



**2006-2007**  
***Credit Union Dispute Resolution Centre***  
**Annual Report**

Covering the period 1 September 2006 to 31 August 2007



## Contents

---

Message from the Chairman	2
Dispute Manager's foreword	2
About the Credit Union Dispute Resolution Centre	3
Overview of CUDRC processes and procedure	4
The Centre's operations over the reporting period	6
Systemic issues and serious misconduct	13
Other activities	14
Case studies	14
Summary of CUDRC financials	16
Appendix A: Problem codes used by CUDRC	17
Appendix B: Glossary of terms and abbreviations	18
Appendix C: Participating credit unions	19



## Message from the Chairman

---

This year the Board of the Credit Union Dispute Resolution Centre (CUDRC) focused on implementing the key recommendations from the 2005 Review of the Scheme.

In line with a Review recommendation, the Board increased the monetary limit for complaints which the Centre can consider from \$100,000 to \$280,000 (previously the Dispute Manager could only make a non-binding Recommendation for claims above \$100,000). This brings the Centre in line with other dispute resolution schemes operating within the financial services sector.

The Board also followed through on another Review recommendation that CUDRC work with credit unions to find more effective ways of communicating a referral to CUDRC. The Board commissioned a telephone survey of complainants to determine whether complainants were being referred to the credit union's own internal dispute resolution area and/or CUDRC as appropriate. The survey indicated that more could be done by credit unions to improve referral flows to internal dispute resolution mechanisms and CUDRC.

Taking into account the results of the Survey, the Board amended the Centre's Terms of Reference to clearly state when a credit union is expected to refer a member to CUDRC and imposed a requirement that a

CUDRC brochure be provided to the complainant at the time of the referral. This change to the Terms of Reference reflects the requirements on credit unions imposed by the Australian Securities & Investment Commission in its Policy Statement 165.

This year the Board farewelled industry director, Louise Petschler. I would like to thank Louise for all her work on the Board. I would also like to welcome our newest board member, Mark Degotardi, who has been appointed to replace Louise as an industry director. Mark brings considerable experience as an industry representative and I welcome his contribution to the Board.

I would also like to take this opportunity to thank our Dispute Manager, Colin Neave, and his staff for their hard work and professionalism throughout the reporting period. I look forward to another exciting year ahead.

**Tom Sherman, AO**  
**Chairman**  
**Credit Union Dispute Resolution Centre Board**



## Dispute Manager's Foreword

---

I am pleased to present CUDRC's twelfth annual report.

This year the total number of telephone calls to CUDRC has decreased 9.2% from 1,740 in the last reporting period to 1,580 in this reporting period. The number of new cases has also decreased 8.1%, from 172 in the last reporting period to 158 in this reporting period.

It was pleasing to note that the number of disputes resolved prior to investigation by the CUDRC Case Manager has remained high at 77%. This result indicates that credit unions are continuing to resolve disputes as early as possible after referral to CUDRC. At the same time, we continue to urge credit unions to develop effective internal dispute resolution mechanisms, and to refer complaints to those mechanisms, so that easily resolved disputes can be addressed without the need to escalate the dispute to CUDRC.

The Centre has continued its efforts to promote the existence of CUDRC and its services. During the reporting period, the Centre published two bulletins and also attended several events to encourage understanding and

use of the Scheme. CUDRC continues to work closely with other industry dispute resolution schemes in the financial services sector in order to jointly promote awareness of the schemes.

I thank the Board for the support they have given to CUDRC this year. I am also grateful to my staff, whose hard work and dedication to the efficient resolution of disputes is vital to the continuing success of the Scheme.

**Colin Neave AM**  
**Credit Union Dispute Manager**



# About the Credit Union Dispute Resolution Centre

The Credit Union Dispute Resolution Centre (CUDRC) is a dispute resolution scheme approved by the Australian Securities and Investments Commission (ASIC) under ASIC's *Policy Statement 139*.

CUDRC was established on 1 November 1996 by the Credit Union Services Corporation (Australia) Limited (CUSCAL) to provide an independent and impartial dispute resolution service for participating credit unions and their members.

## Structure and governance

CUDRC is a proprietary company, limited by shares. The objects of the company are to conduct and promote a credit union industry dispute resolution scheme involving participating credit unions and credit union members. CUDRC is funded by participating credit unions.

The Board of CUDRC is made up of an independent Chair and an equal number of consumer and credit union Directors. The Board's responsibilities include:

- determining the Terms of Reference for CUDRC;
- approving the budget;
- determining how participating credit unions will be levied to raise the funds to operate the Scheme;
- appointing the Credit Union Dispute Manager;
- monitoring the operation of the scheme; and
- providing guidance and assistance to the Credit Union Dispute Manager on policy issues.

The Board does not have any role in investigating or resolving disputes.

As at 31 August 2007, the Board comprised:

<b>Chairman</b>	Mr Tom Sherman, AO
<b>Industry Directors</b>	Mr Mark Degotardi Mr Peter Ford
<b>Consumer Directors</b>	Mr Tony Devlin Ms Jenny Lovric

## Credit Union Dispute Manager

The functions of resolving disputes and day to day management of CUDRC are carried out by the Credit Union Dispute Manager.

The Banking and Financial Services Ombudsman has been appointed by the Board since 1 September 2002 to perform the role of Credit Union Dispute Manager.

CUDRC operates as a separate entity to the Banking and Financial Services Ombudsman Limited (BFSO) under its own Terms of Reference. The BFSO employs dedicated staff to carry out the CUDRC functions. CUDRC has a dedicated website, email address, and its own letterhead and documentation.

## CUDRC staff and roles

During the reporting period, the following people carried out the Centre's functions:

### Dispute Manager

The Dispute Manager considers disputes within the Scheme's Terms of Reference and facilitates the satisfaction, settlement, and resolution of such disputes. He is also responsible for the overall management of the Scheme.

### Colin Neave

Colin has had extensive experience in dispute resolution and management in the financial services sector, having been the Banking and Financial Services Ombudsman since February 1996. He was appointed the Credit Union Dispute Manager in September 2002.

### Case Manager

The Case Manager investigates disputes and resolves them through the provision of written findings, facilitating negotiation between the parties, as well as arranging conciliation conferences so that resolution is reached within reasonable time frames.

### Thanh Lu

Thanh was employed as a full-time Case Manager for CUDRC in September 2002. Thanh came to CUDRC with 25 years of experience in the banking and financial services industry.

### Case Officer

The Case Officer provides a telephone service to credit union members, offers information about CUDRC jurisdiction and procedures, and provides callers with appropriate referrals to participating credit unions. The Case Officer classifies and summarises written disputes, as well as investigating some disputes not resolved by the relevant credit union.

### Terry Boocock

Terry joined BFSO in 1998 following 36 years experience working in the banking industry. Terry has extensive knowledge and experience in general banking products and services, lending and back office processing. Terry was appointed as the dedicated CUDRC Case Officer in September 2002.

These staff members are also supported by:

General Manager	Ms Diane Carmody
Legal Counsel	Mr Philip Field
EFT Manager	Mr Laurie O'Keefe
Privacy Manager	Ms Jillian Brewer
Policy Advisers	Ms Margery Clark and Ms Eliza Collier
Communication Systems Manager	Mr Harry Ganavas
Information Systems Manager	Mr Anthony Mollross
Finance Manager	Ms Jill Keating



# Overview of CUDRC Processes and Procedure

The functions and powers of CUDRC and the Dispute Manager are set out in the Terms of Reference, approved by the Board. The Dispute Manager can develop more detailed dispute resolution procedures that are consistent with the Terms of Reference.

## Terms of Reference

### Who may use the service?

CUDRC's service is available to individuals and small businesses to resolve complaints about a financial product or service provided by their credit union who is a member of CUDRC.

A "small business" is an incorporated or unincorporated business that, when the events relating to the dispute occurred, had:

- less than 100 full time (or equivalent) employees, if the business is or includes the manufacture of goods; or
- less than 20 full time (or equivalent) employees, if the business is of another nature.

