14 September 2026

AUSTRALIAN COLLECTORS &
DEBT BUYERS ASSOCIATION

Executive General Manager
Regulatory, Policy and Research
Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001

Via Email only: consultation@afca.org.au

Dear Executive General Manager,

RE: Consultation on AFCA FY2026-27 Approach consultation schedule

The Australian Collectors & Debt Buyers Association appreciates the opportunity to provide the attached Submission in response to AFCA's consultation on its FY2026-27 Approach consultation schedule.

ACDBA supports AFCA's proposal to develop a standalone Approach to credit reporting. AFCA's preliminary 2025-26 data indicates that credit reporting complaints increased materially during the year, and members continue to report that these matters can be costly and resource-intensive. Our Submission addresses the importance and proposed scope of the work, together with the need for the final Approach to be reflected consistently in AFCA's complaint-handling practices.

Please do not hesitate to contact the writer to discuss any aspect of the Submission.

Yours sincerely,

Jacob Maiore
CEO of the AUSTRALIAN COLLECTORS & DEBT BUYERS ASSOCIATION
Email: ceo@acdba.com

Introduction

The Australian Collectors & Debt Buyers Association (ACDBA) welcomes this opportunity to comment on AFCA's proposed FY2026-27 Approach consultation schedule.

ACDBA was established in 2009 for the benefit of companies that collect, buy and/or sell debt. Our members (refer Appendix 1) represent the majority of the collection market in Australia and include specialist debt purchasers and contingent collection agencies operating throughout Australia.

ACDBA members that purchase regulated consumer credit contracts generally hold Australian Credit Licences and are members of the Australian Financial Complaints Authority (AFCA). As assignees of those contracts, they become directly involved in credit reporting, financial hardship, dispute resolution and enforcement. Our contingent collection members also deal with credit reporting issues on behalf of original creditors and other clients.

ACDBA members are specialists in assisting consumers experiencing financial hardship and vulnerability. They also have practical experience dealing with disputes that arise after origination, where records, reporting decisions, hardship arrangements or alleged conduct may involve more than one financial firm. This provides ACDBA with a distinct perspective on how credit reporting issues operate across the complete credit lifecycle.

The present consultation concerns whether AFCA should include particular Approach work in its FY2026-27 schedule. ACDBA has therefore focused on the merit and priority of the proposed work, the matters that should fall within its scope, and the process AFCA should follow when developing it.

Although the present consultation concerns the annual schedule rather than the content of a draft Approach, ACDBA considers it appropriate to identify the principal practical issues that should inform the proposed work. We have sought to do so without pre-empting the detailed positions that will be considered during the substantive consultation. ACDBA intends to participate actively in that later process.

Response

ACDBA supports Proposal 2 and considers the development of a standalone Credit Reporting Approach appropriate and timely. We not only recommend that the proposal remain in AFCA's final FY2026-27 Approach consultation schedule, but we would also propose that considering the volume these complaints represent, it should be given priority.

Credit reporting complaints can have significant consequences for consumers, financial firms and the integrity of the credit reporting system. They are also an increasingly material part of AFCA's banking and finance jurisdiction.

AFCA's preliminary data for 2025-26 records 119,949 complaints overall, including 66,971 banking and finance complaints. AFCA also reports that credit reporting complaints increased by 22 per cent over the year, with a steep rise in recent months.[1]

Those figures do not, of themselves, indicate whether the complaints were meritorious or how they were resolved. They do, however, demonstrate that credit reporting is a material and growing area of AFCA's work and support the development of dedicated guidance.

Members report that credit reporting complaints can require substantial work, particularly where historical records are held by multiple parties or a complaint raises numerous allegations beyond the central reporting issue. For chargeable complaints, AFCA's FY27 fee schedule lists fees of $2,392.84, excluding GST, for a complaint closed at Case Management and $9,947.89, excluding GST, for a complaint closed at Decision. AFCA has also confirmed that complaint fees apply regardless of outcome and are based on the stage and complexity of the complaint rather than the value of the claim.[2]

[1] Australian Financial Complaints Authority, 'Record complaints mark third consecutive year above 100,000' (Media Release, 4 August 2026), available at https://www.afca.org.au/news/media-releases/record-complaints-mark-third-consecutive-year-above-100000.
[2] Australian Financial Complaints Authority, 'Fee structure' (FY27 complaint fee schedule, effective 1 July 2026), available at https://www.afca.org.au/members/funding-model/fee-structure; Australian Financial Complaints Authority, 'Member Forum Q&A' (27 May 2026), available at https://www.afca.org.au/members/news/member-forum-qa.

