

THE FINANCIAL OMBUDSMAN SERVICE

circular 

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CHIEF OMBUDSMAN'S MESSAGE

As we approach the end of 2012, it is a good time to reflect on what has been happening at FOS over the last 12 months and also look forward to the year ahead.

As our recently published Annual Review highlights, 2011-2012 was another busy year for FOS. We accepted 25,298 disputes – up 24 per cent – and resolved 24,983 accepted disputes – up 31 per cent from the previous year. You can read some highlights from the Annual Review in this edition of The Circular. You can also access the full review on our website at www.fos.org.au/annualreview.

FOS has embarked on an ambitious program to improve the services we provide to the individuals and financial services providers who use our dispute services. Our focus remains on how we can improve the timeliness and other aspects of the quality of the dispute services we provide.

An integral part of improving the quality of the services we provide is to more actively engage with our key stakeholders. To this end, we have revamped our engagement with consumer and community organisations and we are enhancing our interactions with our members and their industry and professional bodies. We have held a number of consumer liaison meetings, which have provided valuable feedback and suggestions on how we can improve our interactions with financial counsellors and clients. It has been made clear to us that it is very important to remain sensitive and flexible in the way we handle disputes involving vulnerable and disadvantaged consumers. Over the last couple of months the FOS Chairman, Michael Lavarch, and I have met with the Councils and Boards of some of the key professional and industry bodies to discuss industry trends and what is happening at FOS, to listen to their views on how to improve what we do. I appreciate very much the willingness of these organisations to spend the time discussing these important issues with us. I have also met with the CEOs of some of our larger members and plan to meet others in the new year.

We have also embarked on an extensive qualitative and quantitative study of stakeholder views on FOS and the services we provide. The aim of the research is to better understand our stakeholders so we can improve our engagement and provide a better service. We commenced in early December and we hope to complete the research by April 2013. I consider it important that we regularly benchmark our service performance with our key stakeholders, as part of our commitment to service excellence and continuous improvement.

Best wishes for 2013.

Regards,
Shane



Seasons Greetings
and best wishes
for the new year

THE FOS APPROACH: A CHANGE IN APPROACH

In the last issue of The Circular we let you know that we're working on a new way to bring you up-to-date information on how we approach different dispute types.

We're looking forward to launching the new style soon - in the mean time, you might like to read some case studies that are available on our website at www.fos.org.au/casestudies.

ANNUAL REVIEW

On 22 November we released our Annual Review and Comparative Tables for 2011-2012. The figures show another year of increasing disputes at FOS, but also that we are resolving these disputes more frequently at an earlier stage through negotiation and conciliation.

Some interesting statistics are that in 2011-2012:

- We received a total of 36,099 disputes, up 19% from 2010-2011.
- We accepted 25,298 disputes, up 24%.
- We resolved 24,983 accepted disputes, up 31%.
- The number of disputes resolved by agreement rose to 74%, up from 71%.
- 52% of disputes were resolved within 60 days and 71% were resolved within 120 days, both improvements on the 50% resolved in 60 days and 68% resolved in 120 days during 2010-2011.
- Credit disputes made up 50% of all disputes we received (up from 48%) and were therefore the most common dispute category. The second highest dispute category was general insurance, with 29% of all accepted disputes (a 35% increase on 2010-2011).

You can read our Annual Review and Comparative tables at www.fos.org.au/annualreview.

RECENT EVENTS

We organise or attend hundreds of events every year, to educate our stakeholders about FOS and learn about their needs, and to contribute to policy discussions. Here is a sample of where we've been and what we've done in the past few months.

NATIONAL CONFERENCE

- **FOS National Conference** (Melbourne)

Our 2012 National Conference was held on 16-17 October at the Melbourne Convention Centre. The conference offered a unique opportunity to learn from, and share ideas with, a wide range of industry experts. Over the two days we examined the key trends and challenges in dispute resolution, with the aim of building positive customer experiences. Feedback from attendees was very positive, and provided us with some fantastic ideas for our next conference.

MEMBERS/INDUSTRY

- **Effective Management of Investment Disputes at FOS - Professional Indemnity Focus** (Melbourne & Sydney)

This seminar provided an opportunity for Professional Indemnity Insurer claims staff, underwriters and their legal advisors to meet with relevant senior managers at FOS. Attendees also had the chance to hear from a PI insurer and a PI insurance lawyer about efficient and effective handling of these disputes. The seminar offered insight into improved management of PI claims when the dispute is at FOS.

