

**To:** [Economics Committee \(SEN\)](#)  
**Subject:** Additional Info - Credit Corp Group Limited  
**Date:** Saturday, 14 October 2017

---

Dear Mr Fitt,

I have had the opportunity to review the responses to the questions on notice by the Financial Ombudsman Service (FOS) and Treasury. FOS seems to have taken the opportunity to provide substantial additional material, almost all of which does not respond to any particular question on notice in the transcript.

I make the following points in relation to the additional material:

1. FOS has sought to undermine my point that no other financial services jurisdiction in the world has a scheme like AFCA, being a single private industry ombudsman scheme. FOS's response creates the impression that a recently formed scheme in Ireland is an international example of a scheme like AFCA. This is incorrect, as Treasury's response makes clear the Irish scheme is a statutory scheme. The distinction between a statutory scheme and a private industry scheme is significant. Statutory schemes provide for greater protections and accountability, with features including: budgets approved by government, directors appointed by government and enhanced rights of appeal.
2. FOS has also provided detailed responses in relation to some of the examples included in Credit Corp's submission. The examples examined were drawn from earlier submissions and are a selection from a larger number of examples which were detailed more fully in those earlier industry submissions. FOS has had ample opportunity to respond to all of those examples throughout the entire consultation process spanning many months, but has chosen to respond now when there is no possibility for further comment or challenge by industry.
3. In response to a question addressing the failure to consider the economic consequences of a move to a single private financial services industry ombudsman scheme Treasury stated that a "move to a single scheme is also consistent with what's happening internationally". After being pressed for a specific example of a jurisdiction with a "single private financial services ombudsman scheme" Treasury agreed to take the question on notice. Treasury's response does not address the specific question but refers to a view expressed in an independent review of one of the four private industry schemes that there "seemed" to be a "trend" towards scheme amalgamation. While there may have been some amalgamations there is no international trend towards a single private industry scheme and no international amalgamation has produced such a scheme. Treasury's failure to identify an example confirms Credit Corp's evidence. It is also curious that Ramsay would draw on an isolated view in an NZ independent review (a review which ultimately affirmed the multi-scheme model) in support of its conclusion, while failing to either acknowledge or address the authoritative conclusion of a November 2015 study by the NZ government that "there was no evidence that multiple schemes did not produce appropriate consumer outcomes"<sup>(a)</sup>.

The responses are demonstrations of why the AFCA bill requires more consideration and a total rethink. FOS's approach is indicative of a bureaucracy which considers that it should be beyond scrutiny and accountability. I have no doubt that if the bill is passed and the single private monopoly scheme is created it will exhibit these characteristics to an economy-damaging extent. The inability to acknowledge a plain and unambiguous fact, more than 8 months after Credit Corp first asserted the fact and in response to a very specific question from a parliamentary committee, is a dramatic example of the substantial shortcomings of the policy development process for the bill to date.

I request that you pass this email to the committee.

(a) New Zealand Ministry for Business, Innovation and Employment, Review of the Operation of the Financial Services Providers (Registration and Dispute Resolution) 2008 and the Financial Advisors Act 2008: Issues Paper, November 2015, p 34

Yours sincerely,

**Thomas Beregi**  
Chief Executive Officer

  
**Credit Corp Group**  
Credit Corp Group Limited  
ABN 33 092 697 151