Unlocking smarter remediation

How Australian financial firms can resolve cases faster and strengthen customer trust

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Aidan Carleton is a senior leader in financial technology and regulatory transformation, committed to redefining how banks approach customer remediation. As CEO of Bluline Technologies, he drives the development of advanced RegTech solutions that replace slow, manual banking processes with streamlined, automated systems, leveraging a technology- and engineering-first approach.

With over 20 years of experience delivering technology-driven innovation in the financial sector, Aidan has a deep understanding of the operational challenges banks face in compliance, risk management, and remediation. His ability to diagnose problems, challenge conventional thinking, and implement scalable solutions has made him a trusted partner for leading financial institutions.

Beyond technology, Aidan is a strategic advisor to banking executives, product teams, and regulatory stakeholders. His focus is not just on innovation but on delivering measurable business impact while ensuring financial institutions remain compliant, resilient, and future-ready.

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Executive summary

1.1 Purpose of the whitepaper

Australia's financial remediation processes are currently under intense scrutiny, with firms struggling to meet the compliance expectations set by the Australian Securities and Investments Commission (ASIC). Customers are experiencing significant delays in receiving compensation, which undermines trust in financial institutions. Despite regulatory reforms, inefficiencies in remediation remain a pervasive issue across banks, insurers, and superannuation funds.

ASIC's Report 800 – Insights from the reportable situations regime: July 2023 to June 2024 highlights several critical points:

72 days

was the average time it took to remediate customers, which ASIC considers too slow by its own standards.

217 cases

exceeded 12 months to resolve, indicating a significant backlog.

$92.1 million

was paid in compensation to 494,000 impacted customers in FY24 – or only 32% of the total customer financial loss reported – and many cases remain unresolved.

This whitepaper delves into the reasons behind the failures in financial remediation and proposes how firms can enhance efficiency and compliance through the adoption of technology.

1.2 Key takeaways

- Remediation processes are still too slow, causing regulatory, financial, and reputational risks.
- Regulators expect faster processes, with ASIC demanding timely remediation under Regulatory Guide 277 (RG 277).
- Manual processes are outdated, with spreadsheets and disconnected systems hindering speed and accuracy.
- Automation is the way forward, with remediation tools capable of speeding up processes, ensuring compliance, and improving transparency.

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Understanding financial services remediation in Australia

2.1 What is remediation?

For the purposes of this paper, remediation is defined as the process of identifying, investigating, and rectifying financial harm caused by errors, misconduct, or regulatory breaches by financial services businesses.

Using this definition, the key objectives of remediation in Australia are to ensure affected customers receive fair compensation, to meet ASIC compliance requirements under RG 277, to identify and rectify systemic failures for preventing future incidents, and to rebuild customer trust and brand reputation.

Common remediation triggers in Australia

- **Mis-selling of financial products** (for example, unsuitable life insurance policies)
- **Incorrect fees and charges** (for example, overcharged interest on loans)
- **Misleading or deceptive financial advice** (for example, failure to provide information that would otherwise influence an investment decision)
- **Superannuation miscalculations** (for example, unpaid employer contributions)
- **Unclaimed insurance benefits** (for example, life insurance payouts not processed)
- **Investment mismanagement** (for example, incorrect asset valuations in managed funds)

Case study

Remediation is a timely and costly exercise for institutions and their customers

Business owner Kim lived in an isolated community and was signed to a business loan and not a personal loan for his home purchase. This wrongdoing had numerous impacts on Kim's business and personal life, most notably caused by the significant overcharging in fees and interest. By the time an investigation was completed and compensation was paid, four years had passed. Compensation was in the tens of thousands of dollars.

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The legacy of the financial services Royal Commission

3.1 Why remediation remains in the spotlight

The 2018 Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry exposed systemic misconduct across banks, mortgage brokers, financial advisers and advice dealer groups, insurers, and superannuation funds.

