Compliance Framework:
Claims and Complaints Policy

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Approval and Review Details

This policy is to be reviewed annually or as required.

Version	Action	Detail	Person Making Change	Date	Date Approval ARC	Date Approval Board
202509	Establishment	Final	AC	09/2025	Approved on Establishment	Approved on Establishment

Related Legislation and Supporting Documents

Related Policies and Documents:

- Interest on Judgments Practice Note (GPN-INT)
- Australian Standard for Complaints Handling (ISO 10002- 2006)
- Conflicts of Interest Policy
- Opportunity Loss Calculators and Procedures
- Consequence Management Policy
- Breach Reporting Policy
- Supervision Policy
- Privacy Policy
- Outsourcing Policy
- RG 165 Licensing: Internal and external dispute resolution

Aims and Objectives

We help Australians understand, look after and expand their wealth. We're driven by understanding, offering objectivity and big picture expertise. We work to provide a progressive and principled financial services offering. Our aim is to support our representatives in their delivery of state of the art services and advice solutions to enrich the lives of our clients.

To reach our strategic objectives we must have an effective means of ensuring that appropriate policies are developed, approved and embedded within the business. Collection of sound empirical data enables us to analyse, identify and prioritise issues and resources. We need to constantly review our systems, process and service delivery to ensure that resources are allocated in a meaningful manner to support the achievement of these objectives.

This policy forms part of the Compliance Framework.

Scope

This policy applies to all entities, staff, representatives, managers, directors, managing directors, consultants and contractors of Loyalty Financial Services Pty Ltd and all its associated licenses and entities (Loyalty) in their dealings with retail, wholesale or sophisticated clients. Such dealings are to include the following:

- Any service or activity directly regulated under one of the Australian Financial Services Licenses (AFSL);
- Any related service or activity to the services provided in accordance with the AFSLs; and
- Any incidental service or activity to the services provided in accordance with the AFSLs.

Definition of Complaint and Dispute

The terms “we”, “us”, “our” for the purposes of this policy is taken to mean Loyalty or any subsidiary thereof as a whole or any agent acting with appropriate legal authority, whether apparent, implied or express.

The terms “in writing”,” writing” are taken to mean, unless otherwise specified, any typed, printed or hand-written documents or information delivered through any and all mediums whatsoever, including but not limited to email, postal letter, facsimile.

“Complaints Manager”, the person appointed by Loyalty to respond to, manage and report on complaint for the AFSLs and ACLs.

When dealing with complaints as defined under the *Corporations Act 2001* (Cth) s912A(1)(g) and 912(2)) (“Corporations Act”) we are required to adopt the Australian Standard AS ISO 10002:2006 definition of a complaint, which is as follows:

> *“An expression of dissatisfaction made to an organisation related to its products or the complaints handling process itself where a response is explicitly or implicitly expected”.*

(See also RG165.78)

Minor complaints

While provisions are made in RG165 for minor complaints to be managed through a simplified process that doesn’t involve the full Internal Dispute Resolution (IDR) process. However, Loyalty has taken the position, as encouraged by ASIC at RG165.81, that all complaints should be handled through the full IDR process by trained internal Loyalty compliance staff. This allows for:

- greater oversight and control of disputes, with a view to more accurately understanding where potential risks lie;
- more complete and consistent responses to issues raised by complainants;
- reduction of risk associated with representatives mishandling or misidentifying complaints and providing incomplete or improper remediation; and
- greater data collection, in accordance with Loyalty procedures and reporting standards.

Where deemed appropriate and practical, the IDR process can be fast tracked for the benefit of Loyalty complainants and/or representatives. However, this will only occur where this will not be detrimental to the investigation process or where the law requires it (RG165.88).

Refunds

At times, refunds or payments will be required to be made to complainants to rectify errors or omissions, or due to some other circumstance, the circumstances of which do not meet the definition of a complaint. However, wherever a payment is requested by a complainant, whether due to a request for a refund of fees or due to some error, omission, or any other reason complainant dissatisfaction is presumed. Where this presumption cannot be rebutted, the matter must be treated as a complaint and the IDR process followed.

Where the presumption is rebutted, the matter can be handled informally outside of the IDR process, in accordance with the Refund and Loss Calculation Procedure. A Deed of Settlement and Release (Informal) is to be executed for payments above $1,500.00 or where the Professional Standards team deems the risk of further action warrants it. For sums under $1,500.00, a simple settlement letter outlining the error, and signed by the Executive Director, will suffice as authorisation for payment.

Policy Statement

As the holder of AFSLs the Corporations Act requires us to:

- take reasonable steps to ensure that [our] representatives comply with the financial services laws (s912A (1) (ca)); and

- have available adequate resources (including financial, technological and human resources) to provide the financial services covered by the licence and to carry out supervisory arrangements (s912A(1)(d).

