

BREACH REPORTING POLICY

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Introduction

Purpose and Scope

This Policy describes process implemented by the Mortgage Finance Solutions (MFS) for complaint handling and dispute resolution and, the management of complaints and, the framework within the business to support this.

Our Policy is modelled on the principles of fairness, responsiveness, efficiency and integrity and, we are committed to complying with:

- ASIC Regulatory Guide 271 Internal Dispute
- Australian Financial Complaints Authority (AFCA) scheme rules;
- AS ISO 10002-2006 (complaints handling);
- AS/NZS 10002:2014(complaints handling); and
- The National Consumer Credit Protection Act 2009 and associated Regulations.
- Collectively (members)

The Policy applies to all brokers, sales support staff and representatives of our business and clearly sets out the procedures to be followed on becoming aware of a complaint within the jurisdiction of Australia.

Governance

The governance arrangements with respect to complaints handling involve the appropriate oversight and management of complaints and include:

- the use of complaints registers to record, track and manage client complaints and disputes;
- internal processes, procedures, templates letters and checklists to support the efficient and effective management of all client complaints;
- a system to track and report key information about the number, nature, types and financial impacts in relation to complaints;
- reporting and oversight of any rectification activities and remedial actions such as adviser or other staff training;

- review and analysis of historical complaints data in order to identify causal factors and trends, systemic issues, including identifying opportunities for improvement;
- ensuring that any required changes to policies, systems, processes and

procedures are implemented in order to reduce or mitigate the occurrence of future complaints;

- keeping the relevant records and assessing compliance failures and reporting breaches;
- providing information about the status and progress of individual complaints including information about the overall performance of internal complaints handling system; and
- managing, tracking and reporting of both internal and external disputes.

Our Culture

MFS is committed to implementing a Complaint and Dispute Resolution Policy which will improve accountability and transparency. We recognise that staff commitment at all levels is essential. Effective complaint handling will benefit our reputation and complaints can highlight weaknesses in procedures and service delivery. Good complaint handling will increase customer confidence and satisfaction with our products and services.

Complaints overview

What is a Complaint?

A complaint is any expression of dissatisfaction made to or about an organisation, related to its products, services, staff or the handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required.

If a person (not necessarily a customer) contacts our business and expresses dissatisfaction with a product or service and expects a response or resolution, the incident must be recorded as a complaint.

For the purposes of this Policy dispute has the same meaning as complaint.

The following expressions of dissatisfaction are considered ‘complaints’ for the purposes of this policy:

posts (that meet the definition of ‘complaint’) on a social media channel or account that we own or control where the author is both identifiable and contactable;

- a) complaints about a matter that is the subject of an existing remediation program or about the remediation program itself (eg delays, lack of communication etc);
- b) complaints about any credit activities we or our credit representatives engage in.

MFS would not consider the following to be a complaint:

- (a) employment-related complaint raised by a staff member; and
- (b) comments made about your business where a response is not expected, such as:
- (c) feedback provided in surveys; or
- (d) reports intended solely to bring a matter to your attention—for example, your social media page keeps crashing or a link on the website is not working.

Identifying complaints

MFS take a proactive approach to identifying complaints. This includes assisting complainants who might need additional assistance to lodge a complaint. We do this by:

offering multiple methods for lodging complaints, including phone, email, letter, social media, in person, or online;

- a) not requiring complaints to be in writing;
- b) ensuring that information provided to the public about our IDR process is available in a range of languages and formats (including large print and audiotape);
- c) providing training to all staff (not just complaints management staff) to enable staff to be able to identify, support and assist complainants who

need additional assistance, including cross-cultural training; and
d) allowing representatives to lodge complaints on behalf of complainants, including financial counsellors, legal representatives, family members and friends.

Acknowledgement of a complaint

MFS are committed to acknowledging all complaints within 24 hours of receiving the complaint.

At this point an initial assessment of the complaint will be made to determine the most appropriate course of action. All complaints are taken seriously and will be investigated thoroughly with the aim of providing a fair resolution to the complaint.

A complaint should be: -

- treated on its merits, with an open mind and without prejudice; and
- impartially investigated with a full and objective evaluation of the facts or evidence provided in support of a complaint.

MFS Complaints Team

All Complaints must be immediately registered in the Complaints Register.