## Complaints

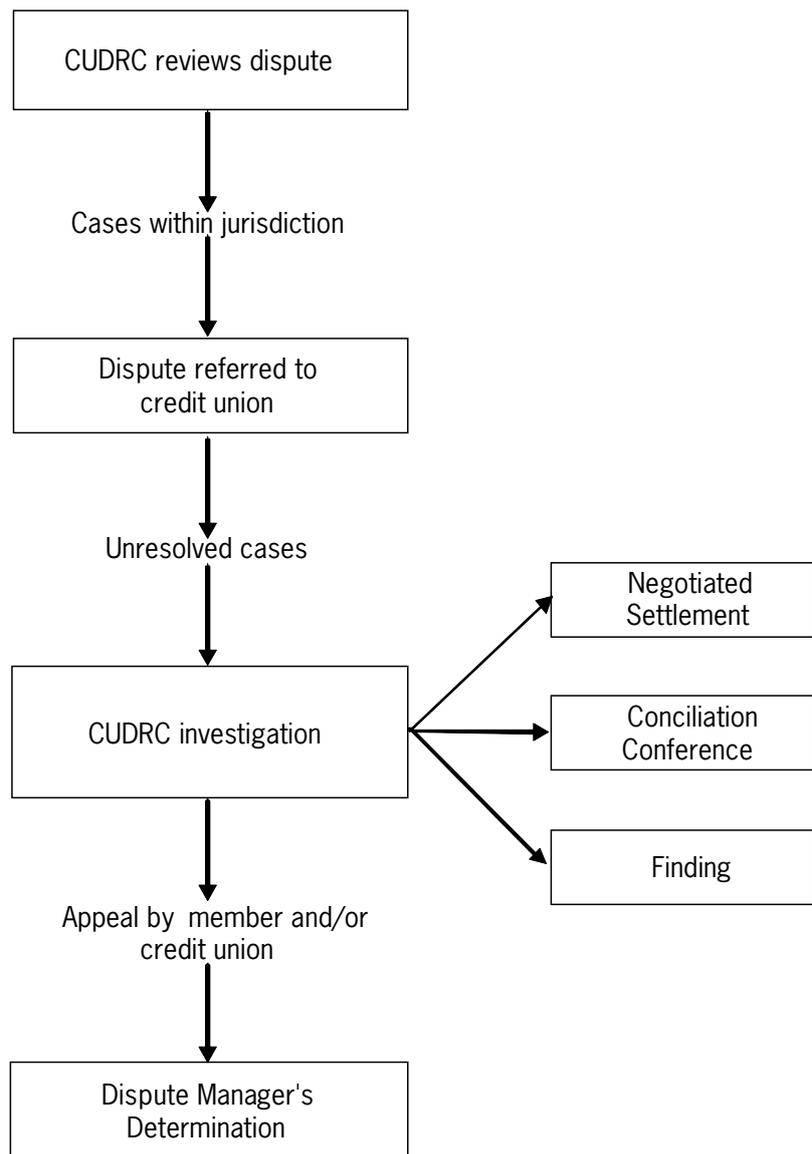
CUDRC can consider complaints about any act or omission by a credit union, in relation to a credit union product or service. It can also consider complaints about breaches of confidentiality or personal privacy.

## Resolution times

Before CUDRC considers a disputant's complaint, the relevant credit union will be given an opportunity to resolve it. Under the Terms of Reference, the credit union has a maximum of 45 days to try to resolve the complaint through their internal dispute resolution processes. If the matter is not resolved within this time, the disputant can lodge a written dispute with CUDRC for investigation.

## The Dispute resolution process

Figure A: CUDRC dispute resolution process



### Stage one: telephone enquiries

All telephone enquiries to CUDRC are initially captured by the Financial Ombudsman Service (FOS). FOS is the central contact point for consumers wishing to access a financial services dispute resolution scheme. When a consumer calls the 1300 780 808 number to complain about a credit union, a FOS Enquiry Officer will identify whether the credit union is a member of the CUDRC scheme. If the enquiry does not involve a participating credit union, FOS will refer the caller to the most appropriate service.

If the enquiry involves a participating credit union, the Enquiry Officer will refer the caller to the CUDRC Case Officer. If the matter is outside CUDRC's Terms of Reference, the Case Officer will advise the caller of other organisations that may be able to assist. If the matter appears to be within the Terms of Reference, the matter moves to stage two.

### Stage two: referral to credit union

If the caller's complaint has not been dealt with by the credit union's internal dispute resolution process, the Case Officer will provide the caller with contact details of the department nominated by the credit union to deal with customer disputes. The Case Officer will also provide information about how to lodge a written dispute with CUDRC if the matter remains unresolved.

CUDRC cannot consider a matter until the earlier of either:

- 45 days elapsing since the disputant lodged the complaint with the credit union's dispute resolution process, with the matter remaining unresolved; or
- notification by the disputant to the credit union that its formal proposal to resolve the dispute is unacceptable.

In some cases, if the dispute is unresolved after the caller has contacted the credit union, the Case Manager may try to resolve the dispute informally. In these "telephone cases", the Case Manager liaises with the credit union by telephone, and the matter may be resolved without any need for the disputant to lodge a written dispute. This process is often used where the amount in dispute is very small, or the issues in dispute are straightforward.

### Stage three: lodging the dispute

If the complaint remains unresolved by the credit union after 45 days, or the disputant does not accept the credit union's proposal to resolve the dispute, the disputant can write to CUDRC to lodge a dispute. A credit union can also refer a disputant's complaint directly to CUDRC with the disputant's written consent.

After reviewing the initial correspondence and assessing the dispute does not fall outside of CUDRC's Terms of Reference, the Case Officer will seek the disputant's written authority to investigate the dispute if it has not already been provided. At the same time, the Case Officer will advise the credit union of the dispute and encourage it to try to resolve the dispute directly with the disputant.

Once the authority is received, the Case Officer can formally refer the dispute to the credit union, giving the credit union a final opportunity to resolve the dispute before the Case Manager investigates.

The credit union has 30 days to respond to the dispute after receiving the formal referral from CUDRC.

### Stage four: investigation and resolution

The Case Manager will investigate any unresolved disputes by collecting and examining all relevant documents and information. As part of the investigation process, the Case Manager may also seek advice from a Financial Services Adviser or Legal Counsel in appropriate cases.

Once an investigation has commenced, a dispute can be resolved in one of the following ways:

**Negotiated Settlement** – The Case Manager may facilitate a negotiation process for the parties in dispute to come to an agreement as to how the dispute should be resolved. The terms of any agreement will then form the basis of the dispute settlement and will be confirmed in writing. The parties to the dispute may independently come to an agreement as to how it should be resolved, with the terms of settlement confirmed in writing.

**Conciliation Conference** – The Dispute Manager may convene a conference in order to discuss the case, with a view to reaching a resolution at the conference. The terms of any resolution are confirmed in writing.

**Finding** – The Case Manager may issue a written Finding, setting out his or her views of the merits of the dispute and how it should be resolved. The dispute will be resolved if both parties accept the Finding.

**Determination** – If either party rejects the Case Manager's Finding, the Dispute Manager will review the dispute and issue a Determination setting out how he considers the matter should be resolved. If the disputant accepts it, the Determination is binding on the credit union and CUDRC cannot consider the dispute further and the file will be closed. If the disputant does not accept the determination, the disputant will retain their right to pursue the dispute in other appropriate forums. CUDRC will advise the disputant of other avenues of redress that may be available.

**Recommendation** – In cases where the amount being disputed exceeds \$100,000\* or forms part of a claim involving more than \$100,000\*, the Dispute Manager can issue a Recommendation. If both parties accept a Recommendation, it will become a binding Determination. If the disputant rejects a Recommendation, CUDRC cannot consider the dispute further. If the credit union rejects a Recommendation, it can choose whether or not to have the dispute independently arbitrated. If the credit union does not want to have the matter arbitrated, CUDRC will not be able to consider the matter further.

In considering a complaint, or making a Determination or Recommendation, the Dispute Manager must observe applicable rules of law, judicial authority, and precedent. The Dispute Manager must also have regard to applicable industry codes (including the Credit Union Code of Practice and the EFT Code of Conduct), good industry practice, and what is fair and reasonable in all the circumstances.

\*\$280,000 after 1 July 2007.



# The Centre's operations over the reporting period

CUDRC uses its Case Information Management System (CIMS) to capture information about enquiries and disputes that it receives. The details recorded for each enquiry or case include the name of the relevant credit union, the product type to which the complaint relates, and the main problem or problems identified by the disputant.

The following pages contain statistical information about the operation of CUDRC over the reporting period (1 September 2006 – 31 August 2007).

## Users of CUDRC

CUDRC provides a free dispute resolution service to individuals and small businesses who are members of a participating credit union.

CUDRC is housed within the office of the BFSO in Melbourne. Callers can contact CUDRC via the toll free telephone number or by email so that they are not disadvantaged financially in making an enquiry or lodging a dispute from outside of Melbourne.

When a face-to-face meeting is considered desirable, CUDRC will make arrangements so that the meeting takes place at a time and location as convenient to the disputant as possible. CUDRC will also cover reasonable costs incurred by the disputant in attending the meeting.

If disputants are experiencing difficulties lodging their dispute, due to language problems or disability, staff can assist by:

- meeting with disputants to identify the grounds of their dispute;
- arranging for a translation services; and
- assisting disputants to write their initial letter of complaint.

**Table 1: Users of CUDRC**

	Individuals	Incorporated businesses	Unincorporated businesses
<b>Written disputes</b>	95.7%	0.6%	3.7%
<b>Telephone enquiries</b>	97.4%	1.0%	1.5%

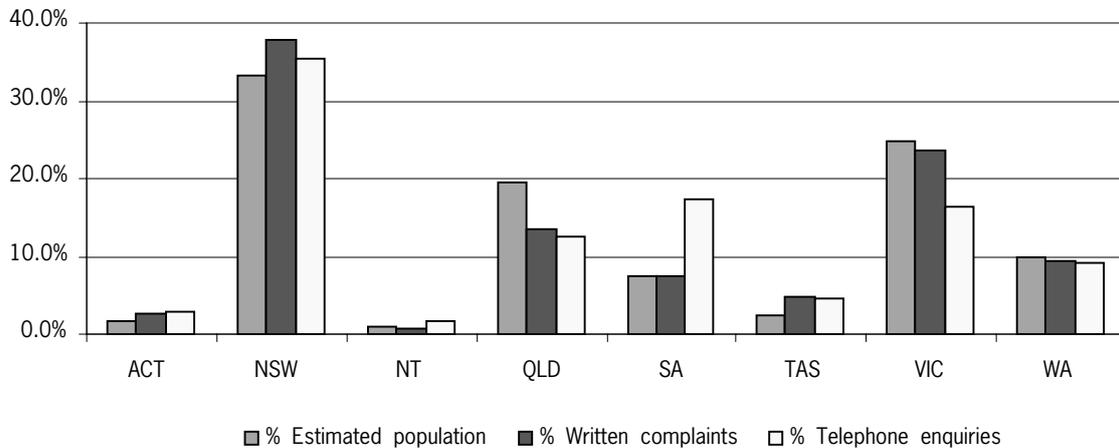
As shown in Table 1, CUDRC was predominantly used by individuals. This is in line with the general demographics of credit union membership.

