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Scams Taskforce
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Scams Prevention Framework – exposure draft legislation

The Government is consulting on draft legislation to implement a Scams Prevention Framework (SPF), an economy-wide reform to protect the Australian community from scams.

The Australian Financial Complaints Authority (AFCA) is the independent external dispute resolution (EDR) scheme for the financial services sector. For over 25 years, AFCA and its predecessor schemes have provided a free, fair and independent forum for the resolution of consumer and small business complaints in the financial sector.

Last financial year (FY 23-24), AFCA dealt with almost 11,000 scam complaints under our current financial services jurisdiction. Scam complaints lodged with AFCA increased 81% on the previous financial year, representing 1 in 10 complaints made to AFCA. AFCA witnesses first-hand the impact of scams and the poor outcomes for many consumers and small businesses victimised by scammers under a current framework, described as ‘not fit for purpose.’

AFCA welcomes the proposal to:

- establish a whole-of-ecosystem response to scams
- designate the first three subsectors: banks, telecommunications providers and digital platform services
- prescribe AFCA as the single EDR scheme for the three initial sectors designated under the framework
- ‘future proof’ the SPF framework so it can respond to new and emerging issues and sectors, over time.

AFCA notes that supporting the legislative framework will be sector-specific codes which will outline obligations for each sector that are consistent with the principles-based obligations in the law. This includes how firms will respond to consumer complaints where scam losses occur.

SPF Principle 6 is the Respond Principle which sets out requirements for internal dispute resolution (IDR) and external dispute resolution (EDR). For regulated entities to meet their IDR obligations and for AFCA to be able to effectively respond to escalated complaints under the SPF, the primary legislation should clearly signpost that liability and apportionment arrangements, essential to effective consumer redress, will be developed and contained in the sector-specific Codes, or other appropriate vehicle, for example.

AFCA is committed to working with Government, industry participants, regulators and consumer stakeholders to meet the objectives of the SPF. This includes the development of effective liability rules so firms can deliver efficient, timely and fair outcomes at IDR and that AFCA can apply in scam complaints that come to AFCA for resolution.

We look forward to contributing to this important work to shift the dial in scam prevention and response in Australia.