It also uncovered major failures in customer remediation, including delayed payments, lack of transparency, and a failure to rectify systemic issues. Commissioner Kenneth Hayne noted in his final report that dating back to the global financial crisis, remediation had "focused on the remediation of specific instances of poor advice, rather than seeking to identify root causes within institutions and the industry."[1]

> Six of Australia's largest financial institutions had paid, or had offered to pay, a total of $4.7 billion in compensation to more than 1.6 million customers

This was highlighted through the "fees for no service" financial advice scandals examined during the Royal Commission. As at 31 December 2022, six of Australia's largest financial institutions had paid, or had offered to pay, a total of $4.7 billion in compensation to more than 1.6 million customers "who suffered loss or detriment because of fees for no service misconduct or non-compliant advice" dating back to January 2009.[2] And this doesn't account for compensation awarded in several fees for no service class actions, some of which were finalised as recently as December 2024 across Australian courts.[3]

Commissioner Hayne noted that in 2016, an ASIC report about fees for no service identified the Big Four banks (ANZ, CBA, NAB, Westpac) and AMP had not collectively completed reviews of the issue and subsequent remediation activities. He pointed to four reasons this was the case:

- Some of the institutions did not give the tasks enough priority.
- The domino effect – a consequence of remediation reviews meant institutions began to look further afield and discover cases where fees for no service were charged by some other entity (adviser, insurer, and so on).
- Some institutions felt ASIC's review and remediation processes were legalistic and not in customers' interests, with court action delaying proceedings.
- Progress was hampered by deficient record keeping – including access to institutions' and advisers' records and whether the service was provided.

As the Commissioner Hayne noted: "work of identifying who should be compensated and how much compensation should be paid is detailed and time-consuming." [4]

This remains the largest sticking point in financial services remediation to date.

3.2 Remediation: Post-Royal Commission outcomes

Soon after the Royal Commission's superannuation hearings in August 2018, ASIC published *Report 594*, which looked at 12 financial services groups' compliance with the regulator's Breach Reporting Obligation. It found major banks took, on average, more than 4.5 years (1,726 days) to identify significant breaches. And 226 days was the average time it took from the end of an institution's investigation into a breach and the first payment to a customer.[5]

The introduction of the Reportable Situations Regime in 2021, and RG 277 – Consumer Remediation from September 2022, has improved the speed at which financial institutions identify breaches and remediate their customers.

The most up-to-date industry data – ASIC's Report 800 – which looked at breach reports lodged by financial services licensees in the 2024 financial year, revealed:

- Compensation now occurs more quickly. On average, the time it takes to compensate a financial services customer after an investigation commenced was 72 days (2.5 months).
- This is still not up to scratch for the regulator. As FY24 ended, ASIC noted: "There were still too many remediations taking too long to complete, with 217 reports that took or were expected to take more than a year to complete."[6]

The UK's Payment Protection Insurance scandal

Noted as one of the largest financial scandals in UK history, Payment Protection Insurance (PPI) policies were sold alongside loans, mortgages, and credit cards from the 1990s to the 2010s. The policies intended to cover repayments if borrowers lost their income.

However, banks aggressively mis-sold these policies, often without customers' knowledge or to those who could not claim, such as the self-employed. The Financial Conduct Authority (FCA) estimated that up to 60 million PPI policies were sold, generating £44 billion in premiums.[7]
The scandal led to a massive consumer redress scheme, with more than £38 billion paid to claimants. The deadline for claims was August 29, 2019, but issues such as unfair commission payments have kept the scandal alive.[8]

The PPI scandal highlighted significant regulatory failures and led to increased scrutiny of the financial services industry in the UK. But it also opened the door to digital and automated remediation solutions, especially newly designed customer relationship management (CRM) software that could process thousands of cases at once, offer comprehensive reporting, and build stronger customer service.[9]

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[1] Final Report – Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, February 2019, Volume 1, p.127.

[2] Media release (23-057MR) – Final ASIC update: Compensation for financial advice related misconduct as at 31 December 2022, 10 March 2023.

[3] https://www.mauriceblackburn.com.au/class-actions/join-a-class-action/mlc-mysuper-class-action/

[4] Final Report – Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, February 2019, Volume 1, p.147.

[5] Final Report – Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, February 2019, Volume 2, p.38.

[6] ASIC Report 800 – Insights from the reportable situations regime: July 2023 to June 2024, p.22

[7] https://timeshareconsumerassociation.org.uk/2020/12/18/how-the-payment-protection-insurance-ppi-scandal-unfolded/

[8] https://www.choose.co.uk/guide/payment-protection-insurance-in-depth.html

[9] https://www.brightoffice.co.uk/adapting-to-change-how-cases-crm-evolved-from-ppi-to-a-versatile-claims-management-solution

4

Hidden complexity: Why traditional remediation is slow and costly

4.1 The remediation life cycle

There are many moving and complex parts in a remediation journey, from an institution's initial investigation of a breach to financial compensation being paid and received. The remediation life cycle typically follows five steps (see below), and each step can be impacted by any one of the barriers to remediation (outlined in 4.2). An effective automated remediation solution should be able to address each step of the life cycle, which is covered in chapter five.