Figures B and C below compare the number of users of the scheme with the percentage of adult population in each state and territory.

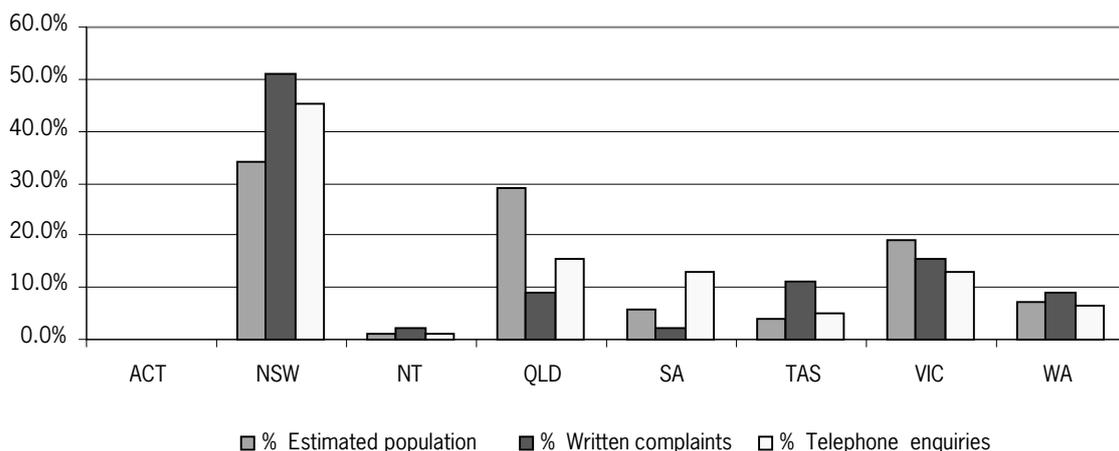
The graph in figure B indicates that relative to their respective adult population, CUDRC received proportionately more telephone enquiries and written disputes from Australian Capital Territory, Tasmania, South Australia and Northern Territory and less from Queensland and Victoria. Percentage of phone enquiries and written disputes received from New South Wales and Western Australia was generally in line with their respective proportionate population.

The graph in figure C indicates that users of the Scheme from non-capital city locations were over-represented in New South Wales, South Australia and Tasmania proportionately in comparison to the population from the respective states or territory as a percentage of the total population.

**Figure B: All users of the Scheme**



**Figure C: Non-capital city users of the Scheme**



On the other hand, the graph indicates non-capital city users were under-represented in Queensland and Victoria.

More written complaints and less phone enquiries were received from non-capital users in Western Australia proportionately in comparison to its population as a percentage of the total population.

It should be noted that the location from which the complaint was sent to us may not be in the same state or territory where the relevant credit union is domiciled.

### Telephone service

Callers to the toll-free number reach the Financial Ombudsman Service (FOS). FOS, formerly the Financial Services Referral Centre, is a co-operative venture established by the BFSO, the Financial Industry Complaints Scheme and the Insurance Ombudsman Service Limited in

**Figure D: Volume of calls received – 4 year trend**

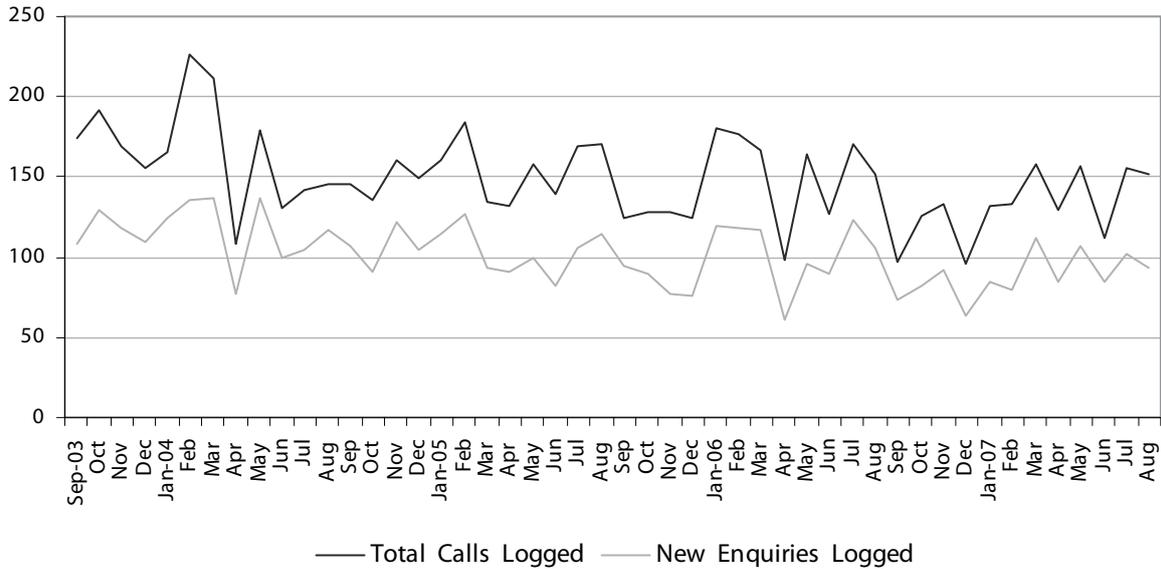


Table 2 and Figure E show the break up of the total calls received. The total number of new enquiries received in this reporting period was 1,058, and 132 (12.5%) of these enquiries related to matters outside of the Centre's Terms of Reference.

**Table 2: Telephone calls received**

New enquiries – WTR	924
New enquiries – telephone cases	2
	926
New enquiries – OTR	132
New enquiries – TOTAL	1,058
Follow up calls	359
Admin calls	163
Total calls received	1,580

June 2002. FOS's aim is to identify the most appropriate dispute resolution scheme to connect the caller to, having regard to the issues they raise.

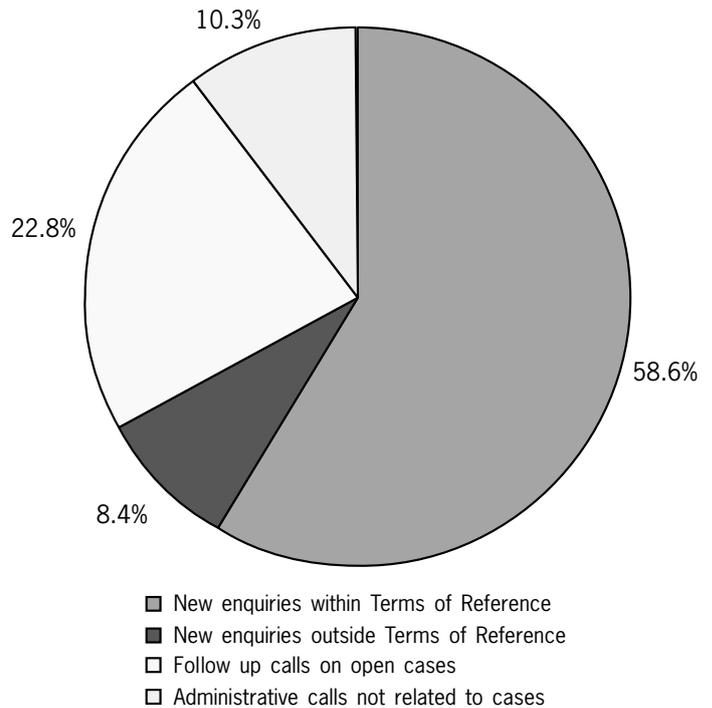
For calls about credit unions, the enquiries officers identify whether the credit union complained of is a CUDRC participant. If it is, the caller is transferred directly to the CUDRC Case Officer or Case Manager.

During the reporting period, CUDRC recorded 1,580 telephone calls of which 1,058 were new enquiries. This equates to a monthly average of 132 calls of which, on average 88 were new enquiries.

Comparing to the last reporting period, the total calls decreased by 9.2% and new enquiries decreased by 9.3%.

Figure D shows the volume of calls over the past four years. The graph also indicates a seasonal spike in the number of calls received during the January-February period each year.

**Figure E: Telephone calls received**



## Main product and problem categories

In relation to the 926 new enquiries that were within our Terms of Reference, Table 3 below shows the break up of the product category that the callers enquired about and the top two problems in each product category.