DELEGATIONS

- **Chinese Delegation Visits** (Melbourne)

FOS hosted two visiting Chinese delegations in November. Both groups were interested to find out about our role and function, and our dispute handling processes.

The first group was hosted by Anna Mandoki, Manager of Financial Difficulty, and Alex White, Case Manager in Financial Difficulty. Anna and Alex presented to a group of over 20 representatives from the Xinjiang Regulation Authority of China Banking Regulatory Commission, and a number of city and rural Credit Cooperatives from places including Wusu, Korla, Fuhai, Hutubi, Fuyun, Shawan, Hejing and Qitai. The group had a particular interest in finding out about our experience with financial difficulty disputes.

The second group was hosted by Dion Newburn, Senior Case Manager in General Insurance. Dion presented to over 20 representatives from the Hainan Discipline Inspection Commission.

UPCOMING EVENTS

Introduction to the new ePayments Code

The new ePayments Code comes into effect on 20 March 2013, and we will be holding free information sessions in Melbourne, Sydney and Brisbane at the end of February.

These sessions are designed to assist banks, credit unions and building societies that are currently subscribed to the existing EFT Code to understand the new provisions and what the implications are for them.

The session will cover:

- What is the ePayments Code?
- What is covered and not covered by the Code?
- New provisions in the Code added by ASIC.
- Provisions governing the allocation of liability for unauthorised transactions.
- Provisions governing complaint procedures.

To register your interest in a session in either Sydney, Melbourne or Brisbane, please email Claire Beattie via events@fos.org.au

Looking ahead to 2013

2013 is set to be a busy and exciting year for events at FOS as we roll out our new stakeholder engagement strategy. We're working to develop an education and training calendar that targets best practice education for consumer, member and industry audiences.

Events already on the agenda include FOS Forums, the EDR Forum, a number of State Financial Counsellor Conferences, Workshops and GI Forums.

See our [Events Calendar](#) in 2013 for further details or email cbeattie@fos.org.au to register your interest in our events.

CONSUMER STRATEGY

A major focus of our [Strategic Plan](#) for the next three years is to enhance our public role and key stakeholder relationships.

This year we have developed a comprehensive consumer engagement strategy. The aims of the strategy are to:

- provide Consumer Representatives (the people who represent vulnerable and disadvantaged groups) the opportunity to share ideas and information with us to help us enhance our service delivery
- educate and inform our stakeholders about FOS's role and processes, in order to deepen and clarify their understanding about external dispute resolution
- create and maintain a robust feedback channel through which we can share issues and ideas which can then be prioritised and addressed in a timely manner.

As part of this strategy, we held the first Chief Ombudsman Roundtable on the first day of the National Conference in October. The Roundtable meetings will be held twice a year and are an opportunity for the Chief Ombudsman and FOS board to discuss a broad range of issues with around 20 senior consumer representatives from across Australia.

Some of the topics covered at the first Roundtable were:

- the information provided to applicants during the FOS process
- access to FOS
- settlement terms
- promotion of external dispute resolution schemes
- scope of approach to financial hardship.

In 2013, we are continuing our engagement starting with a FOS Consumer Forum in Queensland, which will be held in March. For more information on the forum or on any aspect of our consumer engagement strategy, please email communityprogram@fos.org.au.

DISPUTES ABOUT LOW DOC LOANS

There has been a lot of media discussion lately on banking in the post-global financial crisis climate. A lot of the focus has been on low documentation lending practices – also known as “low doc loans”. Low doc loans are a credit facility generally provided to people or small businesses that would have difficulty providing all the documentation that is usually required for a traditional loan.

Bringing low doc loan disputes to FOS – things to know

We have received disputes from applicants who say that they were granted low doc loans for amounts that they were not capable of repaying.

If we form the view that the FSP should not have provided the credit, we will assess what (if any) compensation is payable. However, even if we agree that the loan should not have been granted, it is very unlikely that the loan balance will be written off entirely. For this reason, applicants should continue to make payments on the loan while we are considering the dispute. The FSP does not have to stop applying interest or fees, and if an applicant does not continue paying off the loan, these costs will increase.

In order for us to properly review these disputes, there is certain information that we need applicants (or their agents) to provide.

Please tell us everything that you know about the loan

Just as each loan is a separate lending decision that needs to be reviewed and considered on its merits, each dispute that comes to us has different issues and circumstances for us to consider. For that reason, there is no “one size fits all” approach to the information we need when disputes are lodged.