Loyalty has adopted the Australian Standard for Complaints Handling (ISO 10002- 2006) to meet our obligations under s912A(g) (Corporations Act 2001); and our license conditions. In order to meet these obligations at law and under policy effectively we will:

- encourage our complainants to tell us when they are dissatisfied with our service and make it easy to do so;
- acknowledge all complaints in writing as soon as possible on receipt;
- where it is not possible to resolve complaints on the spot, we will communicate progress with complainants at regular intervals or upon request;
- understand that in some circumstances, issues that raise complaints can result in circumstances which create financial hardship for our complainants. In these instances, we will take these circumstances into account and deal with the matter as quickly and as sensitively as possible;
- take reasonable steps to investigate relevant circumstances surrounding all complaints. Such investigation will be commensurate with the seriousness, frequency of occurrence and the severity of the complaint;
- abide by the Australian Privacy Act 1988 and the Australian Privacy Principles (APP) and seek appropriate authorisation to obtain pertinent information;
- following an appropriate investigation, offer a response to the complainant and communicate this to all parties involved in the complaint;
- will provide the findings to all parties involved with the complaint;
- notify the complainant of their right to progress the complaint to an External Dispute Resolution Scheme (EDRS);
- If the complainant accepts the proposed decision or action, then the decision or action will be carried out and recorded;
- If the complainant rejects the proposed decision or action, then the complaint will remain open. The complainant will be advised of their options to take the matter further;
- All complaints will be classified and analysed to identify systemic, recurring and single incident problems and trends to improve efficiency and customer satisfaction. Loyalty sees that this analysis provides a valuable tool in quality control and service improvement;
- Action to implement the decision will be taken as soon as possible so that the matter can be resolved effectively and without delay; and
- Loyalty is a member of the Australian Financial Complaints Authority (AFCA), External Dispute Resolution Scheme, to enable complainants and other complainants the opportunity to access a cost-effective method of resolving complaints.

Responsibilities

Reporting

All complaints will be reported, classified and tracked to provide information to allow analysis of trends, or potential systemic issues and opportunities for business improvement. Details of such analysis including action plans or consequence management implemented as a result such analysis will be reported to the Audit & Risk Committee.

Reporting is to be prepared by the Complaints Manager on a monthly basis for provision to the board of directors and audit and risk committee (refer to Figure 1). The exact format of this reporting is to be determined by the Professional Standards team but should include, at minimum, details of current open complaints/claims, closed/settled complaints/claims and information as to costs incurred now and into the near future. Cost information is to be updated in conjunction with the Finance Manager.

Figure 1.

The following reporting will be provided:

Metric	Snr Management & Responsible Managers	Audit & Risk Committee
New Complaints Complaints Resolved Payments Made Payments to be Made (next 30 days) Significant Changes	Monthly	As per the agreed ARC Calendar
Complete Summary of Complaints	Monthly	As per the agreed ARC Calendar
Analysis and Trends	Monthly	As per the agreed ARC Calendar
Policy non - compliance	when identified	As per the agreed ARC Calendar when identified

Compliance, monitoring and review

The Professional Standards team is responsible for ensuring that the appointed Complaints Manager conducts their duties competently and efficiently. All complaint responses are to be approved before providing to a complainant.

Records management

Record keeping is the responsibility of the Complaints Manager.

A register is maintained by the Complaints Manager to track all claims, refunds and complaints (whether open or closed). This register is to include information on, but not limited to, current open complaints, their stage, deadlines, key issues, contemporaneous notes relating to the claim's status and next steps, including an ongoing record of costs incurred.

Access

Subject to other obligations, we will ensure information on how to access our complaints handling process is easily and readily accessible. There will be no cost to complainants for accessing our complaints process.

Notification

Complaints may be received by representatives, practice staff or Loyalty staff directly. If the complainant's complaint is received in writing, the complaint documentation is to be forward to the Professional Standards team. Where the complainant's complaint is verbal, the complaint is to be documented in writing when communicating to the complainant and the file note is to be confirmed back to the complainant to ensure the complaint has been recorded correctly before the end of the conversation. All detailed file notes must be forwarded to the Professional Standards team.

Incidents and refunds "other claims"

Talk with Craig about a sperate policy for non-complaint remediation and incidents.

Calculation of losses or refunds

Refund and settlement payments will be calculated in accordance with ASIC's guidance INFO Sheet 232, and best industry practice. Where practical, all refund and settlement payments are to be calculated on an economic loss basis, with calculations to be completed in using the Opportunity Loss Calculators and Refund Procedures.

The opportunity loss calculations are to be approved by the Executive Director. Should an ex-gratia payment be agreed to settle a dispute, without regard to the alleged quantum of loss, the application of opportunity cost is not required.

Where it is not practical to calculate the refund or settlement payment in accordance with the Opportunity Loss Calculators and Refund Procedures, quantum will be calculated using the Federal Court's Post-judgment interest rate.

Acknowledgement

All complaints will be directed in the first instance to the Professional Standards team who will act as Complaints Manager or appoint a Complaints Manager as soon as it becomes evident that a complaint may be formulated depending on the circumstances (e.g. nature, size or frequency).

