

Credit
Ombudsman
Service

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The Credit Ombudsman Service (COS) has released its Annual Report on Operations for 2005/2006.

Annual Report on
Operations 2005/2006



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COSL growing from strength to strength

The Credit Ombudsman Service (COS) has released its Annual Report on Operations for 2005/2006.

COS is an external dispute resolution scheme approved by the Australian Securities and Investments Commission to provide consumers with an alternative to legal proceedings for resolving credit-related disputes with members of COS.

Key highlights for the period 2005/2006 include:

1. The ratio of inquiries compared to complaints continued to increase in 2005-2006 compared with 2004-2005. This trend was also noted in the 2004-2005 period compared to 2003-2004. This may reflect the efforts made by members of COS to effectively resolve an initial complaint through their own internal dispute resolution procedures.
2. COS received a total of 2,724 "contacts" from consumers, comprising:
 - 1,958 inquiries
 - 227 complaints about members
 - 526 complaints about non-members
 - 13 complaints outside its terms of reference.

This represents a 26% increase in the volume of contacts received by COS compared to the previous year.

3. Membership of COS increased from 5,802 to 6,517 members, enabling COS to provide an even wider coverage for the credit industry. The membership of COS comprises brokers (53%), lenders (37%), originators (9%) and mortgage managers, securitisers and wholesalers making up the balance.

According to the Chairman of COS, Mr Graeme Mathews AM, "COS has continued to improve the efficiency and effectiveness of its service over the 2005-2006 period, during which 92% of complaints were resolved after facilitated negotiation or conciliation between the consumer and COS member. Only 8% of complaints required a determination by the Credit Ombudsman to resolve the dispute."

"However, the nature of the credit marketplace continues to cause difficulties in resolving complaints where a chain of different credit industry participants may be involved in arranging credit, each of which bears responsibility for the performance of different, but interdependent roles. Unless each participant is a member of COS or another external dispute resolution (EDR) scheme, the consumer may be left without a remedy. This is clearly unacceptable as it hinders comprehensive coverage of the credit marketplace", Mr Mathews added. "Consequently, COS has been urging State governments to legislate such that all participants to a credit transaction are required to become members of an EDR scheme."

Editors please note:

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