However, the more information an applicant provides when they lodge a dispute, the easier and faster it is for us to consider the issues. That’s because we don’t need to spend time asking for the information we need.

In the dispute form, we need details including:

- when the credit was obtained
- what the credit was used for
- whether the credit was applied for with the assistance of a broker
- the reasons why the loan should not have been granted
- whether the loan is still current, and if it’s not, details on when it was repaid or refinanced.

This information is also useful for us to have:

- copies of any loan contracts and associated documents
- details of the applicant's financial position at the time the credit was provided
- any other available documentation to support the claim that the credit should not have been provided.

Disputes can be lodged online through our website at www.fos.org.au.

What happens when the dispute comes to FOS?

This type of dispute is managed by staff with expertise in credit-related matters, who will consider whether it was appropriate for the lending institution – the Financial Services Provider (FSP) – to have lent the money.

If we conclude that it was inappropriate, we will consider what loss the applicant has incurred as a result of being lent the money. Our aim will be to put the applicant in the position they would otherwise have been in, had the credit not been granted.

To do this, we will consider the purpose of the loan, how the loan funds were used, and any additional costs that were incurred. We will take into account any benefit the applicant obtained while owning the property; for example, not having to pay rent (or, in the case of an investment property, any rent received from leasing the property), and any claimed tax deduction.

We will also take into account the applicant's actions (or those of the applicant's agents) and we may apportion liability between the parties.

AN INTRODUCTION TO CODE COMPLIANCE AND MONITORING

The Code Compliance and Monitoring team is a separate business unit of FOS. Our purpose is to assist the independent administration and monitoring of compliance with industry Codes of Practice in the financial services sector.

We assist in monitoring the Banking Code of Practice, the Mutual Banking Code of Practice, the General Insurance Code of Practice and the Insurance Broker's Code of Practice. There are 704 financial services providers that subscribe to these four Codes: 95 mutual banks and credit unions, 444 insurance brokers, 18 banks and 147 general insurers, cover holders and claims administrators.

A Code of Practice sets standards of good industry practice for financial services providers to follow when dealing with people who are, or who may become, an individual or business customer.

Each provider that subscribes to a Code has made a commitment to:

- work to improve the standards of practice and service in their industry
- promote informed decisions about their services, and
- act fairly and reasonably in delivering those services.

Code monitoring activities in the banking, mutual banking and general insurance sectors are overseen by Code Compliance Committees which comprise an independent Chair, a consumer representative and an industry representative. These committees operate independently of the respective industries and have powers and functions to identify and address non-compliance with Code obligations. FOS provides secretariat services to each of these committees.

Code monitoring activities - return of Annual Compliance Statements

Between May and September 2012, all 704 Code subscribers were asked to complete an Annual Compliance Statement to report on the effectiveness and operation of their organisation's Code monitoring frameworks during the 2011-2012 reporting year.

We are now assessing the Annual Compliance Statements and will follow up any non-compliance issues that are identified. We will also analyse the data from each sector to identify any trends, patterns and emerging risks in code compliance, and will report this information to the relevant industry and stakeholders in the Annual Reports published for each Code between October 2012 and March 2013.

New Code Monitoring Framework - General Insurers

In July 2012 we implemented a new three-year Code compliance monitoring program for the General Insurance Code of Practice. Within that program, each of the 147 Code participants, including Lloyd's Australia Ltd's coverholders and claims administrators, will be required to certify their compliance with the Code by completing one desk top audit and two self assessment questionnaires over a three year cycle. All general insurers should have received their calendar outlining when they will be subject to this code monitoring activity.

Mutual Banking Inquiry Report

- Code Training Obligations – published at www.cccmutuals.org.au

The Code Compliance Committee (Mutual Banks) has recently released a report into an inquiry it conducted into mutuals' compliance with their obligations to conduct Code training. The committee identified that while Code training is embedded in the learning and development programs of most mutuals, the content, method, frequency and monitoring of programs varies significantly depending on the size of the Mutual. In addition, the inquiry discovered that the supervision and monitoring conducted by mutuals to ensure that code obligations are met in practice require improvement.

Report on Claims Handling Standards – General Insurance

- The Operation of the General Insurance Claims Handling Standards during the Queensland Floods – published at www.insurancecouncil.com.au

This survey reviewed the operation of the claims handling standards in the General Insurance Code of Practice both during and after the Queensland Floods in 2010/11. A range of recommendations were made for the consideration of the independent reviewer of the Code, including the observation that fairness, transparency and accountability are critical to an effective claims handling process. In addition, we noted that communication models within insurance companies during natural disasters and catastrophes need to ensure active engagement with customers about how claims will be handled, the timeframes within which this will occur, and the roles and responsibilities of both parties in that process. Ineffective management of customer/insurer communication while handling claims can also lead to perceptions of unfairness and lack of transparency of process.

