

Introduction

What are the FOS Comparative Tables?

The FOS Comparative Tables present dispute statistics about financial services providers (FSPs) that are members of the Financial Ombudsman Service (FOS) Australia. The tables are produced annually as required under ASIC Regulatory Guide 139, which states that external dispute resolution schemes such as FOS must publish comparative data. The tables provide three types of information about each FSP:

1. 'Chance of Dispute' coming to FOS, or the raw 'Number of Disputes' received¹
2. FOS Dispute Process Stage Reached (Average)
3. Outcomes of the Resolution Process.

What are the benefits of publishing FOS Comparative Tables?

Consumers can find out how likely other consumers were to lodge a dispute with FOS about a particular product from a particular FSP. They can also access outcomes of disputes involving particular FSPs. The data might help consumers deciding which FSP to use.

FSPs can compare their dispute performance to that of other FOS members, which will help them to set targets for their businesses and direct their resources to the right areas. This may help to improve their complaints handling systems and broader customer service programs.

How can I learn more about the tables?

This document provides information on the 2015-16 Comparative Tables and includes a full list of the tables, important product assumptions and footnotes. Additional information is available from the FOS website (www.fos.org.au) including:

- Glossary – definitions of key terms used in the tables
- How to interpret the tables – an example of a table with explanatory notes
- Frequently Asked Questions – answers to some likely questions.

¹ Where an FSP provides a business size, the 'Chance of Dispute' metric is published. Where the business size is not provided, the raw 'Number of Disputes' is published.

Disclaimers

Disclaimer for all tables

FOS has taken every care to create a sound basis for presenting the data in the Comparative Tables. The preparation of the tables was based on business information provided by the relevant FSPs. FOS has not independently verified that information. While we have every confidence in the responses provided by our members, we also note that there is some margin for inconsistency in the ways in which our requests have been interpreted, mainly because of differences in the structure of FSPs' business operations.

When considering these tables, you should not rely on the data as the sole basis for any financial decision-making. Consumers should seek advice before making financial decisions.

To the extent permitted by law, FOS accepts no liability for any losses arising out of improper use, or release, of this information.

Statistical note for all tables

All percentages in the 'Outcomes of the Resolution Process' columns have been rounded to the nearest whole number. Due to this rounding, the sum of percentages for a particular FSP in a particular table might not be exactly 100%.

Full Comparative Tables list

Dispute data is presented in one of 22 product categories. Products are aligned to one of the following segments:

- Banking & Finance (B&F)
- General Insurance (GI)
- Investments & Advice (I&A)

Each table captures only 'qualified members', where a 'qualified member' is one with a minimum of five disputes in a particular product category. Tables with at least five qualified members show a full set of information, while tables with less than five qualified members show only the 'outcomes' statistics. Tables are not published when there are no qualified members.

A summary of the 22 products is provided below. Further information and the footnotes for each table are provided on the following pages.

	<u>Table Name</u>	<u>Group</u>	<u>Status</u>
1	Business Finance	B&F	Published in full
2	Consumer Loans	B&F	Published in full
3	Credit Cards	B&F	Published in full
4	Credit Insurance	GI	Published in full
5	Deposit Taking/Payment Systems	B&F	Published in full
6	Derivatives/Hedging & Securities	I&A	Published in full
7	Extended Warranties	GI	Not published – no FSPs
8	Home Building Insurance	GI	Published in full
9	Home Contents Insurance	GI	Published in full
10	Housing Finance	B&F	Published in full
11	Life Insurance	I&A	Published in full
12	Managed Investments	I&A	Published in full
13	Margin Loans	B&F	Not published – no FSPs
14	Medical Indemnity	GI	Not published – no FSPs
15	Motor Vehicle Insurance	GI	Published in full
16	Personal & Domestic Property Insurance	GI	Published in full
17	Professional Indemnity Insurance	I&A	Not published – no FSPs
18	Sickness and Accident Insurance	GI	Published in full
19	Small Business/Farm Insurance	GI	Published in full
20	Superannuation	I&A	Published in full
21	Timeshare and Strata Title Schemes	I&A	Outcomes data only – one FSP
22	Travel Insurance	GI	Published in full

1. Business Finance table

We have not published any 'Chance of Dispute' or 'Number of Disputes' data in this table. The FOS Terms of Reference (and the *Corporations Act, 2001*) define a small business as:

- a) A business involved in goods manufacturing that has less than 100 employees; or
- b) All other non-manufacturing businesses that have less than 20 employees.

