

# Credit Ombudsman Service

## Media Release Issue 05

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New Rules and Guidelines aimed at empowering the Credit Ombudsman Service to deal more effectively with credit-related complaints have been adopted.

**COSL's New Rules**

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## Media Release Issue 05

### The Credit Ombudsman Service means business

New Rules and Guidelines aimed at empowering the Credit Ombudsman Service to deal more effectively with credit-related complaints have been adopted.

According to Mr Raj Venga, Chief Executive of COS, "The Credit Ombudsman Service has been extremely busy reinventing itself by developing best practice complaint-handling processes, introducing innovative fee structures for its members and forging ahead in its transition to a fully-fledged external dispute resolution scheme".

The Credit Ombudsman Service, approved by ASIC, provides consumers with an alternative to legal proceedings for resolving credit-related complaints with members of COS (comprising brokers, non-bank lenders, originators and mortgage managers).

The new Rules and Guidelines give effect to the recommendations made by The Navigator Group in their independent review of the Credit Ombudsman Service.

*"What the new Rules and Guidelines do is to better equip the Credit Ombudsman Service to address emerging trends in the credit industry, such as inappropriate finance, the increasing incidence of financial hardship and unjust and predatory lending practices" said Mr Venga.*

*"The Rules have been substantially re-written such that the process is now strongly investigative", added Mr Venga.*

Some of the more important changes adopted are:

- Increasing the compensation limit from \$100,000 to \$250,000, and allowing a consumer having a claim in excess of that to abandon the excess to bring the complaint within COS' jurisdiction.
- Allowing the consumer to claim compensation for indirect or non-financial loss or disadvantage, such as personal inconvenience, stress or anxiety
- Allowing the Credit Ombudsman Service to deal with hardship applications under the Credit Code
- Empowering the Credit Ombudsman Service to deal with complaints about non-credit related financial products or services (eg. investment advice), where they were proposed or provided by a COS Member at the time of or as part of the credit arranged for the consumer.

Membership of COS increased from 5,802 in June 2005 to more than 7,300 by December 2006, enabling COS to provide an even wider coverage for the credit industry.

The new Rules and Guidelines can be found at [www.creditombudsman.com.au](http://www.creditombudsman.com.au).

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