SCAM PREVENTION FRAMEWORK RISKS FAILING CONSUMERS: Government must do more

consumer action law centre

SPF consultation response – January 2025

KEY POINTS

- Almost a year after legislation passed, the Scam Prevention Framework (SPF) remains far from implementation, and the current Government proposal contains concerning delays, gaps and deficiencies.
- To deliver meaningful scam protections for Australians Government must plug the holes in the SPF's coverage and be far more ambitious in what it expects businesses to do to detect, prevent and disrupt scams.
- Crucially, the final SPF must guarantee access to fair compensation for scam victims when businesses fail them. The current proposal will not deliver this and we call on Government to step up and lead the design of a functional and genuinely consumer-focused dispute resolution framework.

Government must step up to genuinely protect consumers from scams

Scam losses in Australia are persistent, and consumers are bearing the brunt of this harm. Scams can be financially crippling, and destroy health, wellbeing and relationships, leaving lasting impacts for victims.

The Government's Scam Prevention Framework (SPF) could be a valuable step forward. However, though it was under development for almost a year, the proposal recently released by Government shows that delays, gaps and deficiencies in its design mean Australians will remain exposed to scams for years and may never see a dispute resolution framework that delivers fair outcomes.

Consumer advocates' response to failings in the SPF proposal

1. Dispute Resolution: Put consumers at the centre

The proposed multiparty Internal Dispute Resolution (IDR) model is unworkable and risks leaving victims to navigate complex processes alone.

- Implement a fast-track small claims process for low-value scams.
- Create a central IDR body to coordinate multiparty complaints and deliver a single, clear outcome.
- Set strict timeframes: IDR outcomes within 15 days.

External Dispute Resolution (EDR) that can interrogate an IDR decision must remain a feature of any model, given the complexity and information asymmetries of the SPF.

2. Scope: Coverage is too narrow

The proposed designations leave major scam channels untouched (see below). Email services, online marketplaces, dating apps, app stores, and gaming platforms are excluded, despite being high-risk. This piecemeal approach undermines the SPF's effectiveness. Government must:

- Expand the definition of digital platforms to include these services.
- Signal next steps now: Commit now to expanding the SPF to cover digital payment platforms and superannuation sector as a priority.

3. Obligations on businesses: Lift the bar

Greater prescription and ambition in code obligations is required to genuinely move the dial on scam losses.

Director of Policy and Campaigns | Jean Skeat | jean@consumeraction.org.au

Obligations must set clear, enforceable standards and require businesses to identify and act on consumer vulnerability. Lacklustre or vague obligations risk undermining the SPF's stated aim of prevention, rendering the framework meaningless.

4. Timing: Delays are costly and harmful

The SPF is already delayed and full implementation is now pushed to the end of 2027. Every delay means continued harm. Immediate steps are needed:

- Implement Actionable Scam Intelligence obligations as soon as possible.
- Introduce urgent protections now: Stronger hardship obligations for banks and a full ban on crypto ATMs.

Further information

Our **full submission** in response to the Government's Scam Prevention Framework consultation materials is available on our website. A more detailed description of **our vision for a consumer-centred SPF dispute resolution system** is also available on our website.

Jean Skeat | Director of Policy and Campaigns

jean@consumeraction.org.au
03 8554 6971

The proposed designations leave major scam channels untouched