Code Compliance Investigations Activity

We investigated 173 allegations that a financial services provider had breached a Code obligation. Our investigations confirmed 95 breaches across the four Codes, including three significant breaches.

Contact Us

If you would like to discuss or obtain any information about the Codes of Practice monitored by the Code team, please contact us on info@codecompliance.org.au.

SYSTEMIC ISSUES UPDATE: JULY-SEPTEMBER 2012

This article summarises new systemic issues that we identified during the September quarter of 2012 and reported to the Australian Securities and Investments Commission (ASIC). It also provides an update on some current and recently resolved systemic issue investigations.

The FOS process for identifying and resolving systemic issues was outlined in [Issue 4 of The Circular](#). The process is in line with our obligations to ASIC.

To learn more about our approach to systemic issues, you can do our [online training module](#).

New Definite Systemic Issues

Error in Credit Listings

A dispute that had come to us showed that the financial services provider (FSP) had listed an amount equivalent to the accelerated amount of a debt and had not waited till it was 60 days overdue, thus depriving the applicant of the opportunity to remedy the default listing prior to it being made.

We asked the FSP to provide us with copies of its policies and procedures regarding credit listings. We also asked it to review whether there had been any other instances where listings had been made for debts that were not 60 days overdue.

The FSP told us that it considered there was ambiguity in the relevant provisions of the Privacy Act 1988 (Cth) but that it was willing to adapt its processes to reflect FOS's interpretation of the law, which was set out in our Banking & Finance Bulletin 57. The FSP confirmed that from 2007 to 2012 it had made 4340 default listings for debts that were not 60 days overdue (according to the timelines set out in Bulletin 57).

We confirmed that the matter represented a definite systemic issue. This was because the FSP acknowledged that a number of customers had been affected by the FSP's approach - not just the applicant who brought their dispute to FOS..

Policy Interpretation (Case A)

FOS issued two Determinations in relation to the FSP's pet insurance policy. In both cases, the FSP had denied claims for veterinary expenses on the basis that the respective medical conditions were pre-existing. Both disputes were determined in favour of the applicant.

The FOS decision-makers commented that the FSP had considered the conditions were pre-existing not because there was a medical link but because the policy purports to artificially link medical conditions together by the form of its words. For example, in the first case the FSP argued that both conditions affected the ear, even though they were different conditions. In the second case, the FSP argued that both conditions affected the skin, but they were in fact different conditions.

The FSP relied on its policy wording - in particular the definition of the term "Condition". It also stated that, as the law allows an insurer to identify the cover it wishes to provide in the policy, it is common practice for insurers to insert definitions of particular terms in their policy that may not accord with the insured's common understanding of the term. It nevertheless advised us that it was prepared to update

the policy wording to address the concerns we had raised .

We advised the FSP that our main concern was the policy definition of the term “Condition” and its reliance on this definition in the absence of supporting medical evidence that suggested an animal’s medical problems were pre-existing conditions.

Policy Interpretation (Case B)

We contacted an FSP regarding apparent errors made in disclosing and interpreting life insurance policy values. The FSP investigated the policy and confirmed that it had discovered an error, and that it would report this to ASIC. In brief, the error stemmed from a rounding error when customers sold units of the investment element of their policies. The FSP told us that this rounding error resulted in disclosure errors of up to a dollar in around 20% of customers’ annual investment statements. Based on the information provided, we therefore considered the matter to be definitely systemic.

Misleading Conduct

We were alerted to a possible systemic issue in relation to documentation issued as part of an FSP’s mortgage investment scheme in which money was loaned to third party borrowers so that they could develop properties. A dispute had been lodged at FOS when the loan went into default and notices of default were issued. The dispute was determined in the applicant’s favour, with the Panel determining that the FSP’s promotion of the mortgage investment scheme was misleading. In particular, the Panel noted that the PDS and the Specific Proposal provided by the FSP did not comply with its disclosure obligations under the Corporations Act 2001 (Cth), and also breached provisions of ASIC’s Regulatory Guide 144 by not containing information about the value of the property to be mortgaged.