The staff member, broker who initially receives the complaint should enter the complaint into the Complaints Register and acknowledge the complaint within 24 hours. The Complaints Team will monitor and facilitate the management of the Complaint through to closure.

The Complaints Team members must have appropriate skills to:

- manage relationships with key stakeholders;
- comprehend customer documentation, legislation and regulatory policy statement;
- understand the organisational structure; and
- review processes and procedures to ensure compliance.

The Complaints Team's responsibilities include:

- supporting any other area of the business in the investigation process, updating the Complaint Register with progress and, monitor the complaint through to its conclusion;

- notifying our Professional Indemnity Insurer of a potential claim where appropriate;
 - prepare and send the final determination in response to a complaint (after the initial 5 day period has expired);
 - update the Complaint Register; and
- act as the central contact person for the EDRS.

As part of continued training the members of the Complaint's Team will attend regular meetings, seminars and updates with AFCA and review information, policies and guidance notes as released from time to time by AFCA or ASIC.

Monitoring Complaint Handling

Complaint handling and dispute resolution will be monitored as follows:

- A proactive approach to customer and broker feedback;
- Management reporting on complaint handling performance; and
- Complaint status report to the LMG Risk Council.

Registers

All Complaints are recorded and risk assessed in the Complaints Register as soon as they are received. Where an incident is both a complaint and a breach, it is recorded in both registers with appropriate cross referencing.

Registers are maintained by the Complaints Team and they are designed to facilitate the recording and resolution of incidents and to prevent future occurrences. They are reviewed on a weekly basis and used for identifying systemic risks and root cause analysis.

Determination:

The MFS Executive and Risk Council (where appropriate for higher risk or significant claims for compensation) in consultation with the Complaints Team will agree on the proposed determination of the complaint based on the facts presented.

Depending on the circumstances independent legal advice may be sought for input and guidance in relation to the complaint.

A final response will be provided to the complainant following the investigation within 30 days of receiving the complaint.

The response will be communicated to the complainant in the most appropriate means for their complaint i.e. in writing or via telephone.

The response must at a minimum:

- Summarise our understanding of the complaint;
- Set out our response to each item of the complaint;
- Provide reasons for our position;
- State clearly and unequivocally whether we accept or reject the complaint;
- Explain what further action can be taken by the complainant, including referral to AFCA.

Remedial Action:

The Complaints Team will:

- Monitor the remediation to ensure the determination as agreed or communicated to the complainant is completed;
- In the ordinary course of events resolve the complaint within 30 business days of complaint acknowledgement;
- In extraordinary circumstances where the complaint cannot be rectified within 30 business days, the client must be notified of this, the reason for the delay and a specific benchmark time frame must be provided to the client.
- Any request for an extension must be agreed to by the complainant and advice must be provided that the complainant can refer the complaint to AFCA.

Closing a complaint:

When a final response of determination is provided to the complainant we will disclose if we believe the matter is closed. This should be noted at the end of the final letter to the complainant.

The complaint may be closed if:

- The complaint has been resolved to the satisfaction of the complainant; or
- The complaint has been referred to AFCA and a negotiated settlement with the complainant is reached or MFS has complied with any determination or award

handed down by AFCA; or

- If we have sent our final response to the client and we consider our resolution to be satisfactory, we may close the complaint after Fourteen (14) days have elapsed if there has been no further correspondence with the complainant. A proviso to this will be if we have knowledge that the complainant will be taking the matter directly to AFCA.

External Disputes Resolution Scheme

MFS must have a dispute resolution system in place and be members of a complying external dispute resolution (EDR) scheme.

We are members of the AFCA external dispute resolution (EDR) scheme for the financial services industry, approved by the Australian Securities and Investments Commission (ASIC). The AFCA provides an accessible, free and independent dispute resolution service as an alternative to legal proceedings for resolving complaints that are unable to be satisfactorily resolved by the Internal Dispute Resolution (IDR) scheme.

All complainants must be informed that they have the right to refer their complaint to AFCA if they are unsatisfied with the response. AFCA contact details are:

Australian Financial Complaints Authority

GPO Box 3

Melbourne VIC 3001

Tel: 1800 931 678

Fax: 03 9613 6399

Online: www.afca.org.au

Email: info@afca.org.au

All communication with AFCA must be reported to the Risk Council. The Risk Council is to be provided with regular updates on the status of all AFCA complaints.