Lending to small businesses is recorded using a range of measures, including turnover of the business. As a result, not all lenders are able to report on the number of loans made to small businesses that fall within the FOS Terms of Reference definition. This makes comparison of providers of business finance problematic. For this reason, we only publish dispute outcome information in this table.

2. Consumer Loans table

Most FSPs who appear in this table are providers of consumer loans but there are some exceptions. The table also includes debt collectors or buyers, credit reporting agencies and financial advisors / planners who may also have disputes lodged against them in relation to consumer loans.

Complaints about debt collectors or buyers and credit reporting agencies may include complaints that are found to be about the actions of the original credit provider. This possibility should be taken into account when comparing the data for members classified as debt collectors and buyers and credit reporting agencies.

3. Credit Cards table

Most FSPs who appear in this table are providers of credit cards but there are some exceptions. The table also includes debt collectors or buyers and credit reporting agencies who may also have disputes lodged against them in relation to credit cards.

Complaints about debt collectors or buyers and credit reporting agencies may include complaints that are found to be about the actions of the original credit provider. This possibility should be taken into account when comparing the data for members classified as debt collectors and buyers and credit reporting agencies.

4. Credit Insurance table

The Credit Insurance table includes policies that are applicable to a credit product and sold on the basis of supporting that product. The table does not include other insurance policies that might be used to support a credit product, for example 'temporary and permanent disability insurance'.

5. Deposit Taking/Payment Systems table

Business transaction accounts are included in this product category. FOS members use different definitions for identifying 'small business' customers and this may affect their interpretation of the number of accounts they hold and therefore their 'Chance of Dispute' figure.

6. Derivatives/Hedging & Securities table

This table includes FSPs that operate a number of different types of businesses, making calculation of business size for the purpose of comparison difficult. As a result, no 'Chance of Dispute' figures are provided, and we have published the raw 'Number of Disputes' for each FSP instead.

7. Extended Warranties table

No FSP met the threshold of having five or more disputes in 2015-16, so no table is published for Extended Warranties.

8. Home Building Insurance table

The business size data for the 'Home Building Insurance' table includes policies for home buildings insurance and residential strata titles insurance.

Austagencies Pty Ltd, Strata Unit Underwriters and Zurich Australia Insurance Limited provide master insurance policies for residential strata units and apartments. The number of policies used to calculate 'Chance of Dispute' for these FSPs has been adjusted to reflect the number of units/apartments insured, not the number of policies.

9. Home Contents Insurance table

The business size data captures only the number of policies for home contents insurance. It does not capture insurance for other personal and domestic property, which is provided in a separate table.

10. Housing Finance table

Business size data includes all accounts held at 30 June 2015, including the following products secured by residential property:

- home loans
- investment property loans
- construction loans
- equity release loans

Most FSPs who appear in this table are providers of housing finance, but the table also includes credit reporting agencies, who may also have disputes lodged against them in relation to credit reporting on housing finance products.

Complaints about credit reporting agencies may include complaints that are found to be about the actions of the original credit provider. This possibility should be taken into account when comparing the data for members classified as credit reporting agencies.

11. Life Insurance table

Companies in this table can sell and/or provide advice about life insurance policies. Policies are designed to cover individuals or groups of people. A group policy could cover several people. The business size of FSPs in this product group was measured according to:

- individual policies – the number of policies for individuals the FSP had in force at 30 June 2015, and
- group policies – the number of people covered (not the number of policies) under policies the FSP had in force at 30 June 2015.

Counting the number of people covered rather than the number of policies for group policies gives a more accurate representation of the number of people covered during the whole year. This is considered to be a better reflection of the number of people who could have brought a dispute to FOS during the year.

As well as life insurance issuers and underwriters, this table includes financial advisors/planners and banks that provide advice about life insurance but do not issue policies. Due to the challenges of accurately calculating the business size, no 'Chance of Dispute' data has been provided for financial advisors/planners or banks.

12. Managed Investments table

Managed investment disputes are lodged against FSPs from several categories, including:

- FSPs that only provide advice about managed investment products
- FSPs that only originate managed investment products
- FSPs that both originate and provide advice about managed investment products.

Because of the difficulty in comparing these different businesses, we have developed special business size categories for this product group. This table summarises the criteria for applying them to FSPs:

Small	FSP has less than 20 representatives, or less than \$100 million funds under management
Medium	FSP has 20 to 199 representatives, or \$100 million or more but less than \$1 billion funds under management
Large	FSP has 200 to 999 representatives, or \$1 billion or more but less than \$20 billion funds under management
Very large	FSP has 1,000 representatives or more, or \$20 billion or more funds under management

If a member has both advisors and funds under management, they will go into the larger category for which they qualify. For example, if a member had \$2 billion funds under management and 1,200 representatives they would be described as 'very large'.