We asked the FSP for more information about the number of customers who had invested in the mortgage investment scheme and had been provided with the PDS and Specific Proposal, as well as the total sums invested. We also requested information about how many complaints had been received from customers and how these had been resolved.

An additional similar dispute was then also decided by FOS in the applicant’s favour. Following receipt of the FSP’s response and the details of the additional similar dispute, we informed the FSP that we considered its failure to comply with its disclosure obligations represented a definite systemic issue. Our view, which was reflected in the Determinations, was that the FSP had not met the requirements outlined in section 1013B of the Corporations Act, and that lodging a PDS or Specific Proposal with ASIC was not indicative of ASIC’s approval of such documents. In this regard, we referred to ASIC Regulatory Guide 168.

Improper Collection Activity

We received three separate complaints from applicants who had legal proceedings issued against them in New South Wales when the debtors resided in different states. This is in contravention of Regulation 36 of the *National Consumer Credit Protection Regulations 2010 (Cth)*. We therefore wrote to the FSP to enquire about its process for issuing legal proceedings.

The FSP confirmed that its current process is to only enforce credit contracts via the New South Wales court system against debtors who reside in New South Wales. However, the FSP identified nine instances where a breach of Regulation 36 occurred when enforcing consumer credit contracts entered into after 1 July 2010.

The FSP told us that it had provided refresher training to staff and enhanced its monitoring process, and is satisfied the errors will not continue. With regards to the nine debtors pursued in breach of Regulation 36, the FSP said it would assess any potential disadvantage to the debtors resulting from the breach, and would consider what might be done to remediate on a case-by-case basis.

As there were nine instances where proceedings had been brought against a debtor outside of their place of residence, we considered this to be a definite systemic issue.

Failure to Advise About FOS

An applicant lodged a dispute with FOS after they made a transfer via the FSP to a third party's account held with a bank outside Australia. The applicant said the FSP reversed the transfer almost immediately after it was made, and the applicant was seeking the reimbursement of the amount remitted.

As part of our investigation of the dispute, we reviewed the FSP's website. This review indicated that the website provided details of the FSP's internal dispute resolution process; however, it did not provide information about FOS as the external dispute resolution scheme available to customers.

During the course of the dispute investigation, the FSP told us that there were no terms and conditions in place governing the applicant's remittance, and that the Remittance Request form available to customers on their website did not contain any terms and conditions.

We wrote to the FSP and asked for information to confirm whether it was complying with its obligations to refer customers with unresolved disputes to FOS, and to provide a PDS and terms and conditions to its customers.

The FSP has confirmed that it now provides contact details for FOS on its website, and provides its amended terms and conditions to customers when they make a remittance request. Because the FSP confirmed that there was an issue with informing customers about FOS and the applicable terms and conditions, we considered it was a definite systemic issue.

Possible Systemic Issues

Trends and common issues under investigation as possibly systemic include those that are carried forward from previous quarters such as:

- Reviewing policies for dealing with customers in financial difficulty, including issues such as not processing direct debits when an FSP is on notice that a customer is in financial difficulty (and the direct debit might be dishonoured).
- Whether an FSP has complied with its legal obligations to take reasonable steps to ensure that its authorised representatives comply with relevant financial services laws, such as the classification of an investor or the provision of sufficient or appropriate information to an investor.

- Whether an FSP has complied with its duty of utmost good faith: its policy appeared to provide that the insured was obliged to provide a costly repair quote before it would even assess liability for the claim.
- Whether an FSP had provided appropriate notice to customers at the time they entered a mortgage income fund that the FSP could unilaterally suspend withdrawals.
- Final FSP decision letters that do not refer to EDR.

Trends and common issues under investigation as possibly systemic that are new this quarter include:

- Continued apparent errors in credit listings.
- Processes for compliance with section 94 of the National Consumer Credit Protection Act 2009 (NCCP).
- Possible processing errors.
- Issues of policy interpretation.
- Compliance with an ASIC Enforceable Undertaking.
- Continued apparent issues in dealing with customers in financial difficulty.
- Improper collection activity while a dispute is with FOS.

Did you know that there are case studies available on our website? They are based on actual disputes that we've dealt with, and reflect the trends in issues that we see coming to us.