Those fees are additional to the financial firm's internal compliance, operational and, where applicable, legal costs. In lower-value matters, the cost of continuing to contest a complaint may therefore exceed the immediate commercial value of the debt or listing in dispute.

Members have raised concern that this can influence the way some complaints are resolved. A firm may agree to amend or remove information as part of a commercial settlement, notwithstanding that the accuracy or lawfulness of the reporting has not been finally determined. A negotiated resolution of this kind does not necessarily indicate that the complaint would otherwise have been upheld.

ACDBA recognises that genuine credit reporting errors can cause significant consumer harm. Information that is inaccurate, out of date, incomplete, irrelevant, misleading or unlawfully reported should be corrected promptly. The corresponding concern is that accurate information should not be altered merely because the cost of fully testing the complaint has become disproportionate.

The proposed Approach should assist AFCA and the parties to distinguish between those circumstances. In particular, it should support early identification of the information in dispute, the basis upon which it is challenged, the remedy sought and the outcome of internal dispute resolution.

Where a complaint, or a component of it, may be frivolous, vexatious, misconceived or lacking in substance, it would also be helpful for the Approach to explain how AFCA's existing discretion under Rule C.2.2(d) will be applied. The objective should be proportionate complaint handling: genuine complaints should progress, while issues that do not require further investigation should be identified as early as practicable.[3]

For these reasons, ACDBA considers that the effectiveness of the Approach will depend on its application in practice. AFCA should support the final document with appropriate intake guidance, staff training, specialist escalation, supervision and quality assurance. It would also be useful to establish baseline measures and later assess whether the Approach has improved early issue identification, use of internal dispute resolution, consistency of outcomes, complaint timeframes and the treatment of requests to amend or remove credit information.

ACDBA recommends that preliminary engagement with affected stakeholders commence before the formal consultation proposed for Q3 FY2026-27. We make no submission in relation to Proposal 1 concerning the awarding of interest in insurance complaints.

Importance of the proposed work

Credit reporting serves both consumers and the credit market

Australia's credit reporting framework is important to consumer protection and to the sound operation of credit markets. Accurate information assists credit providers to make informed risk assessments, supports responsible lending, and helps consumers participate in the credit market on an appropriate basis.

The balance is important. Information that is inaccurate, out of date, incomplete, irrelevant or misleading can unfairly restrict a consumer's access to credit and compound financial hardship. Conversely, the removal or alteration of accurate information can impair risk assessment, undermine responsible lending and reduce confidence in the reliability of the system.

A correction process that is difficult to access can cause real consumer harm. Equally, a complaint process that makes alteration of accurate information the more economical resolution can have broader consequences for consumers and the credit market. The proposed Approach should explain how AFCA intends to maintain the balance between prompt correction and data integrity.

The governing framework is complex

Credit reporting complaints can involve Part IIIA of the Privacy Act 1988 (Cth), the Privacy Regulation 2013, the Privacy (Credit Reporting) Code 2025 (CR Code), credit legislation, AFCA's Rules and Operational Guidelines, applicable industry codes, regulatory guidance, case law, and AFCA's consideration of fairness and good industry practice.

[3] Australian Financial Complaints Authority, AFCA Rules (12 March 2026), rule C.2.2(d), available at https://www.afca.org.au/media/2297/download.

These sources do not always answer the same question or apply to every financial firm in the same way. In the absence of clear guidance, firms and complainants may form different views about the applicable obligation, the evidence required, the significance of a breach, and the remedy that can reasonably follow.

A standalone Approach is warranted if it reduces this uncertainty. Its usefulness would be limited if it repeated broad principles without explaining how the relevant frameworks interact or how AFCA's discretion will be exercised in practice.

Complaint costs and commercial resolution

ACDBA members continue to raise concerns about consistency, process fairness, cost and jurisdiction in the AFCA scheme. In credit reporting matters, those concerns can be particularly significant because the cost of progressing a complaint may exceed the commercial value of the underlying debt or the immediate value of retaining the listing.

This creates a risk that the cost of the process may influence the outcome. A financial firm may decide that amendment or removal is the more practical commercial resolution, even where it considers the information accurate and has provided material supporting the reporting.

A complaint resolved by agreement, withdrawal or early closure does not necessarily establish whether the complaint had merit. It may reflect a commercial decision to avoid further cost. For this reason, closure figures alone may not provide a complete picture of the practical effect of credit reporting complaints or the circumstances in which information is amended or removed.

