



Client Review & Remediation Policy

Entity: Integrity Financial Planners Pty Ltd **(IFP)**

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AFSL: 225051

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References:

- RG 256 Client review and remediation conducted by advice licensees²⁷⁷ Consumer Remediation
- RG 126 Compensation and insurance arrangements for AFS licensees
- RG 165 Internal and external dispute resolution²⁷¹ Internal dispute resolution
- RG 78 Breach reporting by AFS licensees
- Section 912D of the *Corporations Act 2001*

1. OVERVIEW

Integrity Financial Planners Pty Ltd (“IFP”) is an Australian Financial Services Licensee (AFSL) and as such has certain obligations under Chapter 7 of the Corporations Act 2001 (the “Act”).

Section 912B(1) of the Act states that where a licensee provides a financial service to a person in their capacity as a retail client, the licensee must have arrangements for compensating those persons for loss or damage suffered because of breaches of the relevant obligations under Chapter 7 of the Act by the licensee or its representatives.

The Client Review and Remediation Policy (the “Policy”) seeks to document IFP’s arrangements for addressing systemic issues caused by misconduct or other compliance failures.

The Policy provides factors to be considered when establishing a remediation process to compensate IFP’s clients for loss or detriment suffered as a result of misconduct or other compliance failures.

In meeting its general obligations as an AFSL within the meaning of section 912A of the Act, IFP ensures it has adequate financial resources to:

- provide the financial services covered by its licence authorisations;
- carry out supervisory arrangements by taking reasonable steps to ensure that its representatives comply with the financial services laws; and
- ensure its representatives are adequately trained and competent to provide financial services authorised by IFP.

In addition, as part of its overall client compensation processes, IFP operates a dispute resolution system that consists of an internal dispute resolution procedure that is consistent with section 912A(2)(a) and is a member of an external dispute resolution scheme consistent with section 912A(2)(c).

Finally, IFP operates a breach handling process that involves the identification, monitoring, recording and remediating of breaches, and where the breach is reportable to ASIC (either by default or there is a breach of a core obligation that has been determined as “significant”) the reporting of breaches to ASIC that is consistent with section 912D(1B) of the Act and RG78. The determination of whether a core breach is a “significant breach” is conducted by comparing the elements and features of the breach with the benchmark and definition of a “significant breach” within the meaning of section 912D.

A 'systemic issue' is defined as an issue causing actual or potential loss or detriment to several clients because of IFP or its representatives’ misconduct or other compliance failure. The impact may be monetary loss or non-monetary detriment.

2. POLICY STATEMENT

Where a review and remediation is required, IFP will conduct the review and remediation process in a way that is comprehensive, timely, fair and transparent. IFP will follow the steps below in determining its review and remediation process:

- (a) consider the appropriateness of a review and remediation process;
- (b) determine the scope of the review;
- (c) design and implement the review and remediation process;
- (d) communicate with clients; and,
- (e) provide clients an opportunity for external review if the client is not satisfied with the

operation or the result of the review and the remediation process.

IFP aims to place affected clients in the position they would have been in if the misconduct or other compliance failure had not occurred.

2.1. Appropriateness of a Review and Remediation Process

When determining the appropriateness of a review and remediation process, IFP will consider if:

- (a) a systemic issue has been identified that is a result of IFP's decisions, omissions or behaviour, or that of IFP's representatives, in relation to the provision of financial services to retail clients; and
- (b) the affected clients have suffered a loss or detriment (whether monetary or non-monetary).

A review and remediation process may not be likely if:

- (a) the systemic issue only affects a small number of clients and these clients have all made a complaint;
- (b) the loss or detriment suffered is a result of a product failure and is not a result of IFP or its representative's decisions, omissions or behaviour; or
- (c) IFP is subject to a current systemic issue investigation by the external dispute resolution (EDR) scheme of which IFP is a member, and where the EDR scheme is already seeking to determine appropriate remediation for affected clients where the investigation covers the same or similar issues.

