

Information for Credit Licensees and Representatives

The Financial Ombudsman Service (FOS) invites you to take up membership with us as your ASIC approved external dispute resolution (EDR) scheme.

Background

From 1 July 2010 the *National Consumer Credit Protection Act 2009* will replace the existing state and territory-based regulatory regime.

Anyone who engages in credit activities will be affected by the national credit regime. Credit activity is defined in s6 of the National Credit Act. It includes:

- providing credit by way of a credit contract or consumer lease;
- benefiting from mortgages or guarantees relating to a credit contract or consumer lease; and
- providing credit services in relation to credit contracts and consumer leases.

If you engage in credit activities you will need to apply to ASIC to be registered. Prior to applying for registration, you must be a member of an ASIC approved external dispute resolution scheme. Following registration, you need to apply for a credit licence between 1 July 2010 and 31 December 2010, or become a representative of a registered person or a credit licensee.

The Financial Ombudsman Service is an ASIC approved external dispute resolution scheme that seeks to resolve disputes between financial services providers and their customers. FOS is an alternative to the courts, and as part of our approval by ASIC, the service is free to consumers.

Why join FOS?

Strong track record

FOS has a strong track record of providing dispute resolution services to the financial services sector, spanning almost a 20 year period. As a leader in external dispute resolution, FOS now services approximately 80% of banking, insurance and investment disputes in Australia.

Broad expertise

At FOS we provide accessible, fair and independent dispute resolution between consumers and participating financial services providers in relation to a wide range of complaints about financial services including:

- Banking
- Credit
- Loans
- General Insurance
- Life Insurance
- Financial Planning
- Investments
- Stockbroking
- Managed funds
- Pooled superannuation trusts

Dedicated team

FOS has a strong team of professionals in place with a good grasp of the issues affecting those involved in the credit industry.

In addition to providing dispute resolution, FOS can assist members:

- by providing reports on the number and nature of complaints received about them;

- by providing support and training to members in relation to dispute resolution issues and tips and techniques to reduce complaints being referred to FOS; and
- with addressing systemic issues

We develop cooperative relationships with our members. Based on our experience of resolving financial disputes, we may be able to help you resolve complaints more effectively at an early stage, thus avoiding the need for complaints to be referred formally to FOS.

Dispute resolution education and information

We present at a wide range of seminars, conferences and workshops on a variety of topics including any lessons learned from our dispute handling experience. We also provide informative newsletters about dispute resolution.

How do I join?

If you intend to apply for an Australian Credit Licence, you will be able to join FOS by completing our on-line member application form – go to the Members tab on our website: www.fos.org.au

How much does it cost?

For intending licensees, the costs are:

Application fee	\$ 220
Yearly Membership fee (2010-11)	\$275 - \$11,000 based on size of business [^]
Dispute charges	Based on dispute

[^]Most small business will pay the base levy of \$275 pa.

What about credit representatives?

Once you have joined FOS, your representatives can also join by completing the credit representative application form which will be posted on our website in mid March. The cost is \$55 per representative. You will need to give them your FOS Membership number so they can complete the form. If we receive a dispute about your representative, we will send it to you.

What happens if a dispute is received about me?

You will have up to 45 days to resolve it before our dispute resolution process commences.

If the dispute remains unresolved, FOS can then offer conciliation processes or we may investigate the dispute and issue a written decision. To enable members to assess the likely outcome of disputes and reach commercially sensible solutions, FOS provides guidelines in relation to the assessment of common issues.

What can I do to minimize disputes?

Prevention is better than the cure. Good record keeping is often the key to good complaint handling. If you keep good records of your dealings with customers and lenders, it is easier to respond to a complaint when it occurs because the facts will be readily available to you.

Our dispute resolution service is and should be seen as a “last resort”, in the sense that if your customers are unhappy with an aspect of the service you have provided, you should inform them about who in your organisation deals with complaints. That person should then consider the complaint with an open mind. If you are at fault in some way, it is often best to acknowledge this at an early stage and offer an apology and, where appropriate, compensation.

Further enquiries

We look forward to welcoming you should you elect to join FOS. If you have any questions, please do not hesitate to contact our Member Relationship team membership membership@fos.org.au.