Where accurate information is altered principally for commercial reasons, there may be consequences beyond the individual complaint. Other credit providers may receive a less complete account of the consumer's credit history, and firms that elect to defend reporting may bear materially greater costs than those that resolve the matter at an earlier stage.

ACDBA considers that a default or other item should be corrected where it is inaccurate, unlawful or unfairly maintained on a properly established basis. The fact that a complaint has been lodged, or that the cost of continuing the complaint is disproportionate, should not of itself determine the reporting outcome.

Consistent practical application

The publication of an Approach will be helpful, but its practical value will depend on how consistently it is reflected in AFCA's complaint-handling processes. Financial firms should not ordinarily be required to progress through an extensive process where a complaint has not identified the information disputed or a sufficient basis for the remedy sought.

The final Approach should assist AFCA staff to identify the issue actually in dispute, distinguish sustainable grounds from standardised or peripheral allegations, seek necessary particulars and evidence, and consider exclusion of a complaint or part of a complaint under the Rules where appropriate. It should also recognise that amendment or removal of credit information is a substantive remedy, rather than a neutral administrative outcome.

AFCA should support the Approach with internal guidance, specialist escalation, staff training, supervision and regular quality assurance. These measures would assist in ensuring that comparable complaints are treated consistently and that the central issue is identified at an early stage.

It would also be useful for AFCA to monitor the practical effect of the Approach, including whether it improves use of internal dispute resolution, reduces unnecessary progression of peripheral issues, and provides greater consistency in the treatment of requests to amend or remove credit information.

Matters requiring consideration in the substantive consultation

Governing framework and the limits of an Approach

The substantive consultation should begin by clearly identifying the purpose and legal foundation of the proposed Approach. Stakeholders should be able to distinguish between:

- requirements imposed by legislation, the CR Code or AFCA's Rules;
- obligations arising under an industry code that binds the particular financial firm;

- regulatory guidance and recognised good industry practice; and
- outcomes AFCA considers fair in the circumstances of an individual complaint.

This distinction is necessary because these sources have different legal and practical effects. An Approach should explain how AFCA applies the existing framework; it should not operate as a substitute for an amendment to legislation or AFCA's Rules, expand AFCA's jurisdiction, or impose the obligations of a voluntary code on a firm that is not bound by it.

Where AFCA considers that fairness may justify an outcome different from the result produced by a strict legal analysis, the draft should identify the source of that discretion, the factors that will be considered, the evidentiary basis required, and the limits that will promote consistent application.

The consultation should also address the standards applicable at the time of the relevant conduct. Firms should not be assessed retrospectively against later guidance, evolved practices or obligations that did not apply when the reporting decision was made.

Accuracy, conduct failures and appropriate remedies

The future Approach will need to distinguish between materially different types of complaint. In particular, it should separately address:

- information alleged to be inaccurate, out-of-date, incomplete, irrelevant or misleading;
- information that is accurate, but where a separate notification, communication, hardship or process failure is alleged; and
- information that is accurate on its face, but where fraud, identity theft, coercion, family violence, financial abuse or another exceptional circumstance is said to make continued reporting unfair or inappropriate.

These categories may justify different investigations and different remedies. The substantive consultation should examine when a process or conduct failure affects the lawfulness or accuracy of the reporting itself, when compensation or another remedy may be more appropriate than deletion, and how causation, materiality and proportionality will be assessed.

ACDBA considers that remedies should address the identified issue and, so far as possible, should not cause accurate information to become inaccurate. Where amendment or removal is proposed, the Approach should identify the correction or fairness ground relied upon and explain why that reporting remedy is appropriate.

The consultation should also address the consequences of settlement, waiver, hardship variation, partial liability and correction for the information that can properly remain on a credit report. These issues are sufficiently important that they should not be resolved through isolated case examples without a clearly stated governing principle.

The complete credit lifecycle and transferred debts

The proposed Approach should extend beyond the relationship between an originating lender and a credit reporting body. Consumer credit contracts and receivables are routinely serviced, outsourced or assigned. A complaint may concern conduct by an originator, reporting undertaken before assignment, records held by a former servicer, or a correction that only the current credit provider can implement.

The substantive consultation should consider the respective roles of the originating credit provider, assignee or debt purchaser, collection or servicing agent, credit reporting body, and any other reporting participant. It should provide practical guidance on:

- responsibility for investigating conduct or reporting that occurred before assignment;
- access to historical records and evidence held by another participant;
- authority and practical responsibility to request, make or communicate a correction;
- the transfer of hardship arrangements, settlement terms, vulnerability indicators and prior complaint outcomes;
- joinder or coordinated complaint handling where more than one financial firm is involved; and
- avoiding inconsistent or duplicative outcomes across participants.