IFP's Responsible Managers will determine if a review and remediation process is appropriate and discuss their decision with IFP's compliance committee members and/or directors.

2.2. Determine the Scope of Review and Remediation

When IFP determines that a review and remediation process is appropriate, or if a review and remediation process is required by ASIC, IFP will consider the following factors in establishing the scope of the review and remediation:

- (a) the nature of misconduct or other compliance failures; and
- (b) the representatives involved.

2.2.1. Type of clients

When determining the scope of the review and remediation, IFP will consider the type of clients who may be affected. Where appropriate, IFP may include current and past clients who may have received the type of advice that is of concern. IFP may also consider if it is appropriate to extend the review and remediation process to wholesale clients.

IFP is likely to exclude the following types of clients from the scope of review and remediation:

- (a) clients who advise IFP that they do not wish to have the financial services that were provided

- to them reviewed; or
- (b) where IFP has invited a client, who was outside the original scope of the review to participate in the review and remediation, and the client has not responded to the invitation after reasonable efforts have been made to contact the client.

In relation to paragraph (b) above, IFP may consider reviewing the advice of clients who indicate at a later date, including after the review and remediation process has been concluded, that they wish to have a review conducted. This is subject to the client responding within a reasonable time after the completion of the review and remediation has been concluded and any limitations in IFP's professional indemnity insurance.

2.2.2. Review period

IFP will review financial services provided to clients for a period of up to 7 years before IFP became aware of the misconduct or other compliance failure. In certain circumstances, and subject to prior consideration of the rules and/or terms of reference of the EDR scheme to which IFP is a member, IFP may review records going back further than 7 years (e.g. where the client has held the product about which the service was provided for a longer period of time). If the adviser has been authorised with IFP for less than 7 years, IFP will review the financial services provided to clients from the date the adviser was authorised with IFP.

2.2.3. Testing the scope

Once the scope of the review and remediation has been determined, the scope will be tested to ensure it properly captures all potentially affected clients. IFP should be able to clearly articulate and record how IFP determined which clients would be reviewed and potentially remediated.

Where further misconduct or other compliance failures have been identified after the initial review and remediation, IFP will consider if it is appropriate to expand the scope of the review and remediation to include additional clients that may have suffered loss or detriment. In this instance, IFP will also consider whether closed matters under the review and remediation need to be re-examined where the clients in the closed matters also received advice that falls within the revised scope of the review and remediation.

2.2.4. Inviting clients to participate in review and remediation

IFP will review clients who fall within the scope of the review and remediation process, regardless of whether these clients have made a complaint about the financial services they received or whether they have expressed an interest in participating in the review and remediation.

IFP may invite other clients outside of the original scope to participate in the review and remediation if IFP cannot determine with a reasonable level of certainty that the scope of the review and remediation will capture all potentially affected clients.

2.3. Design and Implement a Review and Remediation Process

IFP will consider the following factors when developing the review and remediation process:

- (a) the resources required;

- (b) who will review the financial services provided;
- (c) how to review the financial services provided;
- (d) what governance arrangements are appropriate;
- (e) how to keep records; and,
- (f) whether to report publicly on the review and remediation exercise.

2.3.1. Allocating adequate resources

IFP will allocate adequate resources to the review and remediation to ensure the process is conducted in an efficient and timely way. Depending on the scope of the review and remediation, IFP may outsource all or parts of the review and remediation process.

The reviewers will be RG 146 competent.

2.3.2. Reviewing the advice

Reviewers will adopt a consistent standard in reviewing the financial services provided. Templates consistent to the scope of the review and remediation will be created to facilitate a timely and consistent review process. Depending on the scope of the review and remediation, IFP may consider peer reviewing the reviewers to determine if the financial services are being reviewed consistently and fairly.

IFP may seek additional information from the client where the advice records are incomplete. This may include records the client has in writing or the client's recollection of events. IFP will provide the client at least 30 days to respond to any requests. IFP will be open minded, fair and reasonable where records are incomplete or insufficient.