Initial acknowledgement to the complainant will be made as soon as possible upon Loyalty becoming aware of the complaint. This acknowledgment should be provided in writing. The Complaints Manager will acknowledge the complaint, confirm the details and ensure that the complainant is aware of the process to be followed. Templates for acknowledgments are available within the complaints folder and are to be followed as closely as possible.

Communication

The Complaints Manager will manage communication with the complainant to ensure that there is consistency and clarity. Decisions will be communicated promptly to the complainant and any staff/advisers/representatives who may be involved.

Where it becomes evident that delays in obtaining information to enable a proper investigation will impact the timeliness of the decision, the Complaints Manager will explain this to the complainant and if necessary, seek their permission to extend the resolution timeframe. Such communication must include options the complainant has to progress this to the External Dispute Resolution Scheme (EDR). Templates for extension requests are available within the complaints folder and are to be followed as closely as possible.

Care is required when communicating with the complainant as admission of any liability by any representative of Loyalty may nullify our Professional Indemnity insurance cover. It is acceptable to apologise for any errors; at law this will not necessarily be deemed as an admission of liability, however, any implication made that errors made by Loyalty, it's representatives or staff caused a loss should be avoided.

Timeframes

Complaints handling timeframes are determined by RG165.88 (Figure 1).

- For most complaints, decisions will be communicated to the complainant no later than 30 calendar days following the initial complaint and where possible sooner.
- Where complaints are considered traditional service complaints, a decision may be communicated to the complainant no later than 90 days following the initial complaint and where possible sooner.
- Where the circumstances of the complaint indicate that our complainant is suffering financial difficulty, the process for evaluation will be streamlined as quickly as possible. Where we have received a notice of Financial Hardship a response will be provided within 21 days. If a default notice has been issued by a credit provider this response is required within 21 days.

In the event we are unable to provide a response within 30 calendar days, the Complaints Manager will inform the complainant of the reason for the delay and advise the complainant of their right to lodge their complaint with the relevant External Dispute Resolution Scheme (EDRS). However, if we are waiting on information from third parties, i.e. product provider, then we will seek the complainant's approval to extend the timeframe for up to another 30 calendar days (maximum). Contact details for EDRS must also be provided. Templates for extension requests are available within the complaints folder and are to be followed as closely as possible.

Where the complaint has been escalated to an external complaints process, timeframes will be dictated by that external dispute resolution scheme's processes.

Investigation

The Complaints Manager will require the associated staff/adviser or representative to forward the entire complainant file and all documentation surrounding the complaint to head office within 2 business days, in order to investigate the matter. The complaints manager, as defaults, will also require the representative or staff member to cease all contact with the complainant and direct all communication to the Complaints Manager (exceptions to this rule ay be applied on a case-by-case basis, at the discretion of the Professional Standards team.

They will investigate the subject of the complaint taking into account the seriousness, frequency of occurrence and the severity of the complaint. The Complaints Manager should at all times be conscious of the potential for conflict of interest and needs to ensure that the interests of all parties are considered fully and in compliance with Loyalty Conflicts policy.

The complaint may also become an incident and/or breach. The Complaints Manager will refer the matter to the Professional Standards team immediately for assessment where this is likely. The Professional Standards team will investigate the matter and will take the appropriate action in accordance with our policy.

Requests for information

At times, clients may ask for information or documentation form their client file. Care is required when looking to providing information to clients (or complainants). Where it appears likely that information is sought by a client to support a future claim against Loyalty, Loyalty is not required to provide the information under the Privacy Act 1988 (see also APP 12). In these cases, the Complaints Manager should refuse the request. Templates for refusals to information requests are available within the complaints folder and are to be followed as closely as possible.

Where further investigation is warranted or the definition of a complaint is met, that matter will be escalated through the formal internal dispute resolution process as outline din this policy.

Recommendations for compensation will be signed off in accordance with the Loyalty Delegations Policy.

Possible Responses

Loyalty recognises that complaints can be many and varied. The types of responses to address these should likewise be many and varied. Without limiting the universe of potential responses, we will consider the following where appropriate:

- Refunds
- Replacement
- Repair – rework
- Substitutes
- Technical assistance
- Information
- Referral
- Financial assistance
- Other assistance
- Compensation
- Apology
- Goodwill token or gift

- Indication of changes in products process policy or procedure arising from complaints
- Escalation to a more suitable forum

Issues to be considered in determining the appropriate response include:

- Addressing all relevant aspects of the complaint
- Follow up where appropriate
- Likelihood of complaint escalation and corresponding costs
- Reputational damage and loss of goodwill
- Assess whether further investigation is warranted to determine if other complainants in similar situations may have been disadvantaged without making a formal complaint.

Consequence Management

Loyalty expects that this policy will be followed in all cases. Departures from this policy will be viewed seriously and will result in censure, disciplinary action or performance management depending on the seriousness, frequency and severity of the consequence.