Banking & Finance case studies

- Chargebacks (added December 2009)
- Financial Planning and the Aged Pension
- Early Repayment Costs
- Financial Hardship
- Merchant's EFTPOS Facility
- Property Purchase by Bank Officer
- Inadequate Insurance Policy
- Disputed ATM Withdrawals
- Disability - Protective Measure Fails
- Maladministration in Granting Loan
- A Hasty Return
- A Frozen Account
- Progress Payment to Builder
- Reports to Credit Reporting Agency
- Unauthorised Credit Card Transaction
- Unsolicited Credit Limit Increase

General Insurance case studies

- Maximum demerit points (added December 2009)
- Travel insurance and exclusion for "insurrection"
- Accident Insurance
- Legal Costs, Cover & Utmost Good Faith

Investments, Life Insurance & Superannuation case studies

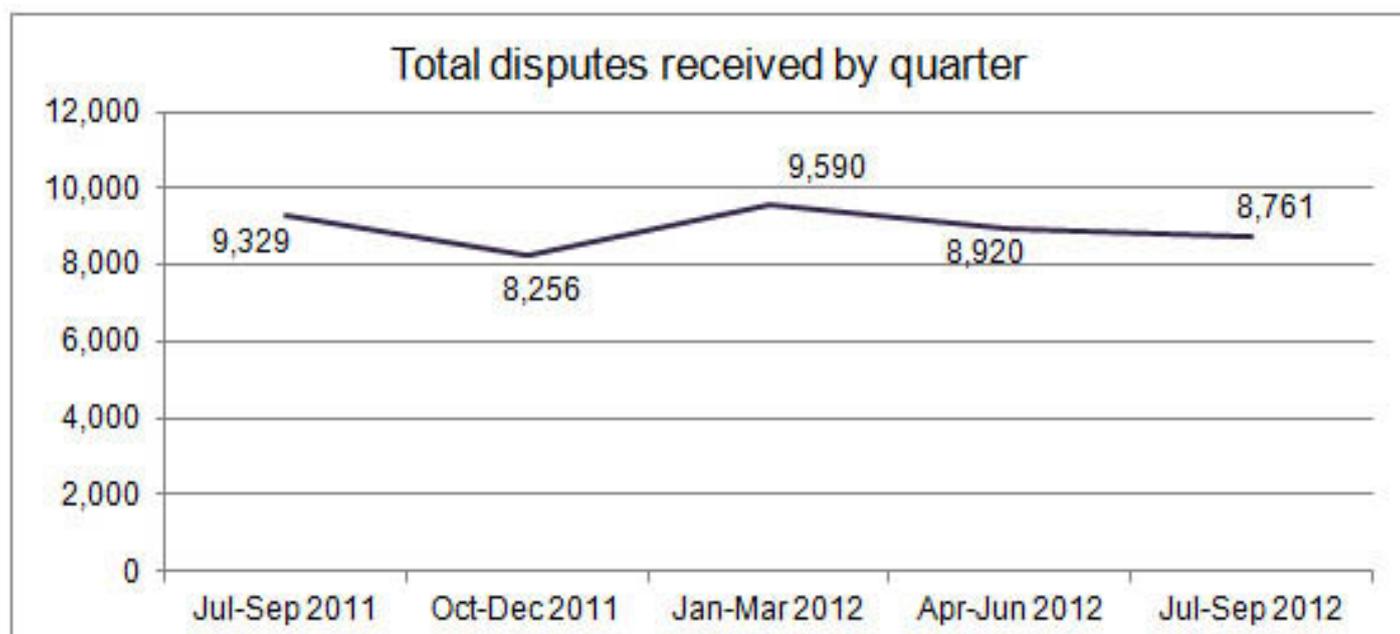
- Stockbroking (added December 2009)
- Superannuation
- Stockbroking
- Life Insurance

You can read our case studies at www.fos.org.au/casestudies.

STATISTICS REPORT: JULY-SEPTEMBER 2012

TOTAL DISPUTES RECEIVED

We received 8,761 disputes in July-September 2012. This is down 1.78% on the previous quarter and down 6.09% on July-September 2011.



Note: 'Disputes received' includes disputes that enter our dispute resolution process at the Registration stage and disputes that entered the process at the Acceptance stage.

TOTAL DISPUTES RECEIVED BY PRODUCT LINE

Just over half of the new disputes received in July-September 2012 were about credit products and services and 27% were about general insurance products and services.

DISPUTES RECEIVED BY PRODUCT LINE, JULY-SEPT 2012		
PRODUCT LINE	NUMBER	%
Credit	4,555	51%
Deposit taking	541	6%
General insurance	2,462	27%
Investments	371	4%
Life insurance	303	3%
Non-Terms of Reference products	66	1%
Payment systems	659	7%
Traditional trustee services	6	<1%
Unclassified	-	0%
Total	8,963	

Note: The total number of disputes received in this table exceeds the total reported in the chart above. The total in that chart is based on counting each case, even if it is about multiple products and issues, as one dispute. The total in this chart is based on counting cases about multiple products and issues as multiple disputes.

