

## Glossary

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### **Applicant's Favour**

These disputes were resolved by FOS issuing either:

- a Preliminary View, or
- a Determination

in which some significant issue was decided in the applicant's favour.

In these circumstances, FOS might award partial or full monetary compensation or non-monetary compensation. FOS can also require the FSP to take some action (such as changing the terms of a loan or other contract). FOS will seek to remedy the situation by putting the applicant in the position they would have been in if they had not suffered the loss caused by the FSP.

Both Preliminary Views and Determinations take into account all the information provided by the parties, what is fair in the circumstances, and any relevant laws and industry codes of practice.

A Preliminary View may be provided in the form of a written Recommendation or may be provided verbally. For a Preliminary View to resolve a dispute, it must be accepted by both the applicant and FSP.

A Determination is a written decision issued by an Ombudsman, Adjudicator or Panel. The applicant may accept or reject a Determination. If the applicant accepts a Determination, it becomes binding on the FSP. If the applicant rejects a Determination, it is not binding and the applicant has the option of pursuing the matter in another forum such as a court.

### **Assessment**

These disputes were resolved by FOS providing an assessment regarding the merits of the dispute (verbally or in writing) at an early stage of the dispute process, that is, before the stages where we provide a Preliminary View or Determination.

For an outcome to be classified as Assessment, the assessment must have been agreed to by the applicant and FSP.

## Business Size

The tables for Managed Investments and Superannuation include a Business Size column that is not in the other tables.

These two tables may include:

1. Financial services providers (FSPs) that only provide advice about managed investment products
2. FSPs that only provide managed investment products, and
3. FSPs that provide both advice and products.

Because of the difficulty of comparing these different kinds of businesses, we have developed special business size categories for this product group. Here are 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 representatives or more or \$20 billion funds under management or more

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

## Chance of Dispute

Chance of Dispute is a measure of how likely an eligible dispute about this type of product from this FSP was to progress from the Registration & Referral stage of the FOS dispute process into Case Management from 1 July 2015 to 30 June 2016.

Chance of a Dispute =

$$\frac{\text{Number of disputes about an FSP in a product group}}{\text{Number of accounts or policies the FSP had in this product group}} \times 100,000$$

As the formula shows, Chance of Dispute measures the number of disputes relative to the size of the FSP's business in the product group. This ensures that comparisons can be made between FSPs of different sizes.

For example, for the product group Home Contents Insurance, Chance of Dispute is measured in terms of the number of disputes about an FSP relative to the number of home contents insurance policies the FSP has.

The following rules were followed in calculating Chance of Dispute:

- Business size was based on the number of in-force accounts or policies at 30 June 2015, as provided to FOS by each FSP.
- Combined or linked accounts or policies were counted once for each product. For example, a linked home loan account, offset account and credit card account was counted as three accounts. The reason for this approach is to identify, or count, each product for which a dispute could be brought to FOS.
- Jointly held accounts/policies were counted only once. For example, a home loan in the names of two people was counted as one account.
- A case FOS handles that is about multiple products will be counted as one dispute for every product it is about.

If an FSP listed in a Comparative Table did not send us data on the size of their business in that product group, we could not calculate Chance of a Dispute for this FSP. We have instead stated the actual Number of Disputes consumers brought to FOS about this FSP in this product group from 1 July 2015 to 30 June 2016.

## **Discontinued**

These disputes were discontinued because either:

- the applicant requested that the dispute be withdrawn, or
- the applicant did not respond to us.

## **Financial Services Provider (FSP)**

A financial services provider is a provider of financial services that is a member of FOS. You can [search FOS members](#) on our website. Financial services include credit accounts and loans, deposit accounts, insurance policies, superannuation and investment products, and payment systems. Refer to our [Terms of Reference](#) for more information.

## **FOS Dispute Process Stage Reached (Avg)**

FOS Dispute Process Stage Reached (Avg) is a measure of how far through FOS's process (i.e. to what level of escalation) the disputes about this type of product from this financial services provider (FSP) went before being resolved. It covers disputes that were resolved from 1 July 2015 to 30 June 2016 (even if they were brought to FOS

before the start of this period). Disputes that FOS handled in this period but had not been resolved by 30 June 2016 are excluded.

FOS Dispute Process Stage Reached (Avg) for an FSP in a particular table =

$$\frac{\text{Sum (Closed status value x Number of disputes closed at status)}}{\text{Total disputes closed}}$$

The 'closed status value' of a dispute indicates the stage in the process at which the dispute was resolved.

***The current FOS dispute process was implemented on 1 July 2015. This included the introduction of new dispute statuses. However, a dispute that was lodged before 1 July 2015 but closed after this date may have a closed status associated with the previous process. Therefore, the calculation of FOS Dispute Process Stage Reached for 2015-16 is based on statuses associated with both the current and previous dispute processes.***

The stages at which a dispute may resolve under FOS's current and previous dispute processes, and the corresponding closed status values, are as follows:

Closed status value	Stage	Current or previous process	Activity
1	Case Management 1	Current	A dispute is allocated to a FOS staff member who reviews the dispute, makes initial contact with the parties and requests information.
	Fast Track Case Management 1	Current	
	Acceptance	Previous	We check that the dispute falls within our jurisdiction.
	Before Review	Previous	We give the FSP 21 days to either resolve the dispute or provide a response about the dispute to us. A dispute is resolved before review if the FSP resolves the dispute during the 21 days.
2	Case Management 2	Current	We seek to resolve a dispute through negotiation, conciliation or providing an assessment.
	Review	Previous	We contact the applicant to confirm whether the FSP's response has resolved the dispute.