**Table 3: New telephone enquiries received – product category and main problem categories**

Product category	Number of enquiries	Product category	Number of enquiries
Payment systems	374	Transactions/calculations	152
		Service quality	88
Deposit account	217	Industry practice	43
		Service quality	41
Consumer finance	203	Commercial decision	93
		Service quality	30
Housing finance	110	Service quality	25
		Fees excessive/inappropriate/wrong	22
Other	13	Service quality	5
		Industry practice	4
Business facilities	9	Service quality	3
		Commercial decision	2

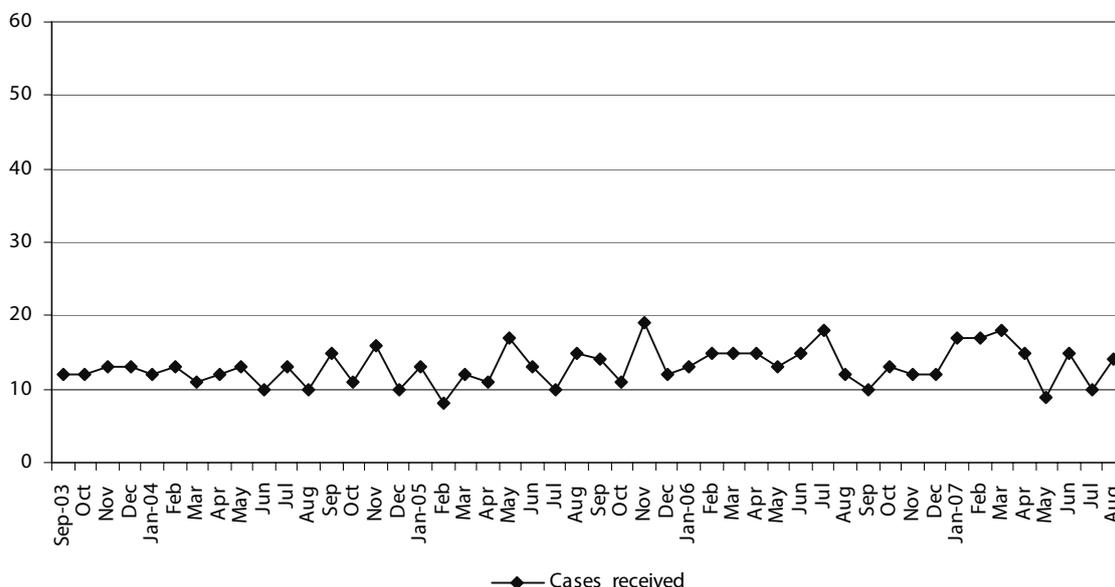
An explanation of the problem codes used by the Centre is provided in Appendix A. Please note that not all problem codes are applicable to each product category.

The top three product categories in terms of the number of complaints received were:

- Payment systems, including ATMs, EFTPOS, and cheques 40.4%
- Deposit account, including statement and cheque accounts, and term deposits 23.4%
- Consumer finance, including credit cards and personal loans 21.9%

The ranking of product categories complained about and the percentage of each product category remained reasonably consistent with the last reporting period. This is due to the main product range offered by credit unions and the demographic of their membership. The two main problems for the product categories payment systems, consumer finance and deposit account remained consistent with the last reporting period. However, there was some variation from the last reporting period for the two main problems for housing finance, business facilities and other. There were no disputes during the reporting period in relation to financial planning.

**Figure F: New cases received**



## New cases and work in progress

### Opened cases

When a written dispute is received by the Centre, a new case is opened. Between 1 September 2006 and 31 August 2007, CUDRC opened 158 new cases, 14 (8.1%) less than the last corresponding period.

Figure F represents the number of cases received since September 2003.

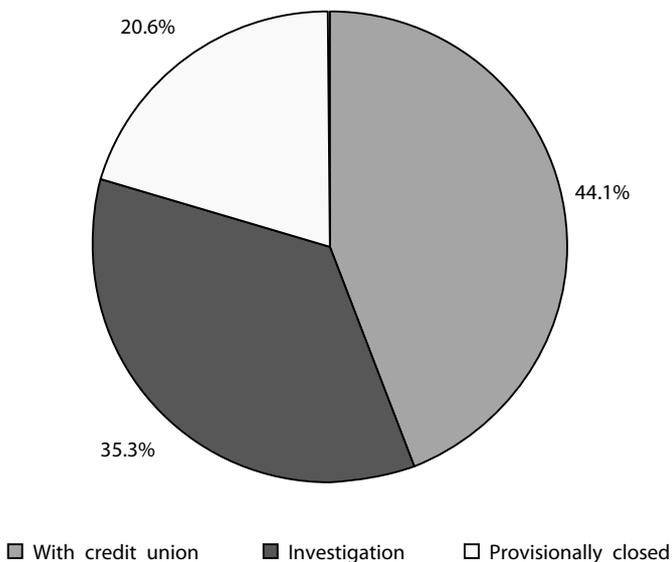
In comparison to the last reporting period, the average number of new cases received has decreased from 14.3 to 13.2 per month.

As at 31 August 2007, CUDRC had 34 open cases, four more than the number of opened cases as at 31 August 2006.

As shown by Figure G and Table 4 on the following page, the majority of cases were waiting for responses from credit unions, approximately one third were in the course of investigation and the remainder were provisionally closed.

On average, the number of days that a case was awaiting allocation for investigation decreased significantly from three days to two days, in comparison to the last reporting period.

**Figure G: Distribution of open cases**



**Table 4: Distribution of open cases**

Case status	Number	%
Cases received but not classified	0	0.0%
Cases referred to the credit union and awaiting response	15	44.1%
Cases under investigation	12	35.3%
Cases provisionally closed pending clarification of TOR issues, resolution by the credit union or acceptance or appeal of CUDRC's assessment	7	20.6%
	<b>34</b>	<b>100.0%</b>

**Closed cases**

In the current reporting period from 1 September 2006 to 31 August 2007, CUDRC closed 158 cases which was nine (5.4%) less than the number of cases closed in the previous reporting period. Table 5 shows a summary of the outcome of the closed cases.

Thirty nine cases were closed without being formally referred to the credit union.

**Table 5: Outcome of closed cases**

**Cases not referred to credit union:**

Outside Terms of Reference	15	
Others: Dispute copied to CUDRC - resolved by credit unions without CUDRC involvement	7	
Member's claim unable to be established	1	
Member did not respond to request for additional information	4	
Member accepted CUDRC's advice that credit union action was appropriate	2	
No financial loss involved and claim for non-financial loss not justified	2	
Withdrawn by member	8	
Total others	<u>24</u>	
<b>Total cases not referred to credit union:</b>	<b>39</b>	<b>24.7%</b>

**Cases determined to be Outside Terms of Reference (OTR) or discontinued ("DIS") after referral to credit union:**

Outside Terms of Reference	6	
DIS: Member did not respond to request for additional information	1	
Member accepted CUDRC's advice that Credit Union action was appropriate	3	
Authority not returned by member	14	
No financial loss involved and claim for non-financial loss not justified	1	
Withdrawn by member	3	
Total DIS	<u>22</u>	
<b>Total cases closed OTR or DIS after referral to credit union:</b>	<b>28</b>	<b>17.7%</b>

**Cases resolved by credit union:**

Resolved by Credit Union after informal telephone referral (*)	3	
Resolved by Credit Union after informal written referral (**)	10	
Resolved by Credit Union after formal referral	<u>51</u>	
<b>Total cases resolved by credit union:</b>	<b>64</b>	<b>40.5%</b>

**Cases investigated by CUDRC:**

Outside Terms of Reference	0	
DIS: Member did not respond to request for additional information	<u>4</u>	
Total DIS	4	
Resolved by Case Manager's Finding	6	
Resolved by Negotiated Settlement	12	
Resolved by Dispute Manager's Determination	5	
Dispute Manager's Recommendation (Non-Binding Determination):	<u>0</u>	
<b>Total cases investigated by CUDRC:</b>	<b>27</b>	<b>17.1%</b>

<b>Total cases closed</b>	<b>158</b>	
---------------------------	------------	--

\* Cases are referred informally by telephone or facsimile where the issues involved are simple and/or the amount claimed is small.

\*\* Cases are referred informally by facsimile or letter to give the credit union an opportunity to resolve the dispute where it appears that the matter has not previously been considered under the credit union's internal dispute resolution process.

These include 15 cases assessed by CUDRC as outside the Terms of Reference (OTR). Another seven cases were closed at this initial stage because the credit union resolved the dispute after CUDRC's informal referral. Nine cases were closed because the disputant did not respond to our correspondence, was unable to establish their claim or had not suffered financial loss (and was unable to justify a claim for non-financial loss) or had accepted our advice that the credit union appeared to be acting appropriately.

Eight cases were withdrawn by the disputants.

The remaining 119 cases were formally referred to the relevant credit union for its response.

#### **Manner of dispute resolution for cases referred to the credit union**

Out of the 119 cases formally referred to the credit unions, 64 cases were resolved by credit unions without the need for CUDRC investigation. Another 28 cases were either discontinued or assessed to be OTR at this stage.

The remaining 27 cases were investigated by the CUDRC Case Manager.

In determining the most appropriate option for resolving disputes after an investigation has commenced, the Case Manager will consider factors such as the complexity of the issues in dispute, the expectations of the parties and their willingness to negotiate a settlement.

During the Case Manager's investigation, no cases were found to be OTR. Four cases were discontinued because the disputants did not respond to a request for further information.

Of the remaining 23 cases, 12 cases were resolved after CUDRC facilitated settlement between the parties and six cases were resolved after the Case Manager issued a Finding on the merits of the dispute. There were five other cases where the Case Manager's Findings were rejected by either or both of the parties and each of these cases was resolved when the Dispute Manager issued a Determination.

The Dispute Manager also has the jurisdiction to issue a Recommendation if the total of the claims exceeds the monetary limit specified in the Terms of Reference. From 1 September 2006 to 30 June 2007 the monetary limit was \$100,000. This increased on 1 July 2007 to \$280,000. There was no Recommendation issued during the reporting period.

This year we have improved the way that we report on the outcome of closed investigations to more accurately reflect the actual outcomes. The new reporting method sets out the numbers of claims where compensation was awarded to the disputant and the numbers of claims where that compensation was monetary, non-monetary or both monetary and non-monetary. The most common example of non-monetary compensation is having a credit-report listing removed or amended.

