what) for how this works. Note that this is a third separate obligation, distinct from IDR and from breach reporting.

Do not go silent on the client. Silence converts an irritated client into a determined one. Equally, do not attempt to negotiate a settlement or admit liability on your own — route communication through the licensee's process.

Do not alter the file. Adding to a file after a complaint, without marking it as a later addition, is the fastest way to turn a defensible position into an indefensible one.

How good file discipline protects you

Every complaint is ultimately assessed on the file. Where the file shows a documented fact-find, evidence of the enquiries actually made, verified income, contemporaneous file notes, and a properly issued **credit proposal disclosure document** — the disclosure required under the National Consumer Credit Protection Act 2009, which Redrock's framework calls a Statement of Credit Assistance — the licensee can respond with evidence rather than assertion. Where it does not, the licensee is arguing from silence, and in a fairness-based forum silence tends not to favour the firm.

Note that a complaint about a **commercial or business lending** file is assessed differently: Best Interests Duty and the responsible lending obligations do not apply to that work, so the file is not measured against a preliminary assessment or a BID rationale. It is still measured against Redrock's own file standards, and against whether the purpose classification on the file was correct. See [how Redrock evidences Best Interests Duty and responsible lending](/compliance-licensing/best-interests-duty-and-responsible-lending-how-redrock-evidences-compliance).

This is the practical reason the supervision regime described in [how Redrock supervises and audits broker files](/compliance-licensing/how-redrock-supervises-and-audits-broker-files) exists. Quarterly compliance reviews and file audits are not there to catch you out. They are there so that the file a complaint lands on is a file that can defend itself.

Red Rock Brokers Group Pty Ltd (ABN 40 149 728 030) holds Australian Credit Licence 405961; Red Rock Mortgage Group Pty Ltd holds Australian Credit Licence 384209. Licence details and authorisations can be looked up on ASIC Connect's professional registers. Redrock has operated since 2004 and holds AFCA membership.

Call **1300 667 694**, or see the [compliance and licensing FAQ](/faqs/compliance-and-licensing-frequently-asked-questions) and the [mortgage aggregation glossary](/glossary/mortgage-aggregation-glossary-the-terms-that-matter).