Remediation life cycle in five steps:

1. **Eligibility** – identifying which products or services the institution provided incorrectly, which customers must the institution compensate, and whether each customer was impacted across multiple accounts, and determining who currently owns the accounts. This can include evaluating Know Your Customer (KYC) data, as well as checking anti-money laundering and fraud detection measures and other compliance requirements.

2. **Calculation** – calculating the total value of the incident for each customer, including knock-on impacts (fee/rate changes, multiple accounts, and so on) and compensating for the time they did not have access to the funds.

3. **Communication** – assessing how, when, and what the institution will communicate to each customer during the remediation process.

4. **Payment assignment** – determining where and how customers receive compensation from the institution. This can include paying compensation to split or joint bank accounts, debtors or creditors (this can include the institution itself if it is owed money), executors or administrators, and inheritors or beneficiaries, among others.

5. **Lodgement and follow-up** – RG 277 requires financial institutions to demonstrate they taken all reasonable efforts to pay compensation to impacted customers.

4.2 Five common barriers to faster remediation

1. Slow data gathering

While ASIC's Report 800 shows overall year-on-year reductions in licensee breaches, and that the average time to compensate customers is reducing, the regulator said: "There are proportionally more [breach] reports impacting greater numbers of customers, which tend to take longer to identify, investigate, rectify and remediate."[10]

How does this happen? Financial institutions face many hurdles when collecting the right data for remediation. Banks, for example, have hundreds of products – from savings accounts to term deposits, transactional and merchant accounts, and insurance products among others. Multiple accounts can be impacted for the same customer, making calculating the total financial compensation tougher.

But it can also be the one account requiring multiple investigations. Consider a scenario in which customer Kelly[11] was receiving an incorrect account fee and then failed to pay off her credit card. This resulted in Kelly also being charged over-limit fees. During this time, the credit card interest rate went through three changes until Kelly paid off the debt. The financial institution had to calculate the harm and present value of three different fees through three different interest rate cycles.

2. Manual processes

Conventional customer remediation at financial institutions exists within a quagmire of spreadsheets, making it highly inefficient and labour-intensive. For example, an institution is likely to have one spreadsheet that calculates customer remediation, one that determines a customer's eligibility, one that lists who will be paid, and one that determines how each customer is to be paid (or not), among others. Each spreadsheet then must be tested, including its interconnectedness with the other spreadsheets. This is extremely inefficient, requiring large teams to complete manual work, and increases the risk of human error.

3. Siloed teams

Traditionally, financial institutions tend to spin up teams to handle each remediation case and to do so manually. This leads to a range of solutions, and often, these are neither standardised nor do they follow the same base configuration.

While it is accepted that each remediation case is different, and this often requires separate teams to work on each case, it creates logistical challenges for supervision, compliance, working with other departments, escalating customer complaints, and even media coverage.[12] This ultimately slows efficiency.

4. Lack of transparency

A customer who has experienced wrongdoing by a financial institution is looking to this same business to rectify the issue quickly and professionally. However, the customer can be left frustrated, with little view of what is occurring during remediation and why the path to compensation is so drawn out.

A common example sees some customers contacted from two to five years after a significant breach. When customers learn of the impact period, naturally they are upset at being financially worse off and often question the calculations – that is, "How do you know it is correct?" The next line of questioning usually asks about rates and fees to detect whether something was missed.

One of the pitfalls of manual remediation processes is that it is difficult to quickly generate a single view of a customer's position. Institutions have struggled to communicate in real-time how many customers a breach impacts; how many will be or are yet to be compensated; and how close the institution is to closing the investigation, remediation, or both.

And because each breach differs from the next, a one-size-fits-all or set-and-forget approach is inappropriate. It overlooks the governance insights and critical customer-centric thinking needed to be successful.[13]

5. Customer communication gaps

Communication to customers is the second highest rectification method with financial institution breaches. According to ASIC, communicating to customers accounts for at least one-third of rectifying reportable breaches.[14]

As financial institutions investigate these breaches, they are likely to identify that compensation needs to be paid to customers who have not had a relationship with the institution for up to seven years. The institution then spends time figuring out how to contact that customer, whether they (or their business) are eligible for compensation, and whether they have any accounts or beneficiaries to which compensation can be paid.