Table 6 shows the outcome of the 23 cases that required investigation and were not discontinued or OTR. The outcomes of these cases were:

- 4 cases resulted in no compensation being awarded to the disputant;
- 17 cases resulted in monetary compensation being awarded to the disputant; and
- 2 cases resulted in both monetary and non-monetary compensation being awarded to the disputant.

**Table 6: Outcome of cases investigated**

	No compensation	Monetary compensation	Monetary and non-monetary compensation	Non-monetary compensation
Finding	1	5	0	0
Negotiated Settlement	0	10	2	0
Determination (Binding)	3	2	0	0
Total	4	17	2	0

## **Product and problem categories**

Cases are classified in accordance with:

- the product or service provided by the credit union to the disputant; and
- the problem with the product or service, as reported by the disputant.

Figure H shows the major products and main problems for the cases closed after referral to the credit union or investigation. Note that there can be more than one product or problem involved in any one case.

The top three product groups in terms of the number of complaints received, were payment systems (28.6%), deposit account (26.3%) and consumer finance (25.1%). These are the same top three product groups in different ranking for the last three reporting periods.

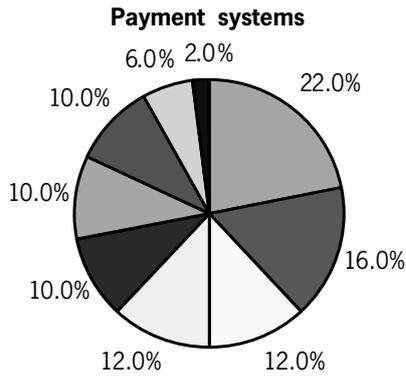
Figure H shows that 22% of the payment system cases, during the reporting period, involved ATMs. Table 7 shows that the most commonly reported problems in the payment systems category were incorrect cash given and unauthorised transactions.

Within the consumer finance category, personal loans and credit cards continued to be the predominant products involved. The main problems for personal loans were inappropriate debt collection activity and reporting to a credit reporting agency. Problems relating to credit and debit cards mostly concerned unauthorised transactions and errors or administrative oversights.

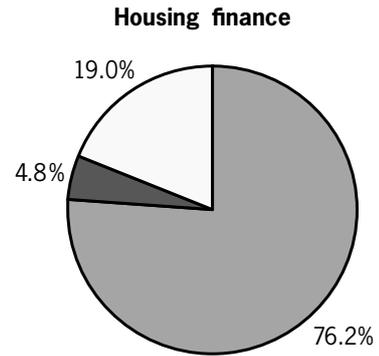
Within the deposit account category, 73.9% of cases involved statement savings accounts. In these cases, disputants mainly complained about fees being excessive or inappropriately charged and a unilateral action by a credit union.

The majority of housing finance cases concerned variable rate loans. The main problems in this category were administrative oversights/errors and inappropriate debt collection activity.

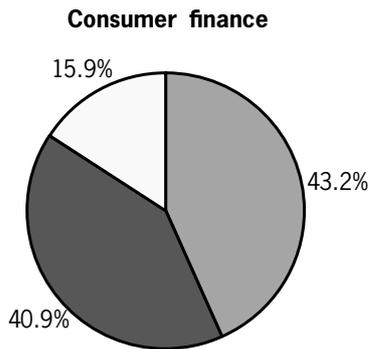
Figure H: Products reported



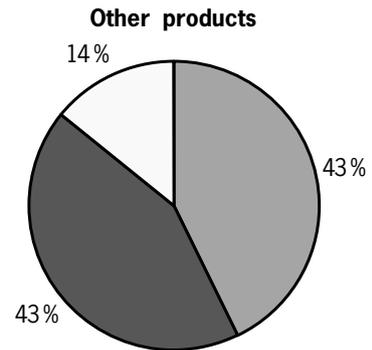
Payment systems	Number of products:	50
ATM	22.0%	
Direct credits	16.0%	
Computer banking	12.0%	
EFTPOS	12.0%	
Cheque (including third party cheque)	10.0%	
Periodical payments, direct debits	10.0%	
Telegraphic transfers	10.0%	
Currency exchange/travellers cheques	6.0%	
Stored value cards	2.0%	



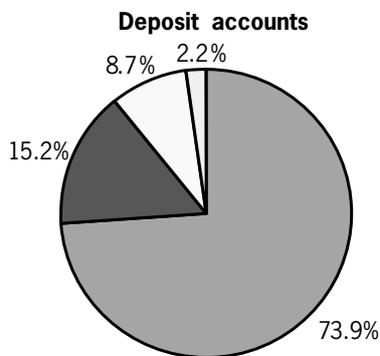
Housing finance	Number of products:	21
Home loan - variable rate	76.2%	
Investment property loan	4.8%	
Home loan - fixed rate	19.0%	



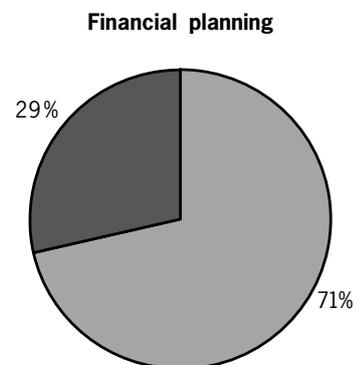
Consumer finance	Number of products:	44
Personal loan	43.2%	
Credit cards	40.9%	
Personal overdraft	15.9%	



Other products or services	Number of products:	7
Insurance	42.9%	
Holding title deeds	42.9%	
No product or service	14.3%	



Deposit account	Number of products:	46
Statement savings account	73.9%	
Term deposit	15.2%	
Personal cheque account	8.7%	
Cash management	2.2%	



Business facility	Number of products:	7
Business cheque account	71.4%	
Business loan variable	28.6%	

**Table 7: Major product and major problems reported**

PRODUCT GROUP	MAJOR PRODUCTS	MAIN PROBLEMS	%
<b>Payment system</b>	ATM	Incorrect cash given	25.0
		Unauthorised transactions	33.3
	Direct credits	Fee excessive/inappropriate/wrong	37.5
		Account credited/debited wrongly	37.5
	Computer banking	Lost funds	28.6
Delays		14.3	
<b>Consumer finance</b>	Personal loan	Inappropriate debt collection activity	24.0
		Reporting to a Credit Reporting Agency	16.0
	Credit card/debit card	Unauthorised transactions	52.4
		Administrative oversight/error	4.8
Line of credit/ personal overdrafts	Denied access to funds in account	25.0	
	Maladministration in granting loan	25.0	
<b>Deposit account</b>	Statement savings account	Fee excessive/inappropriate/wrong	16.2
		Unilateral action by a credit union	13.5
	Term deposit	Lost funds	28.6
		Administrative oversight/error	14.3
Personal cheque account	Fee excessive/inappropriate/wrong	50.0	
	Lost funds	25.0	
<b>Housing finance</b>	Home loan - variable rate	Administrative oversight/error	26.3
		Inappropriate collection activity	15.8
	Investment property loan	Delay	100.0
		Home loan - fixed rate	Delay
		Calculation errors	16.7
<b>Other products or services</b>	Insurance	Administrative oversight/error	66.7
		Complaints about advice given by bank	33.3
	Holding title deed	Loss of document/safe custody items	100.0
No product or service	Other problems	100.0	
<b>Business facility</b>	Business cheque account	Fee excessive/inappropriate/wrong	40.0
		Administrative oversight/error	20.0
	Business loan variable	Delay	50.0
		Fee excessive/inappropriate/wrong	50.0

Table 8 illustrates the proportion of cases resolved by credit unions and the cases requiring CUDRC investigation, by product category.

**Table 8: Level of resolution by product category**

PRODUCT GROUP	% of cases: Resolved by credit union	% of cases: CUDRC investigation
Consumer finance	25.5%	25.7%
Deposit account	28.7%	14.3%
Financial planning	6.4%	0.0%
Housing finance	17.0%	5.7%
Other products or services	3.2%	5.7%
Payment system	19.1%	48.6%

#### Case resolution time

Table 9 shows the length of time that it took to resolve the cases closed (excluding DIS and OTR) in the reporting period, compared to the previous reporting periods. The case resolution time is determined from the date that the case is processed by CUDRC until the date that it is closed. It includes the time taken for the disputant to return a written authority and the 30-day "appeal" period, when the case is provisionally closed.

**Table 9: Resolution time of cases closed (excluding DIS and OTR cases)**

	2003/4	2004/5	2005/6	2006/7
0 to 60 days	39.6%	50.0%	51.7%	39.1%
61 to 90 days	19.8%	15.2%	19.5%	26.4%
91 to 120 days	9.4%	6.6%	8.1%	9.2%
121 to 150 days	6.2%	6.5%	5.8%	10.3%
151 to 180 days	9.4%	5.4%	4.6%	3.4%
181 days & over	15.6%	16.3%	10.4%	11.5%
Total cases	96	92	87	87
Median days – all WTR cases	75	60	57	72

During the reporting period, 39.1% of the closed cases were resolved within 60 days after they were referred to the credit unions. The majority of cases (65.5%) were resolved within 90 days. Most of these cases were resolved without significant involvement or investigation by CUDRC.

There were 11.5% of cases which took more than six months to resolve, an increase from the 10.4% experienced in the last reporting period.

The median time for resolving all cases within CUDRC's Terms of Reference increased to 72 days from 57 days.

The increase in the median number of days to resolve a dispute is disappointing. The increase can be attributed to a number of cases involving difficult and complex issues, such as disputes involving internet frauds.

CUDRC will continue to monitor case resolution times to work towards improving efficiencies in the investigation process.

