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Latest News.....COSL' Changes

As you know, the Credit Ombudsman Service (formerly the Mortgage Industry Ombudsman Service, MIOS) is an external dispute resolution scheme approved by the Australian Securities and Investment Commission (ASIC).

The COS dispute resolution scheme is intended to provide consumers with an alternative to legal proceedings for resolving disputes with Members. Members will be aware that it is a condition of ASIC's approval that consumers are able to access COS at no cost to them.

ASIC also requires COS and other ASIC-approved external dispute resolution schemes to be independently reviewed every three years. COS engaged The Navigator Group to conduct the review.

The review found that COS has been meeting the benchmarks prescribed in ASIC's Policy Statement 139 and that the scheme should be viewed as successful in what it has achieved so far.

The review did find, however, that COS is still some way from achieving what has become best practice for complaint handling in the financial sector. According to the review, this was principally because the industry COS operates in is comparatively immature, the regulatory framework is incomplete, and the approach of Members to complaint-handling and IDR is still immature.

Some of the recommendations made by the review are that COS:

1. integrate its complaints and membership functions, co-locating them and drawing them together under one leader (a CEO).
2. moves to a single (in-house) Ombudsman structure.
3. draw up an integrated long-term membership relationship strategy that is staged over the coming 3-5 years with the aim of establishing COS as a recognised value proposition for members.
4. so as to bring COS in line with other ASIC-approved dispute resolution schemes, amend its rules so that COS' jurisdictional limit for complaints is increased to \$250,000 and the Ombudsman's compensation power is not limited to direct losses.

These and other recommendations have been adopted by the COS Board and can be viewed at www.creditombudsman.com.au.

In practical terms, COS has given effect to Recommendations (1) and (2) by appointing Mr Raj Venga as CEO and Ombudsman of COS. Raj now leads a team of case managers and membership officers in one location. ACDC is no longer the scheme manager and complaints will no longer be handled by ACDC.

Raj is a senior legal professional with considerable financial services experience, both as an in-house lawyer and as an Executive Director of a not-for-profit industry body.

In terms of Recommendation (3), the COS Board will at its next meeting be considering the strategic direction of the new COS, particularly in terms of its long-term Member relationships and fee structures.

In terms of Recommended (4), the COS Rules will be amended to reflect these and other recommendations suggested in the review