REGISTERED DISPUTES

Registration is the first stage in our dispute resolution process. When we register a dispute, we record the basic details and refer them on to the financial services provider (FSP). The FSP then has an opportunity to resolve the dispute with its customer without our involvement. [Click here](#) for more information about our process.

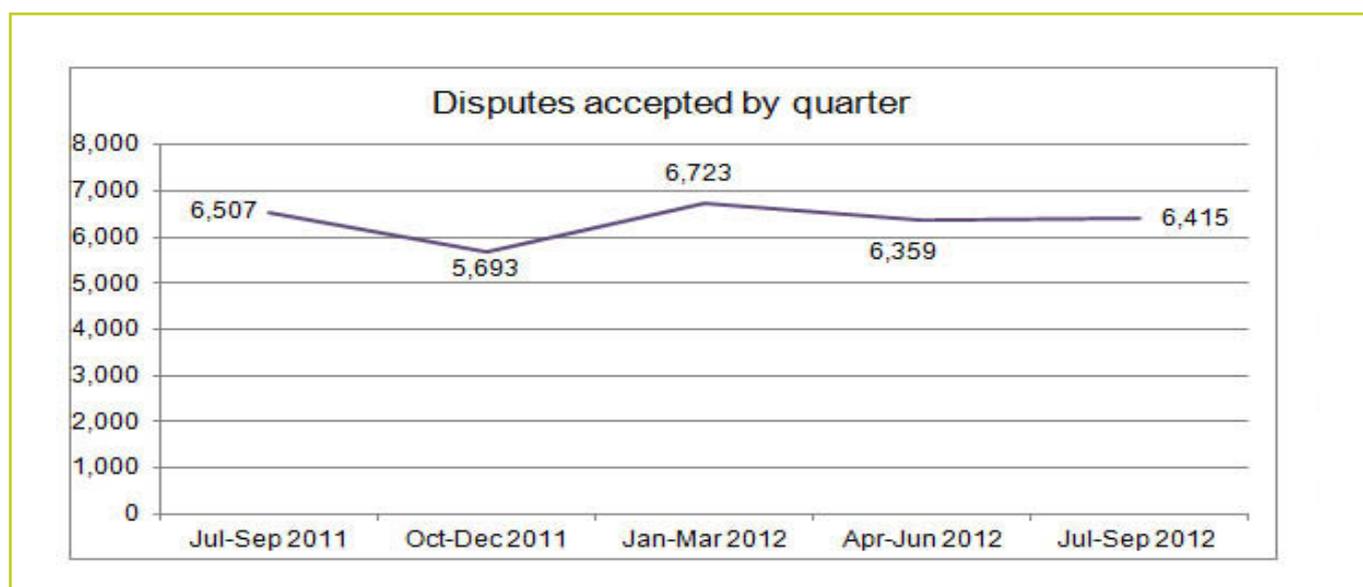
We registered 4,374 disputes in July-September 2012. By the end of the quarter, 23.82% of these disputes had been resolved by the financial services provider and around three quarters were still open.

REGISTERED DISPUTES AND THEIR OUTCOMES/STATUSES		
OUTCOME/STATUS	NUMBER	%
Resolved by the financial services provider	1,042	24%
Still open - in Registration	1,780	41%
Still open - progressed to Acceptance	1,384	32%
Discontinued	40	1%
Outside our jurisdiction	128	3%
Total	4,374	

ACCEPTED DISPUTES

Acceptance is the second stage in our dispute resolution process. It is the point at which we start playing an active role in trying to resolve a dispute. [Click here](#) for more information about our process.

We accepted 6,415 disputes in July-September 2012, which is up 0.88% on the previous quarter but down 1.41% on July-September 2011.



The breakdown of accepted disputes by product line is very similar to the breakdown of all received disputes.