### Disputes Outside Terms of Reference

While the Centre has a broad jurisdiction, some types of disputes fall outside the Terms of Reference (OTR), and cannot be considered. For example, the Centre cannot consider disputes about a credit union's policies and practices or commercial decisions relating to lending or security, such as a decision to decline a loan application in accordance with its policy.

Claims for more than the monetary limit are also OTR. However, in these cases, the Dispute Manager can make a non-binding Recommendation about how the dispute should be resolved.

From 1 September 2006 to 30 June 2007 the monetary limit was \$100,000. This increased on 1 July 2007 to \$280,000.

During the reporting period, Table 2 shows that 132 (12.5%) of the new telephone enquiries received, and Table 5 shows that 21 (13.3%) of all closed cases, were considered to be OTR.

Table 10 shows the main reasons for telephone enquiries and closed cases falling outside the Terms of Reference.

**Table 10: Main OTR categories**

Closed cases		Telephone enquiries	
Other jurisdiction more appropriate	38.1%	Non credit union financial institution	59.8%
Credit union policy	23.8%	No financial service	18.2%
Non credit union financial institution	14.3%	Other jurisdiction more appropriate	9.8%
No financial service	14.3%	Non member credit union	8.3%

Over 68% of the OTR telephone enquiries concerned credit unions and other financial institutions which were not members of CUDRC. The other main reasons for determining that a telephone enquiry was OTR were that no financial service had been provided by the credit union to the caller, or the complaint involved a matter that was considered more appropriate to be dealt with in another forum, such as a court.

For the 21 OTR cases, eight cases (38.1%) were considered to be more appropriately dealt with in another forum, and five cases (23.8%) involved a credit union's policy decisions. Three cases (14.3%) were OTR because the financial institutions complained about were not members of CUDRC and another three cases involved complaints where the credit union did not provide a financial service to the disputant.



## Systemic issues and serious misconduct

In addition to investigating and resolving individual disputes, CUDRC has a broader role in identifying systemic issues and cases of serious misconduct. ASIC's *Policy Statement 139* formalises this role. As a scheme approved under this Policy Statement, CUDRC must:

- identify systemic issues and cases of serious misconduct that arise from the consideration of disputes;
- refer any identified matters back to the credit union for response and action; and
- provide quarterly reports to ASIC about systemic issues and cases of serious misconduct.

A systemic issue is one that has been raised in a dispute or several disputes to CUDRC, which will affect a class of people, in addition to those who have complained to CUDRC. Several disputes of the same type may indicate a systemic problem. However, an issue may also be identified out of the consideration of one single dispute where the effect of the issue will clearly extend beyond the parties to the dispute.

Serious misconduct is a broad term that includes fraudulent conduct, grossly negligent or inefficient conduct, and wilful or flagrant breaches of relevant laws and codes of practice.

CUDRC provided reports to ASIC covering the periods July – September 2006, October – December 2006, January – March 2007 and April – June 2007.

The systemic issue reports noted that CUDRC did not identify any systemic issues or cases involving serious misconduct during the time covered by the reports.



## Other activities

The Dispute Manager is responsible for promoting the existence of the centre and its services. To promote its operations and to assist with resolving disputes more efficiently, CUDRC regularly conveys its view and approach on certain issues, usually by way of publishing bulletins, holding seminars and discussion forums.

### Bulletin No. 7

In December 2006, CUDRC published Bulletin No. 7, which set out the results of our survey of disputants about referrals of complaints to credit unions' internal dispute resolution mechanisms (IDR) and from credit unions to CUDRC (the Survey). The Survey was undertaken in order to implement Recommendations arising from the 2005 Review of the Scheme. Overall the Survey showed that more could be done by credit unions to improve referral flows to both IDR and CUDRC.

### Bulletin No. 8

In May 2007, CUDRC published Bulletin No. 8, which set out some common misunderstandings about legal rights and obligations which arise regularly in the disputes we see. In particular, the Bulletin discussed common misunderstandings in relation to the relevance of intention in misleading conduct and contract, compensation in relation to misleading conduct, the obligation of a recipient of a mistaken deposit and errors in setting loan repayments.

### Changes to the Terms of Reference

As a result of the 2005 independent review of CUDRC's operations, the Board implemented a number of changes to the CUDRC Terms of Reference. These changes took effect from 1 July 2007.

The monetary limit of disputes which can be considered by the Scheme was increased from \$100,000 to \$280,000.

In addition, a new obligation was inserted into the Terms of Reference for credit unions to advise members that they have a right to have their dispute dealt with by CUDRC if they are dissatisfied with the outcome of a complaint. The amended terms read as follows:

*A Credit Union has an obligation to advise Members that they have a right to have their Complaint or Dispute dealt with by CUDRC if they are dissatisfied with the outcome of a complaint:*

- (a) *at the time the Complaint arises;*
- (b) *at the time the Complaint is dealt with by the Credit Union's internal dispute resolution process;*
- (c) *at the time the Credit Union advises the Member of the outcome of the Complaint; and*
- (d) *whenever any decision or action adverse to the Member is taken or made.*

*Advice to a Member referred to above should:*

- (a) *include the CUDRC brochure; and*
- (b) *if there is any doubt about the Member's ability to understand the brochure, be made available in a more accessible format form either in another language, or by use of an interpreter.*

This change to the Terms of Reference reflects the requirements of the Australian Securities and Investments Commission's (ASIC's) *Policy Statement 165 – Licensing: Internal and external dispute resolution* (PS 165) and seeks to address the results of the Survey which indicated that more could be done by credit unions to improve the flow of referrals to both IDR and CUDRC.

### Events

During the reporting period CUDRC joined forces with other dispute resolution schemes in the financial services sector to raise awareness of the Scheme by attending the following events:

- Association of Independent Retirees Conference (Ballina, October 2006);
- National General Assembly of Local Government (Canberra, November 2006); and
- First Home Buyer's Expo (Melbourne, August 2007).



## Case studies

The following case studies are a representative sample of the cases considered by CUDRC. They are illustrative of the type of legal and industry practice issues raised in disputes, of the investigation process and of the different types of resolutions.

### Unable to afford increase in overdraft

Ms N received a disability support pension. She had an overdraft with her credit union of \$100 which she was able to manage well. The credit union offered to increase her overdraft to \$2,000 and then to \$5,000. Ms N accepted the credit union's offers on both occasions but, on her limited income, Ms N had difficulty meeting the interest payments.

Ms N went to see a financial counsellor whom she asked to help her with her financial situation. The financial counsellor contacted the credit union and asked it to freeze the interest on Ms N's overdraft. She pointed out that it was inappropriate for the credit union to offer unsolicited overdraft increases to Ms N when she was living on a disability pension.

The credit union refused to freeze the interest payment and Ms N's financial counsellor complained to CUDRC on her behalf. CUDRC referred the dispute back to the credit union and asked it to attempt to resolve the matter before CUDRC undertook a formal investigation.

CUDRC's view was that offering to increase Ms N's level of credit, without making direct enquiries as to whether she had the capacity to repay the increase, may have led to an inappropriate offer of credit. Where an inappropriate offer of credit has been made, CUDRC's position is that the credit union should forgo interest and enter into an affordable repayment arrangement for the principle.

The credit union reconsidered its position and agreed to freeze interest on the debt. Ms N agreed to pay an amount of \$15 per fortnight toward the debt. Ms N was happy with this resolution and CUDRC did not proceed with an investigation.

### **Credit union seeks reimbursement for fraudulent cheque**

In January 2006 Mr C sold his motor vehicle on a car sales website to a buyer purportedly residing in the United Kingdom. The agreed sale price was \$5,000. The buyer offered to send a bank draft for \$10,000 which included an extra \$5,000 to cover the shipping costs which he asked Mr C to forward to his shipping agent who would then arrange for collection and transportation of the car.

Mr C deposited the \$10,000 bank draft into his account with the credit union. The credit union had to convert the bank draft from British Pounds to Australian dollars. Once the bank draft had been converted and deposited into his account Mr C sent \$5,000 to the shipping agent via an international money transfer company.

One month later, Mr C received a call from the credit union advising him that the bank draft was fraudulent and had been dishonoured. The credit union said Mr C was liable for the full amount of the bank draft and debited \$10,000 from his account.

Mr C complained to CUDRC. He said that he should not have to repay the amount of the dishonoured bank draft because the credit union misled him to believe that the bank draft had been cleared. As a result, he had withdrawn all of the proceeds to pay bills and the shipping agent.

In response the credit union said that its travel service terms and conditions made it clear that foreign currency conversions would be immediately credited to the member's account even though the funds may not be cleared for six to eight weeks after which, should the cheque be dishonoured, the member would be liable to repay the funds. Therefore, it said that it was not liable for Mr C's loss and did have to reimburse him.

The case manager found that the relevant terms and conditions were the savings account terms and conditions which applied to the account, not the travel service terms and conditions. The savings account terms and conditions did not allow the withdrawal of uncleared funds. The credit union did not specifically advise Mr C that it was making uncleared funds available in his account and that he would be liable should the bank draft be returned unpaid. The credit union's omission in this regard misled Mr C into believing that the bank draft had been cleared.

The case manager explained that the remedy for the credit union's misleading conduct was not to make the misrepresentation come true but to compensate for the loss suffered by relying on the misrepresentation. As Mr C had retained the motor vehicle that he offered for sale he had not suffered any loss arising from the disposal of the motor vehicle. However, Mr C had suffered loss in spending the proceeds of the bank draft. Mr C had used half of the funds to pay bills. This did not constitute a loss because those liabilities existed before the misrepresentation was made and would still exist if the misrepresentation had not been made. The remainder of the funds had been paid to the alleged shipping agent. This did constitute a loss because this liability would not exist had the misrepresentation not been made.

