

# Credit Ombudsman Service

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Credit Ombudsman Service Limited (COSL) has announced a new and innovative fee structure for handling complaints about its members.

## New Fee Structure

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## Media Release Issue 04

### Credit industry welcomes new fee structure

Credit Ombudsman Service Limited (COSL) has announced a new and innovative fee structure for handling complaints about its members.

And according to Mr Raj Venga, Chief Executive of COSL, "Industry has responded very positively and has commended COSL on the initiative."

COSL is an external dispute resolution (EDR) scheme approved by the Australian Securities and Investments Commission (ASIC) to provide consumers with a mechanism for resolving credit-related disputes with members of COSL.

ASIC requires COSL and other approved schemes to provide their services without charge to consumers. Consequently, the cost of resolving complaints with consumers must necessarily be borne by COSL members. . These are brokers, lenders, originators, mortgage managers, securitisers and wholesalers.

*"We had to find an innovative way of significantly reducing the cost burden on members, while continuing to provide as much coverage of the credit market as possible. The new fee structure will also appeal to non-member intermediaries who are considering becoming members of COSL", Mr Venga continued.*

*"Case fees are often a shock to and represent a significant financial impost to small operators (the vast majority of our membership). In schemes that have large numbers of small operators, user-pays case fees are a huge source of friction with members." said Mr Venga.*

From 1 February 2007, members of COSL will receive a 'one free complaint' voucher, and case fees will be dramatically reduced by up to 75% for the first three complaints. The 'one free complaint' voucher can be used to offset the case fees that would normally apply to a complaint heard by COSL, up to and including a determination by the Ombudsman. Mr Venga noted that the Financial Service Ombudsman in the UK had adopted a similar approach.

*"The new 'one free complaint' voucher means that if a member only receives one complaint in a year, it will not have to pay COSL a cent to hear the complaint! This means that 99% of COSL members can have their clients' complaints dealt with by COSL without incurring any case fees" added Mr Venga.*

The new 'one free complaint voucher' and case fees will not have a significant impact on COSL's revenue. As a percentage of total revenue received by COSL in 2006, service fees for the year amounted to only 7.7%.

The 'one free complaint' voucher and new case fees will only be available to COSL members that are financial and not in arrears of case fees previously invoiced.

### Editors please note:

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