

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates, 16 February 2006

Question: AT 26

Topic: *Five year trends in relation to SCT, BFSO and FICS*

Hansard Page: E25

Senator WATSON asked:

Mr Lucy, I will repeat my question because I think you have difficulty hearing me. I am asking about five-year trends in the resolution of disputes before three different tribunals. The first one is the Superannuation Complaints Tribunal, the second is the Banking Ombudsman and the third is the FI Complaints Service. What are the five-year trends in relation to each of those dispute resolution arrangements?

Mr Lucy—I think I understand the senator's question and that is whether we have access to five-year trends of the resolution of disputes coming from the Superannuation Complaints Tribunal, the Banking Ombudsman and FICS. I do not have that information with me but I am happy to take that on notice and provide it to you.

Answer:

Superannuation Complaints Tribunal ('SCT')

The trend of complaints to the SCT has remained overall steady in last five years. The nature of the complaints has remained basically the same, with death benefit disputes as the major category, followed by disability disputes and thirdly, the category of 'other' (eg. administration, payment).

The 2002-03 period did show an increase in both written complaints and telephone enquiries (40% increase from the 02-03 period). Also, for the first time "payment" matters were the main category of complaint.

The following 2003-04 period showed a decrease in complaints and enquiries, but a definite increase in the complexity of the matters received, a trend which is continuing.

The SCT anticipates complaints regarding super choice matters to come before it in the coming year.

Financial Industry Complaints Scheme ('FICS')

FICS's complaint numbers have remained steady since 2000, with an increase in the 2004-05 period in both telephone contacts and written complaints.

The membership of FICS increased from 2,335 at the end of 2003 to 2,501 at the end of 2004.

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FICS recently participated in cooperative projects with the Banking & Financial Services Ombudsman, Insurance Ombudsman Service Limited and the Credit Union Dispute Resolution Centre. The joint call-centre was expanded in early 2005 to include Insurance Brokers Disputes Limited and the Superannuation Complaints Tribunal, which along with the four schemes above and the Credit Ombudsman can all be contacted on 1300 78 08 08, the Toll Free telephone number.

With regard to the Westpoint matter, FICS has set up a dedicated team to deal with the significant number of enquiries it has received about advice to invest in the Westpoint group of companies. FICS Members must let FICS deal with complaints where the amount claimed is \$100,000 or less. Chief Executive of FICS Alison Maynard said there is also provision under the FICS Rules for a member to consent to FICS dealing with a complaint for more than \$100,000, and FICS encourages members to give this consent.

Banking and Financial Services Ombudsman ('BFSO')

The BFSO has now been going for 15 years. Last year saw an increase of 4.2 % in the number of new disputes lodged (6,104 matters) with a trend of a higher proportion of complex cases continuing.

As in the previous five years, Consumer Finance (32.5 per cent) was the top product category in disputes this year. The other main product categories were Deposit Accounts (18.5 per cent), Housing Finance (18.2 per cent) and Payment Systems (17.1 per cent).

The main product complained about in the Consumer Finance category continues to be the credit card account. Complaints about this product have increased from 1,101 last year to 1,189 this year. The main problems identified were the same as last year: unauthorised transactions and maladministration in granting credit. The main product complained about in the Deposit Account category was the statement savings account, with incorrect fees identified as the main problem.

The membership base has continued to grow. As at 30 June 2005, the Scheme had 64 members. Members now include banks, mortgage brokers, financial planners, debt collection agencies, foreign exchange providers, non cash payment facilitators and fund managers