Here is an example of how communication breaks down: Bank customer Sam never received communications from a bank because the address he had updated on the bank's online system was not in use. Sam did not know he was required to contact the bank within six months to begin a remediation process and access compensation. When the bank finally contacted Sam (outside the six-month window), Sam made a formal complaint against the bank for not being contacted.[15]

[10] ASIC Report 800 – Insights from the reportable situations regime: July 2023 to June 2024, p.6

[11] Real remediation case, name changed. Source: Bluline Technologies, March 2025

[12] Six Remediation Planning Building Blocks for Financial Institutions, Epiq, August 2022, p.5

[13] Rethinking Remediation, Amrita Jebamoney, PWC, 2018, p.1.

[14] ASIC Report 800 – Insights from the reportable situations regime: July 2023 to June 2024, p.24.

[15] Real remediation case, name changed. Source: Bluline Technologies, March 2025.

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The power of automation: How technology can transform remediation

5.1 Benefits of automated remediation

Automated remediation works to solve issues across the entire remediation life cycle and many of the barriers mentioned in the previous chapter. It aims to do so by providing a comprehensive, end-to-end model that understands the complexities of remediation.

Some automated remediation solutions develop tools to automate the extraction, indexation and cataloguing of key documents required for assessment. They develop calculators that automatically compare products using analytics to quickly identify cases that are likely to result in financial detriment such that these can be prioritised and closed quickly.[16] What institutions need to be mindful of is that while calculators, CRMs, and automated mail mergers can be effective tools, they generally address only one element of the broader remediation life cycle.

Integrating an automated remediation solution does not require financial services institutions to overhaul their technology set. A well-designed automated remediation solution works with software that understands both an institution's business requirements and the necessity for compliant remediation payments. Typically opting for a modular solution, the institution chooses which modules are relevant or beneficial to the remediation, and these connect to an institution's data stores.

At the very least, an automated remediation solution should:

- Remove the reliance on spreadsheets and manual testing and reporting
- Be able to handle multiple incidents simultaneously and search hundreds of thousands of accounts at the same time
- Operate with any product across a financial institution's offering and across the entire remediation life cycle
- Provide real-time tracking for compliance reporting
- Ensure full alignment with ASIC regulations, requirements, and obligations.

Measuring automated remediation

The most important metrics financial institutions should compare between manual and automated remediation are:

- The time it takes to move from one incident to the next – from creation to incident closure.
- The number of customers impacted and the total number of payments.
- The cost for closing incidents (that is, how much time was spent and how many people were necessary in resolving an incident).

[16] Rethinking Remediation, Amrita Jebamoney, PWC, 2018, p.2.

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Next steps for Australian financial institutions

To address Australia's slow and cumbersome approach to financial services remediation, institutions must shift the status quo from manual and labour-intensive work and systems to modern automated solutions.

Automation must become the standard culture to reduce the cost, delays, and regulatory risks that currently burden our financial system. Financial institutions investing in automated remediation technology will strengthen their compliance outcomes but most importantly rebuild trust among the customers who most value these financial services.

Takeaway checklist:
The five pillars of effective remediation

1. **Governance and compliance** – Ensure remediation aligns with RG 277.
2. **Data and reporting** – Implement real-time tracking of remediation cases.
3. **Speed and efficiency** – Reduce manual processes and testing to accelerate resolution.
4. **Technology and automation** – Use it across the entire remediation life cycle.
5. **Customer communication** – Keep customers informed throughout the process.

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Transform your remediation process with Bluline

At Bluline Technologies, we help Australian banks and financial institutions streamline and automate remediation, ensuring faster, compliant, and cost-effective outcomes.

Why Bluline?

Transformed the remediation backlog for one of Australia's largest banks.

600%

increase in efficiency – resolve more cases, faster.

$51M

in annual cost savings – cut remediation expenses by 53%.

4-week

resolution cycle – eliminate backlogs and delays.

End-to-end automation

Identify, calculate, process, and resolve remediation cases with ease.

Regulatory compliance

Ensure full alignment with ASIC's RG 277 standards.

Customer transparency

Benefit from real-time case updates and automated communication.

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Join leading banks leveraging Bluline's technology to transform remediation.

Let's talk!

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