AFCA's guidance should focus on accurate information transfer, clear responsibility and appropriate account management. It should not proceed from an assumption that debt sale or outsourcing is itself adverse to consumers. These are legitimate and established business practices and can produce positive outcomes when relevant information and protections follow the account.

Credit reporting categories and terminology

The Approach should use terminology consistently with the Privacy Act and CR Code and should avoid treating distinct categories of information as interchangeable. Credit enquiries, consumer credit liability information, repayment history information, financial hardship information, default information, serious credit infringements and court judgment information have different statutory characteristics and practical consequences.

The consultation should identify which categories are within scope and explain the relevant complaint and remedy pathways for each. It should also distinguish a complaint about the accuracy or lawfulness of reported information from a complaint about the conduct of a financial firm that happens to have a credit reporting consequence.

Clear terminology is not merely a drafting preference. It is necessary to avoid unrealistic consumer expectations, inconsistent case coding, and remedies being applied to information that is not properly characterised.

Vulnerability, family violence, financial abuse and coercion

ACDBA strongly supports appropriate protection for consumers experiencing vulnerability, family violence, financial elder abuse, fraud, identity theft or coercion. Our members recognise the important role they play in supporting affected consumers and have invested significant resources in specialist teams, staff training and sensitive account-management processes.

The proposed Credit Reporting Approach should be consistent with AFCA's existing Approaches in these areas and with the protections contained in the current CR Code. It should recognise that victim-survivors may have difficulty obtaining conventional evidence and that processes must be safe, flexible and trauma-informed.

At the same time, flexibility should not become a rigid prohibition on seeking relevant information or an assumption that every disclosure produces the same reporting outcome. The substantive consultation should address proportionate evidence requirements, information within a complainant's reasonable control, conflicting accounts, the position of joint borrowers, whether a consumer received benefit, and circumstances where obtaining evidence may create a safety risk.

A measured framework will better protect genuine victim-survivors, preserve procedural fairness for all affected parties, and reduce the risk that the complaint process itself is misused by a perpetrator or an inappropriate representative.

Paid representatives, credit repair firms and IDR

ACDBA continues to receive concerns from members regarding the conduct of some for-profit credit repair and debt management firms. The matters raised include the use of standardised disputes, unrealistic expectations about the removal of credit information, limited constructive engagement, bypassing of internal dispute resolution, and continued escalation where the financial firm has provided information supporting the reporting.

These concerns should not be generalised to all representatives. Financial counsellors, community legal services and appropriately acting professional representatives perform an important role. The concern is with practices that generate or progress complaints without adequate assessment, informed authority or meaningful engagement with the consumer and financial firm.

Members also report complaints that raise a wide range of technical and largely standardised allegations, even where the practical remedy sought is removal of a default. This can make it more difficult to identify the central issue and can increase the work required of all parties.

The substantive consultation should consider whether aspects of the current process create unintended incentives. Consumers may incur fees or develop expectations that cannot reasonably be met, while financial firms may incur stage-based AFCA fees and internal costs that are disproportionate to the matter in dispute. There is also a risk that commercial settlement becomes more attractive than determining whether correction is required.

It would be reasonable for AFCA to expect a complainant or representative to identify a coherent complaint before requiring a financial firm to respond to a wide range of peripheral allegations. The complaint process should also avoid creating an incentive for amendment or removal merely because the cost of continuing has become disproportionate.

ASIC and other regulators remain responsible for licensing and regulatory enforcement against paid representatives. AFCA nevertheless has an important role in maintaining the integrity of its own scheme. The final Approach should explain how AFCA's existing powers to manage representatives and exclude complaints will be applied in credit reporting matters. Any broader rule amendments or fee reforms can be considered through the substantive consultation or the forthcoming independent review.

Comparable international experience may also assist consideration of these issues. From 1 April 2025, the United Kingdom Financial Ombudsman Service began charging professional representatives to refer complaints, while retaining free direct access for consumers and for family members, friends, charities and voluntary organisations assisting them. Under the current arrangements, professional representatives receive an annual case-fee allowance of £2,000. Once that allowance is exhausted, a fee of up to £260 applies, reduced to £80 where the consumer obtains a more favourable outcome. The respondent firm's fee is also reduced where a professionally represented complaint does not produce a more favourable outcome, is outside jurisdiction, or is dismissed, withdrawn or abandoned.