As the credit union had already debited the full amount of the bank draft to Mr C's account, the case manager held that it should reimburse Mr C \$5,000, the full amount Mr C had transferred to the shipping agent. The case manager also found that the credit union should refund to Mr C any fees associated with the dishonouring of the bank draft. Mr C was required to repay the balance of \$5,000, which he had spent on paying bills, to the credit union.

### **Deposit goes missing**

Mr G was treasurer for a small community based sports club. He complained to CUDRC that a deposit he had made into the club's account had gone missing. The deposit had been made into the club's credit union account via a bank acting as the credit union's agent. Mr G had a stamped receipt for the deposit.

Mr G said that he had tried on several occasions to have the deposit traced. He said that the bank told him that the matter had been referred to the credit union but the credit union told him that there was nothing it could do. It suggested that Mr G identify the drawer of one of the cheques which had formed part of the deposit and ask the drawer to see if he or she could

ascertain where their cheque had been deposited. He said that he had been bounced between the bank and the credit union on at least six occasions and the credit union's complaints officer had not called him back.

Mr G complained to CUDRC and CUDRC forwarded the dispute to the credit union. CUDRC took the view that as the bank had been acting as the credit union's agent, the credit union was responsible for its conduct and therefore responsible for handling the dispute and assisting Mr G to trace the missing deposit.

After the dispute was referred by CUDRC to the credit union, the credit union advised that the missing deposit had been traced and would be reimbursed to the club's account the next day along with an interest adjustment. Mr G was satisfied with the outcome.

### **Salary credit to wrong account**

Ms A took out a personal loan. She arranged for the credit union to put part of her fortnightly salary payment into her personal loan account to cover the repayments.

However, following a change of name by Ms A's employer, the credit union stopped making payments to the personal loan account from Ms A's salary and instead put her entire salary into her savings account. Because the loan repayment had been in advance the missed payments were not detected for more than two months.

When the loan account fell into arrears the credit union wrote to Ms A and asked her to repay the arrears. The credit union also attempted to telephone Ms A but the phone numbers on its file were out of date so it looked up Ms A in the telephone directory and left a message on a phone number it believed belonged to Ms A. When it did not receive a response, the credit union phoned Ms A's sister, who was the second contact on her loan application, and asked her to pass on a message to Ms A.

Until the credit union made contact with Ms A she was unaware that the loan repayments were not being made. She thought all the money in her savings account was available for her to spend and she asked the credit union to reimburse her for the missed loan repayments which she had now spent.

Ms A also said that the credit union had breached her privacy by making telephone contact with her sister.

Unable to resolve the dispute directly with her credit union, Ms A referred the matter to CUDRC. The CUDRC case manager agreed with Ms A that the credit union had made an error in not distributing her salary in accordance with her payment instructions. However, he disagreed with the compensation Ms A was seeking. He pointed out that, had the credit union not incorrectly credited funds in Ms A's savings account, she would have had to pay for those expenses and liabilities with other resources.

The case manager found that Ms A's loss was the amount of additional interest and fees charged to her loan account as a result of the repayments not having been made. The credit union had already said that it was prepared to reimburse Ms A for any extra interest charged to her account in order to put her in the same position as if the missed repayments had been made. It was also prepared to vary the loan, possibly by extending the term, so that she was not required to increase the repayment amount to clear the arrears.

The case manager's view was that the credit union's action, together with the benefits that Ms A received from the use of excess funds incorrectly credited to her savings account, provided an appropriate remedy for any loss that she may have suffered due to the loan repayments not having been made.

In terms of Ms A's complaint that the credit union had breached her privacy, the case manager considered that because Ms A had provided her sister's contact details on the loan application, and the credit union had not disclosed the reason for wanting to establish telephone contact with Ms A or any of her account information, the credit union had complied with the requirements of the National Privacy Principles and had not breached Ms A's privacy.



# Summary of CUDRC Financials

## STATEMENT OF FINANCIAL PERFORMANCE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
Interest revenue – related party	3,603	1,895
Non-interest revenue from ordinary activities	220,965	208,096
<b>Total revenue</b>	<b>224,568</b>	209,991
Expense from ordinary activities	(200,693)	(208,589)
<b>Profit before income tax expense</b>	<b>23,875</b>	1,402
Income tax expense	(7,163)	(420)
<b>Profit for the period</b>	<b>16,712</b>	982

## STATEMENT OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
Current assets		
Cash and cash equivalents	85,855	45,523
Other receivables - GST	1,349	3,250
Total current assets	87,204	48,773
Current liabilities		
Due to related entities		
- Tax related amount	7,163	420
- Other amounts	14,976	-
Total current liabilities	22,139	420
Net assets	65,065	48,353
Equity		
Issued capital	10	10
Retained earnings	65,055	48,343
Total equity	65,065	48,353

## STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
Cash flows from operating activities		
Receipts from operating activities	245,708	224,448
Interest received	3,603	1,895
Management fees paid	(208,559)	(228,191)
Income tax paid to parent entity	(420)	(5,980)
Net cash (used in)/provided by operating activities	40,332	(7,828)
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net (decrease)/increase in cash held	40,332	(7,828)
Cash at the beginning of the financial year	45,523	53,351
Cash at the end of the financial year	85,855	45,523

\*Copies of the full financial reports including explanatory notes, as signed by CUDRC's auditors, are available on request.



# Appendix A: Problem codes used by CUDRC

Category	Problem	Explanation
<b>Commercial decision</b>	Cancelled/withdrawn/rejected facility	Rejection of loan/credit application, or withdrawal of overdraft facility
	Denied access to funds in account/refusal to chargeback	Frozen accounts, denial of access to savings/investment/credit card accounts, refusal to chargeback
	Dishonoured transaction	Bounced cheques, dishonoured direct debits, merchant chargebacks
	Guarantees	Must accompany a description of a problem such as inadequate/incorrect information
	Inappropriate collection activity	Behaviour of debt collector, harassment, late night calls to other family members etc
	Maladministration in debt recovery	Recovery procedures not followed, delay in recovery of debt, underselling security
	Maladministration in granting loan	Loan should not have been granted. Disputant given loan without ability to repay, extended beyond credit limits
	Reporting to a Credit Agency	Claim that credit union had no right to list or listed inappropriately
<b>Fees</b>	Fee excessive/inappropriate/wrong	
<b>Industry practice</b>	Breach of written authority/instruction/understanding	Contractual breach or written instruction not carried out (eg: direct debit authority not acted upon authorised signatories overlooked, payee name on cheque ignored etc)
	Oral instruction/understanding/promise not carried out	Breach of oral instruction or information, arrangements not carried out (eg: settlement and divestment of sale proceeds, transfer of funds, agreements to cover cheques, supply information, monitor accounts, roll over funds etc)
	Unilateral action	Disputant claims not to have been consulted or informed about an action
<b>Information inadequate/incorrect</b>	Advertising/promotion	Advertising claims which are said to be misleading
	Advice	Disputes about advice given about investment or business opportunity
	Contracts	Written document, misunderstanding about terms and conditions of loans or credit arrangements, repayment terms, nature of security
	Fees and charges	No or wrong information given about the fee or charge imposed
	Investment advice	Bad/wrong/inadequate investment advice/funds management
	Lending decision/reasons	Inadequate explanation of reason for credit rejection
	Product/service advice	Insufficient information about the workings or criteria or a product or service, verbal advice misleading, incorrect, conflicting information
<b>Interest rates</b>	Interest rate excessive/inappropriate	Disputes about financial institution's interest rate policies - deposit and loan accounts
<b>Service quality</b>	Account balance	Incorrect information given about account balance
	Administrative oversight/error	Address wrong, statement posted to wrong person, difficulties getting loan balance etc
	Breach of privacy/confidentiality	Unauthorised use or disclosure of personal or financial details
	Delay	Includes cheque clearance time, loan approvals, delay in receiving funds, settlement delay
	Failure to reply to correspondence/inquiries	
	Inappropriate request for information	Personal information requested inappropriately
	Inappropriate staff attitude to customer	Rudeness, discrimination, refusing service, embarrassing Disputant in front of others
	Loss of documents/safe custody items	
<b>Transactions/calculations</b>	Account credited/debited incorrectly	Withdrawal or deposit errors
	Calculation errors	Error resulting in wrong repayment figure, incorrect payout figure, wrong interest rate charge
	Fraudulent transaction	Unauthorised transactions, stolen card/ATM withdrawals, forged cheque/withdrawal slip
	Incorrect cash given	Malfunction by ATMs and over-counter mistakes
	Lost funds	Missing payment transfers, electronic deposits, term deposits
<b>Other problems</b>	Features or eligibility restrictions	Disputes about the features of eligibility restrictions of a product or service
	Internet	Disputes involving transactions on the internet
	Request for indulgences	Request for indulgences or variations to loan repayment arrangements