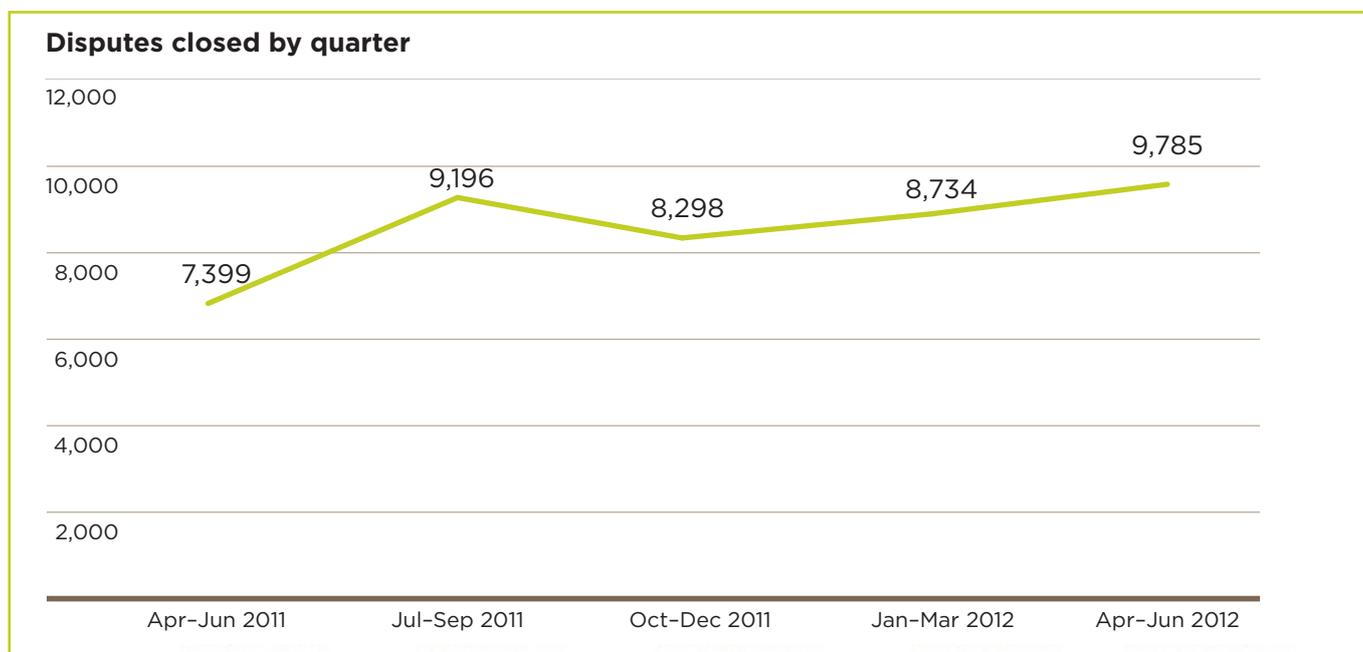
ACCEPTED DISPUTES BY PRODUCT LINE, JUL-SEPT 2012

PRODUCT LINE	NUMBER	%
Credit	3,334	50%
Deposit taking	315	5%
General insurance	1,944	29%
Investments	309	5%
Life insurance	267	4%
Non-Terms of Reference products	41	1%
Payment systems	425	6%
Traditional trustee services	1	<1%
Unclassified	-	0%
Total	6,636	

Note: The total number of disputes accepted in this table exceeds the total for this quarter in the chart above. The total in that chart is based on counting each case, even if it is about multiple products and issues, as one dispute. The total in this chart is based on counting cases about multiple products and issues as multiple disputes.

CLOSED DISPUTES

We closed 9,421 disputes in July-September 2012. This is a decrease of 3.72% on the previous quarter



but an increase of 2.45% on July-September 2011.

OUTCOMES OF CLOSED DISPUTES

The table below shows the outcomes of the disputes we closed in July-September 2012. Almost three-quarters of the closed disputes were resolved through an agreement between the financial services provider and the applicant (the person or business who lodged the dispute).

OUTCOMES OF CLOSED DISPUTES, JUL-SEPT 2012		
OUTCOME	TOTAL	%
Resolved by agreement	6,865	73%
Assessment	298	3%
Conciliation	242	3%
Negotiation	727	8%
Resolved by financial services provider (FSP)	5,598	59%
Resolved by FOS decision	749	8%
Decision in favour of applicant	333	4%
Decision in favour of FSP	403	4%
Decision confirming FSP offer/action	13	0%
Discontinued	682	7%
Outside FOS Terms of Reference	1,125	12%
Total	9,421	

Notes:

- All the data in this report was correct at the time of extraction.
- All the percentages in this report have been rounded to the nearest whole number. Because of this rounding, the sum of the percentages in a given table might not add to 100%.