13. Margin Loans table

No FSP met the threshold of having five or more disputes in 2015-2016, so no table is published for Margin Loans.

14. Medical Indemnity table

No FSP met the threshold of having five or more disputes in 2015-16, so no table is published for Medical Indemnity.

15. Motor Vehicle Insurance table

Insurance companies sell motor vehicle insurance policies that cover individuals and businesses or groups of people – for example, for company fleets. This table includes disputes about domestic policies for individuals. Accordingly, the business size of FSPs in this product group was measured according to the number of domestic policies for individuals the FSP had in force at 30 June 2015. Disputes about commercial motor vehicle policies are included in the 'Small business/Farm insurance' table.

16. Personal and Domestic Property Insurance table

This table excludes disputes brought against Home Contents Insurance policies because these items are captured in the Home Contents Insurance table.

Pet Insurance has been captured under the product category of Personal & Domestic Property Insurance. Personal & Domestic Property Insurance also captures several sub-product insured items including:

- caravan
- mobile phone
- horse
- moveable
- pets
- pleasure craft
- trailer
- valuables

This type of product variation should be taken into account when comparing the performance of FSPs.

17. Professional Indemnity Insurance table

No FSP met the threshold of having five or more disputes in 2015-16, so no table is published for Professional Indemnity Insurance.

18. Sickness and Accident Insurance table

Insurance companies sell sickness and accident insurance policies that cover individuals and other policies covering groups of people, for example, sports clubs. A group policy could cover several people. The business size of FSPs in this product group was measured according to:

- individual policies – the number of policies for individuals the FSP had in force at 30 June 2015, and
- group policies – the number of people covered (not the number of policies) under policies the FSP had in force at 30 June 2015.

Counting the number of people covered rather than the number of policies for group policies gives a more accurate representation of the number of people covered during the whole year. This is considered to be a better reflection of the number of people who could have brought a dispute to FOS during the year.

19. Small Business/Farm Insurance table

We have not published any 'chance of a dispute coming to FOS' or 'number of disputes' data in this table. 'Small business' is defined in FOS's Terms of Reference (and the *Corporations Act*) as a business that:

- a) if the business is or includes the manufacture of goods: has less than 100 employees; or
- b) otherwise: has less than 20 employees.

While insurers record details of the type of insurance policies they have issued and can extract and report on this data, they do not record details about the class of customer to whom the policy has been issued. As a result, insurers were unable to report on the number of small business insurance policies and farm insurance policies that had been sold to businesses that come within the definition of 'small business' in our Terms of Reference. This makes comparison of providers of small business/farm insurance problematic. For this reason, we only publish dispute outcome information in this table.

20. Superannuation table

This table may include:

1. FSPs that only provide advice about superannuation
2. FSPs that only provide superannuation products
3. FSPs that provide both advice and products.

Because of the difficulty of comparing these different businesses, we have developed special business size categories for this product group. This table summarises the categories and the criteria for applying them to FSPs:

Small	FSP has less than 20 representatives, or less than \$100 million funds under management
Medium	FSP has 20 to 199 representatives, or \$100 million or more but less than \$1 billion funds under management
Large	FSP has 200 to 999 representatives, or \$1 billion or more but less than \$20 billion funds under management
Very large	FSP has 1,000 reps, or \$20 billion or more funds under management

If a member has both representatives and funds under management, they will go into the larger category for which they qualify. For example, if a member had \$2 billion funds under management and 1,200 representatives, they would be described as 'very large'.

21. Timeshare and Strata Title Schemes table

Only one FSP met the threshold of having five or more disputes in 2015-2016. As a result, the table for Timeshare and Strata Title Schemes is published with only outcomes information, i.e. there are no 'Chance of Dispute' or 'Number of Disputes' metrics.

22. Travel Insurance table

Insurance companies sell travel insurance policies that cover individuals and other policies that cover groups of people. A group policy could cover several people, e.g. a policy sold to a bank that issues credit cards. The business size of FSPs in this product group was measured according to:

- individual policies – the number of policies issued to individuals between 1 July 2014 and 30 June 2015, and
- group policies – the number of people covered (not the number of policies) under policies issued between 1 July 2014 and 30 June 2015

Counting the number of people covered rather than the number of policies for group policies gives a more accurate representation of the number of people covered during the whole year. This is considered to be a better reflection of the number of people who could have brought a dispute to FOS during the year.