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Over 100,000 Consumer Complaints Signal Ongoing Failures in Australia's Financial Services Sector

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– Categories: Finance



The Australian Financial Complaints Authority (AFCA) has once again recorded over 100,000 consumer complaints in a single financial year, highlighting persistent problems across the banking, insurance, and financial advice industries. While there's been a slight drop in total complaints compared to last year, the data confirms that Australia's financial institutions continue to fall short in meeting consumer expectations, and in some sectors, the situation is getting worse.

AFCA, which stands for the **Australian Financial Complaints Authority**, received 100,745 complaints during the 2024–25 financial year, only a marginal drop from the 104,861 cases recorded the previous year. According to David Locke, AFCA's chief ombudsman and chief executive officer, the numbers remain “unacceptably high.” Locke stated that although the trend is heading in the right direction, “firms have more work to do to ensure fair responses to complaints are delivered earlier, without people having to take the extra step of coming to us.”

A closer look at the data shows that certain sectors are deteriorating despite overall improvement. Complaints related to **general insurance** rose by 17%, totaling 34,231 cases, while grievances tied to **investments and financial advice** jumped by 18%, reaching 4,193. In contrast, banking and finance, which still make up the majority of complaints, saw a 9% decline, with 54,581 cases filed.

Complaints against **self-managed super funds (SMSFs)** spiked by 95%, now making up nearly a third of all complaints in the investment and advice category. AFCA reported a sharp increase, 124%, in allegations involving a failure to act in a client's best interest. These troubling figures coincide with a series of high-profile failures involving firms such as United Global Capital, Shield Master Fund, First Guardian Master Fund, and Brite Advisors PL.

Locke pointed to a “clear pattern of conflicted advice models” and the misuse of SMSFs, emphasizing the need for the long-promised **Compensation Scheme of Last Resort**, which would provide restitution to victims of misconduct. However, the current government, heavily reliant on union and industry fund backing, has shown little urgency in advancing meaningful consumer protection measures, despite repeated calls from oversight bodies.

Scam-related complaints decreased 45% to 5,977, a rare bright spot in AFCA's report. But Locke warned the public not to interpret that as an all-clear. “AFCA currently only sees a small proportion of scam complaints, and towards the end of the financial year, we saw an uptick in some scam types that cause great harm,” he said. He called for “mandatory industry codes” and stronger legal frameworks to combat what he described as an “evil trade” causing widespread trauma and financial ruin.

The top three most complained about financial products were personal transaction accounts, motor vehicle insurance, and credit cards. Meanwhile, the most common

consumer grievances centered on misleading product information, delays in insurance claim handling, and poor service quality.

Motor vehicle insurance continues to be the most complained-about general insurance product. Locke noted that rising delays are being driven by “industry-wide shortages in parts and skilled labor.” While some of this is beyond the control of insurers, he urged them to improve communication and transparency with affected customers.

There was a more encouraging trend in **superannuation** complaints, which declined by 16% to 6,164. Complaints over delays in claim handling fell 39%, suggesting some improvement. Still, service quality remains a major concern, and Locke cautioned that more needs to be done to meet the expectations of Australians relying on their retirement savings.

Ultimately, the high volume of complaints serves as a reminder that many Australians continue to be let down by institutions that are supposed to serve them. With millions still navigating an uncertain economic climate and a federal government distracted by ideological pet projects, the burden of consumer protection falls increasingly on individuals and watchdogs like AFCA. Unless systemic issues in financial advice, insurance transparency, and customer service are addressed, the annual complaint tally is unlikely to drop meaningfully any time soon.