Responses will be compiled by the Complaints Team with legal assistance where necessary. A written response must be sent to AFCA within 21 days of receipt of the notice from AFCA.

Accessibility

To fulfil the purpose of this Policy, it is essential that a concise, informative and plain English version of our complaints handling process is made available across multiple contact points. At a minimum, this includes:

- Website;
- disclosure documents; and
- Other points of customer contact.

All brokers, sales staff and Loan Market representatives must be trained in the complaints handling policy and procedures at induction and annually. The training will be recorded in our Training Register.

Cost

There is no cost attached to making a complaint. Access to our complaints handling and dispute resolution policy and the EDRS is provided free of charge.

Confidentiality

The Privacy Act should be observed when collecting, storing, using and disclosing personal information obtained in complaint handling. Loan Market brokers, support staff and representatives must treat all complaints in confidence and only disclose the details of the complaint to those involved in the resolution process.

Complaints reports

MFS Risk committee reports

The Complaints Team must submit a report to the RISK COMMITTEE at Monthly. The report must include a link to the complaints register together with the following:

- The number of complaints received during the period;
- The number of outstanding complaints at the end of the period;
- The number of complaints resolved during the period;
- The number of complaints received through AFCA during the period;
- An update on complaints currently with AFCA;
- The number of complaints received through Regulators during the period; and
- Any procedural or systemic issues identified.

Business feedback

In addition to providing formal reports to the Risk Council, the Complaints Team must also utilise the information in the Registers as a source of management information, for the purposes of business feedback.

Identifying trends and systemic issues that arise from complaints also trend analysis must be performed as part of the risk management framework.

Observations whereby a particular business line or person consistently fails to report incidents in a timely manner must first be raised with the business line or person and then escalated appropriately to ensure the situation is addressed.

Root cause analysis

Particular analysis should be performed on the causes of complaints. Analysis must observe the “root cause” of complaints rather than the secondary circumstances of a particular complaint.

Root cause analysis is an invaluable management tool and provides a window on our business that is not otherwise available.

Results of Root Cause Analysis should be converted into meaningful Management Information (graphs, tables etc) and will be tabled on a regular basis, at the Risk Council. Trends in the root cause of complaints must be considered and addressed as appropriate by the Risk Council.

Remedies

Possible remedies

The remedies provided by MFS will be offered to reflect what, in its view, is fair and reasonable in the circumstances, whilst complying with its legal obligations and industry best practice.

Depending on the circumstances and what is justified in the individual case, the following remedies may be considered appropriate: -

- a) Assistance or a referral to an appropriate person or body that can better assist with the complaint;
- b) Provision of additional information to assist to clarify the situation raised by the complainant;
- c) Letter of apology with a supporting explanation;
- d) An outline of an action plan including coverage of remedial action or procedure change;
- e) Where appropriate a referral to an alternative broker;
- f) Financial compensation, depending on the situation (where the issue has caused financial loss to the client or prospective client).

If financial compensation (e.g. ex-gratia payment, a re-imburement) is considered appropriate any proposal will need the approval of the Group Executive, Risk & Strategic Partnerships (GE) in conjunction with the Chief Financial Officer (CFO).

This decision will be made post investigation of the complaint by the GE and CFO in conjunction with the Complaints Team. Under no circumstances must the possible remedies be disclosed to the client or prospective client until a decision has been made.

It may be possible, regardless of fault, that MFS elect to make an offer of settlement to the client or prospective client in order to prevent any further repercussions and avoid unnecessary aggravation to the client and the cost of time taken to pursue the matter further.

Review of Policy

Internal review

Risk & Compliance reviews the policy to:

- (a) cover aspects of LMG's business which are not currently considered (e.g. new lending products);
- (b) consider any changes to the environment that impact on business operations and should be dealt with in this Policy
- (c) improve existing procedures; and
- (d) reflect changes in the NCCP, Corporations Act and/or relevant ASIC policy.

Updating the document

Risk and Compliance is responsible for:

- (a) updating this Policy, and any related documents to reflect changes considered necessary as a consequence of the review or changes in the law or when otherwise appropriate;
- (b) submitting the results of the review and any changes to the document to the RISK COMMITTEE and seeking approval to any changes; and
- (c) providing the current updated version of this Policy to all relevant staff and personnel within Loan Market Group.