2.3.3. Determining remediation

Where clients suffer loss or damage because of breaches of the relevant obligations under Chapter 7 of the Act by IFP or its representatives, IFP will seek to remedy the matter. Client remediation can be monetary, non-monetary or a combination of both. When calculating compensation, IFP will consider the published principles used by the Australian Financial Complaints Authority (AFCA) as well as the relevant guidance published by ASIC.

2.3.4. Governance arrangements

IFP's Responsible Managers will oversee the review and remediation and will report to the IFP Compliance Committee. IFP will ensure that the person responsible for overseeing the review and remediation process is not overseeing their own work.

IFP will ensure representatives who are subject to the review and remediation will not be involved in, or be able to influence, any persons who are involved in the reviewing process (for example, advice reviewers, peer reviewers, decision makers and those providing oversight of the review and remediation), and that there are no conflicts of interest in this process.

IFP's Responsible Managers' roles and responsibilities will be documented.

If IFP appoints an external independent expert to provide assurance about the governance and operation of the review and remediation, IFP will ensure the external expert is genuinely independent and is able to exercise objective and impartial judgement.

2.3.5. Record keeping

IFP will maintain records of:

- the steps taken to develop the review and remediation;
- client communication;
- internal communication and communication with other external parties in reviewing the financial services;
- the governance arrangements;
- the assessment of the financial services provided;
- peer review outcomes;
- recommendations made by reviewers and the reasons for those recommendations;
- decisions made and the reasons for those decisions, particularly where the decision is different to a reviewer's recommendation;
- how the type of remediation is determined;
- the interest rate used to calculate foregone returns or interest where it is not possible or reasonably practicable to determine the actual investment returns or interest that a client would have received, and IFP's reasons for using this rate; and
- the timeframes in reviewing the financial services.

2.3.6. Reporting publicly

IFP will consider if it is in the public interest to report publicly on the review and remediation. In all cases, IFP will have regard to IFP's Privacy Policy and the Privacy Principles in determining whether it is appropriate to report publicly.

3. CLIENT COMMUNICATION

IFP will typically communicate with clients at the following stages of review and remediation:

- (a) at the beginning, to inform the client that they are included in the scope of the review and remediation ("**Initial Communication**");
- (b) during the review to provide the client with an update on the review and remediation; and
- (c) after the client's financial services have been reviewed, to inform the client of the final decision and how the client will be remediated, if applicable ("**Final Communication**"). This communication will occur within 10 business days of the final decision.

IFP will ensure the Initial Communication and Final Communication address the content requirement in ASIC's RG 256 as updated from time to time.

4. EXTERNAL REVIEW OF DECISIONS

If a client is not satisfied with IFP's decision in relation to whether a breach or other misconduct has occurred or whether remediation is appropriate, the client will have access to IFP's EDR scheme. The client's right to lodge a further dispute with AFCA will be included in the Final Communication. When assisting clients to seek an external review of decisions, IFP will consider the published principles used by AFCA as well as the relevant guidance published by ASIC.

IFP will provide the determined compensation amount to the client after a settlement deed has been executed.

5. COMMITMENT

IFP's Responsible Managers are the nominated manager(s) or officer(s) responsible for ensuring IFP addresses systemic issues caused by misconduct or other compliance failures and establishes a remediation process to compensate IFP's clients for loss or detriment suffered as a result.

The Policy will be reviewed on not less than an annual basis (unless more immediate updates are required due to legislative or regulatory change).

In addition, the progress of all review and remediation activities will be reviewed quarterly as part of IFP's compliance committee meetings if necessary.

6. RESOURCES

- IFP Professional Indemnity Insurance Policy
- IFP Privacy Policy
- Remediation & Review Templates
- RG 78 Breach Reporting by AFS licensees and credit licensees
- RG 277 Consumer Remediation
- RG 126 Compensation and insurance arrangements for AFS Licensees
- RG 271 Internal dispute resolution
- Section 912D of the *Corporations Act 2001*