	Negotiation/ Conciliation/ Assessment	Previous	We seek to resolve a dispute through negotiation, conciliation or providing an assessment.
<b>3</b>	Preliminary View	Current	We provide a Preliminary View (which may be in the form of a written Recommendation for non-Fast Track disputes) on what the outcome should be.
	Fast Track Preliminary View	Current	
	Recommendation	Previous	We provide a Recommendation on what the outcome should be.
<b>4</b>	Decision	Current	We issue a Determination which, if accepted by the applicant, is binding on the FSP.
	Fast Track Decision	Current	
	Ombudsman Determination	Previous	
	Panel Determination	Previous	

Here is an example of how the calculation is done:

FSP X had 8 disputes closed at either Case Management 1 or Fast Track Case Management 1, and 2 disputes closed at Decision.

Therefore, for FSP X, the FOS Dispute Process Stage Reached

$$= \frac{(8 \times 1) + (2 \times 4)}{10}$$

$$= 1.6$$

Please note that:

- Disputes that were resolved during the Registration & Referral stage of our process have been excluded. During Registration & Referral we refer a dispute to the FSP and give them an opportunity to resolve it using their internal dispute resolution (IDR) process. Also excluded are disputes found to be outside our Terms of Reference (OTR) or disputes that closed for other reasons during the Terms of Reference Review stage.
- FOS Dispute Process Stage Reached is not a measure of how much time it took for FOS to resolve disputes involving this FSP. The stages of our process do not

always last for the same number of days. Also, in special circumstances, a dispute may bypass a stage.

- For some FSPs in some tables, FOS Dispute Process Stage Reached is blank. This means that no disputes involving this FSP in this product group were resolved from 1 July 2015 to 30 June 2016. In other words, all the disputes were still being handled by FOS at the end of the period. These disputes will be included in the data we use to calculate the FOS Dispute Process Stage Reached figures for FSPs in the 2016-17 Comparative Tables.

On our website you can find more detailed information about our [resolution process](#).

## **FSP's Favour**

These disputes were resolved by FOS issuing either:

- a Preliminary View, or
- a Determination

in which no significant issue was decided in the applicant's favour.

In these circumstances, it is unlikely that the FSP was required to pay compensation or take any other action. If the FSP was required to pay any compensation or take any other action, it will have been in relation to some minor issue that was not significant in the context of the whole dispute.

Both Preliminary Views and Determinations take into account all the information provided by the parties, what is fair in the circumstances, and any relevant laws and industry codes of practice.

A Preliminary View may be provided in the form of a written Recommendation or may be provided verbally. For a Preliminary View to resolve a dispute, it must be accepted by both the applicant and FSP.

A Determination is a written decision issued by an Ombudsman, Adjudicator or Panel. The applicant may accept or reject a Determination. If the applicant accepts a Determination, it becomes binding on the FSP. If the applicant rejects a Determination, it is not binding and the applicant can still take legal action regarding the matter.

## **Median**

The median is the middle point: half of the FSPs in the table are above it and half fall below it.

## Number of Disputes

Number of Disputes is the number of eligible disputes that progressed from the Registration & Referral stage of the FOS dispute process into Case Management about this FSP in this product group from 1 July 2015 to 30 June 2016. The Number of Disputes is only listed for those FSPs that did not send us data on the size of their business in this product group. For these FSPs, we could not calculate the Chance of a Dispute Coming to FOS.

## Outcomes of the Resolution Process

The Outcomes of the Resolution Process figures give a breakdown of the outcomes of the disputes about an FSP in a product group that were resolved from 1 July 2015 to 30 June 2016.

The different types of outcomes shown in the tables are defined separately in this document. They include:

- Resolved By Agreement
- Applicant's Favour
- FSP's Favour
- Discontinued, and
- Assessment

For some FSPs in some tables, every outcome category is blank. This means that for this FSP in this product group, no disputes were resolved from 1 July 2015 to 30 June 2016. Disputes that were still open at 30 June 2016 will be included in the data we use to calculate the Outcomes of the Resolution Process figures for FSPs in the 2016–2017 Comparative Tables.

On our website you can find more detailed information about our [resolution process](#).

## **Primary business**

Many financial services providers (FSPs) sell various types of financial products. This column states an FSP's primary business, as identified by the FSP itself.

## **Resolved by agreement**

A dispute is resolved by agreement if the consumer and the FSP work out a resolution to the dispute that they are both satisfied with. They can achieve this either by dealing directly with each other or by using FOS's resolution methods (such as conciliation and negotiation). A formal FOS decision is not required in these cases.