## Appendix B: Glossary of terms and abbreviations

- ASIC**  
Australian Securities and Investments Commission.
- BFSO**  
Banking and Financial Services Ombudsman Limited.
- Case**  
A new case is opened when CUDRC receives a dispute in writing.
- Case Manager**  
Investigates unresolved disputes.
- Case Officer**  
Takes telephone calls from the public, processes new disputes, and investigates some unresolved disputes.
- Case resolved**  
A dispute that is resolved after referral to the credit union.
- Conciliation conference**  
A case conference conducted by the Dispute Manager.
- Credit Union Code of Practice**  
An industry code of practice, setting good practice standards for credit unions. The Code was released in 1994, and is currently under review.
- CUDRC**  
Credit Union Dispute Resolution Centre Pty Ltd.
- CUSCAL**  
Credit Union Services Corporation (Australia) Limited.
- Determination**  
A written decision issued by the Dispute Manager after a credit union or disputant has rejected a Finding. If the disputant accepts a Determination, the Determination is binding on the relevant credit union.
- Discontinued (DIS)**  
Disputes that are withdrawn or not pursued by the disputant.
- Disputant**  
An individual or small business bringing a dispute before the Dispute Manager.
- Dispute**  
A written request for assistance to resolve an unresolved complaint between a credit union and a disputant.
- Dispute Manager**  
The organisation or individual contracted by the CUDRC Board to perform the functions of dispute resolution and management of CUDRC.
- EFT**  
Electronic Funds Transfer.
- EFT Code of Conduct**  
An industry code applying to financial institutions that provide EFT services to consumers. A revised EFT Code has been in operation since April 2002.
- FOS**  
Financial Ombudsman Service: a telephone referral centre, jointly operated by BFSO, Financial Industry Complaints Services Limited and Insurance Ombudsman Service Limited.
- Finding**  
A Case Manager's written assessment of the merits of a dispute, written after the Case Manager's investigation of the dispute.
- Guidelines**  
A manual published by CUDRC, explaining the clauses of the Terms of Reference. The Guidelines were published in July 2003.
- Member**  
An individual or small business that acquires, alone or jointly with another person, a credit union product or service, or seeks information about a credit union product or service.
- Negotiated Settlement**  
An investigation resolved by way of a settlement that is acceptable to both parties. Usually a Case Manager will facilitate the settlement.
- OTR**  
Outside Terms of Reference – a dispute that is outside the Dispute Manager's jurisdiction.
- Participating credit union**  
A credit union that has agreed to participate in CUDRC. (A list of participating credit unions is provided in Appendix C).
- Problem**  
The term used by CUDRC to describe the nature or description of the dispute that the disputant has about a financial service.
- Product**  
The term used by CUDRC to categorise the various financial products, services, accounts and facilities available to members from credit unions.
- Provisionally closed**  
The status of a case for the 30-day period between CUDRC seeking confirmation of the resolution of the case and the date when the appeal period expires and the case is closed.
- Serious misconduct**  
A broad term that includes fraudulent conduct, grossly negligent or inefficient conduct, and wilful or flagrant breaches of relevant laws and codes of practice. CUDRC is required to report cases of serious misconduct to ASIC.
- Small business**  
An incorporated or unincorporated business that employs less than 100 full time equivalent employees, if the business is manufacturing, or less than 20 employees, if the business is of another nature.
- Systemic issue**  
An issue which has been raised in a dispute or several disputes to CUDRC which will affect a class of people, in addition to those who have complained to CUDRC.
- Telephone case**  
A case where the issues in dispute are straightforward and/or the claim sought is low, and where CUDRC seeks to resolve the matter informally and without requiring the disputant to lodge a written dispute.
- Terms of Reference**  
A written document setting out the powers, duties and obligations of CUDRC and the Dispute Manager.
- The Board**  
The governing body of the scheme, comprising an independent chair, two consumer Directors and two credit union Directors.
- WTR**  
Within Terms of Reference – a dispute that is within the Dispute Manager's jurisdiction.



## Appendix C: Participating credit unions

*This list of participating credit unions is correct as at 31 August 2007.*

Alliance One Credit Union Ltd  
AMP Credit Union Ltd  
Austral Credit Union Ltd  
Australian Central Credit Union Ltd  
Australian Country Credit Union Ltd  
Australian Defence Credit Union Ltd  
AWA Credit Union Ltd

Bankstown City Credit Union Ltd  
Berrima District Credit Union Ltd  
Big Sky Credit Union Ltd  
Blue Mountains & Riverlands Community Credit Union Ltd  
The Broken Hill Community Credit Union Ltd

Calare Credit Union Ltd  
CAPE Credit Union Ltd  
Capital Credit Union Ltd  
Carboy (S.A.) Credit Union Ltd  
Central Murray Credit Union Ltd  
Central West Credit Union Limited  
Circle Credit Co-Operative Limited  
Collie Miners Credit Union Ltd  
Community Alliance Credit Union Limited  
Community CPS Australia  
Community First Credit Union Limited  
Companion Credit Union Limited  
Comtax Credit Union Limited  
Country First Credit Union Ltd  
Credit Union Australia Ltd  
Credit Union Incitec Pivot Ltd  
The Credit Union of Canberra  
Cuscal Ltd  
Croatian Community Credit Union Ltd  
CSR and Rinker Employees' Credit Union Limited

Discovery Credit Union Ltd

Electricity Credit Union Ltd  
ENCOMPASS Credit Union Limited  
Ericsson Employees Credit Co-Operative Limited  
Esso Employees' Credit Union Ltd  
Eurobodalla Credit Union Ltd

Family First Credit Union Limited  
Fire Brigades Employees' Credit Union Limited  
Fire Service Credit Union Limited  
Firefighters & Affiliates Credit Co-Operative Limited  
First Option Credit Union Ltd  
First Pacific Credit Union Ltd  
Fitzroy & Carlton Community Credit Co-Op Limited  
Ford Co-Operative Credit Society Limited

Geelong & District Credit Co-Operative Ltd  
GMH (Employees) Q.W.L. Credit Co-Operative Limited  
Goldfields Credit Union Limited  
Gosford City Credit Union Ltd  
Goulburn Murray Credit Union Co-Operative Limited

Heritage Isle Credit Union Ltd  
H.M.C. Staff Credit Union Ltd  
Holiday Coast Credit Union Ltd  
Horizon Credit Union Ltd  
Hospitals Credit Union  
Hoverla-Ukrainian Credit Co-Operative Ltd

Industries Mutual Credit Union Ltd  
Intech Credit Union Ltd

Karpaty Ukrainian Credit Union Limited

La Trobe Country Credit Co-Operative Limited  
La Trobe University Credit Union Co-Operative Ltd  
Laboratories Credit Union Limited  
Lithuanian Co-Operative Credit Society "Talka" Ltd  
Lysaght Credit Union Ltd

Macarthur Credit Union Ltd  
Macaulay Community Credit Co-Operative Limited  
Macquarie Credit Union Limited  
Maleny and District Community Credit Union Limited  
Manly Warringah Credit Union Limited  
Maritime Workers of Australia Credit Union Ltd  
Maroondah Credit Union Ltd  
mecu Ltd  
Memberfirst Credit Union Ltd  
MyState Financial Credit Union of Tasmania Ltd

New England Credit Union Ltd  
Newcom Colliery Employees Credit Union Ltd  
Northern Inland Credit Union Limited  
Nova Credit Union Limited  
NSW Teachers Credit Union Ltd

Old Gold Credit Union Co-Operative Limited  
Orana Credit Union Ltd  
Orange Credit Union Limited

Plenty Community Credit Union  
Police Credit Union Limited  
The Police Department Employees' Credit Union Ltd  
Police & Nurses Credit Society Ltd  
Polish Community Credit Union Ltd  
Power Credit Union Limited  
Powerstate Credit Union Ltd  
Pulse Credit Union Ltd

Queensland Community Credit Union Limited  
Queensland Teachers' Credit Union Limited  
Queenslanders Credit Union Limited

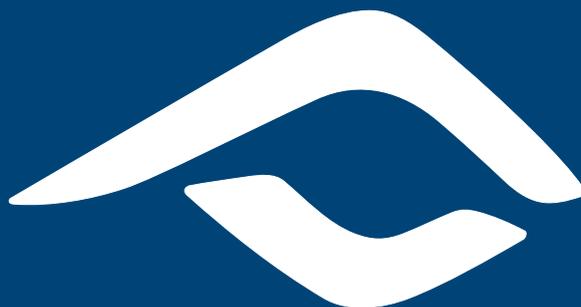
RegionalOne Credit Union Limited  
Resources Credit Union Limited  
R.T.A. Staff Credit Union Limited

St Mary's Swan Hill Co-Operative Credit Society Ltd  
Satisfac Direct Credit Union Limited  
Security Credit Union Limited  
Select Credit Union Limited  
Service One Credit Union Ltd  
Shell Employees' Credit Union Ltd  
Snowy Mountains Credit Union  
Southern Cross Credit Union Ltd  
South-West Credit Union Co-Operative Limited  
South West Slopes Credit Union Ltd  
StateWest Credit Society Limited  
The Summerland Credit Union Limited  
Sutherland Credit Union Ltd  
Sutherland Shire Council Employees' Credit Union Ltd  
Sydney Credit Union Ltd

The TAFE and Community Credit Union Ltd  
Tartan Credit Union Limited

Uni Credit Union Ltd  
United Credit Union Ltd  
The University Credit Society Limited

WAW Credit Union Co-Operative Limited  
Westax Credit Society Ltd  
Woolworths/Safeway Employees' Credit Co-Op Limited



Comments contained in this report refer primarily to the period  
1 September 2006 to 31 August 2007

Credit Union Dispute Resolution Centre Pty Ltd  
ABN 64 075 629 391  
can be contacted:

by telephone on: 1300 780 808  
Facsimile: (03) 9620 4446

by post to:  
CUDRC  
GPO Box 3  
Melbourne VIC 3001  
Australia

by email:  
[info@cupdc.com.au](mailto:info@cupdc.com.au)

Website:  
[www.cupdc.com.au](http://www.cupdc.com.au)