The United Kingdom Ombudsman introduced the measure to encourage better-evidenced complaints and more careful consideration of merit before referral. In Q1 2026-27, it reported that professional representatives accounted for 1,800 complaints, or 3 per cent of its total caseload, describing this as a continuation of the trend seen over the preceding quarters. Those figures do not establish that the charging model was the sole cause of the reduction, particularly given other developments affecting complaint volumes. They nevertheless provide a relevant example of an ombudsman scheme seeking to address complaint quality and incentives without charging consumers who approach the scheme directly.[4]

ACDBA does not suggest that the United Kingdom model could be adopted via an Approach document alone. It does, however, provide a practical comparator that AFCA should examine during the substantive consultation and in any related consideration of its Rules or funding arrangements.

Court judgments, enforcement and jurisdictional boundaries

ACDBA has separately raised persistent member concerns about AFCA's treatment of complaints made after judgment or during court-based enforcement. We do not seek to resolve those broader issues through this preliminary schedule consultation. However, the Credit Reporting Approach will need to address their intersection with credit reporting.

Where liability has been determined by a court, the Approach should clearly explain what issues remain open for AFCA to consider, the extent to which a reporting remedy can be granted without conflicting with the judgment, and the treatment of court judgment information, default information and later hardship or vulnerability claims.

AFCA should also distinguish between a dispute about the accuracy of the credit reporting information and an attempt to reopen the underlying liability or avoid the practical effect of a court order.

This should also account for the different roles of relevant stakeholders, including the distinction between court-maintained records and creditor-maintained data. Clear jurisdictional boundaries will assist both complainants and financial firms and reduce unnecessary escalation, delay and cost.

This is an area where the substantive consultation should be informed by detailed legal analysis and practical examples covering different forms and stages of enforcement.

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[4] Financial Ombudsman Service (United Kingdom), 'Financial Ombudsman Service to start charging professional representatives to refer cases' (7 February 2025), available at https://www.financial-ombudsman.org.uk/who-we-are/data-insight/news/financial-ombudsman-service-start-charging-professional-representatives-refer-cases; Financial Ombudsman Service (United Kingdom), 'Case fees' (FY2026-27 arrangements), available at https://www.financial-ombudsman.org.uk/businesses/resolving-complaint/case-fees; Financial Ombudsman Service (United Kingdom), 'Quarterly complaints data: Q1 2026/27' (22 July 2026), available at https://www.financial-ombudsman.org.uk/businesses/resolving-complaint/our-insight/quarterly-complaints-data-q1-2026-27.

Conclusion

ACDBA supports the development of a standalone Credit Reporting Approach and considers the proposed work appropriate and timely. The recent increase in credit reporting complaints, together with the cost and operational concerns reported by members, supports retaining Proposal 2 in AFCA's final FY2026-27 schedule.

The work should extend beyond consolidation of existing guidance. It should consider how credit reporting complaints are identified, narrowed and progressed, and whether the cost of the process can influence commercial resolution before the accuracy or lawfulness of the reporting is determined.

A well-designed Approach should support prompt correction of genuine errors, fair treatment of consumers experiencing vulnerability, consistent assessment of complaints and proportionate use of AFCA's existing powers. Its practical application should be supported through intake guidance, staff training, specialist escalation, supervision and quality assurance.

The effectiveness of the Approach should be assessed by its practical operation as well as its publication. Relevant considerations include use of internal dispute resolution, timeframes, consistency, the progression of unsupported issues and the reasons for amendment or removal of credit information.

The matters identified in this Submission should form part of the scope of the forthcoming consultation. ACDBA looks forward to working constructively with AFCA and other stakeholders, and to providing further evidence and detailed submissions when the draft Approach is released.

For further information, please contact Jacob Maiore, CEO, at ceo@acdba.com or on 02 4925 2099.

Appendix 1

Members of Australian Collectors & Debt Buyers Association

- Arbor Knot Holdings Pty Ltd
- Axess Recoveries & Collections Pty Ltd
- CCC Financial Solutions Pty Ltd
- Charter Mercantile Pty Ltd
- Credit Corp Group Limited (ASX: CCP)
- PRA Australia Pty Ltd (NASDAQ: PRAA)
- Recoveries Corporation Pty Ltd
- Standard8 Advisory Pty Ltd
- Strategic Collections Pty Ltd

Affiliate Members of Australian Collectors & Debt Buyers Association

- Acceleon
- Collect!
- CreditSoft Solutions
- Equifax
- Experian Australia
- TaleFin Australia
- TCN