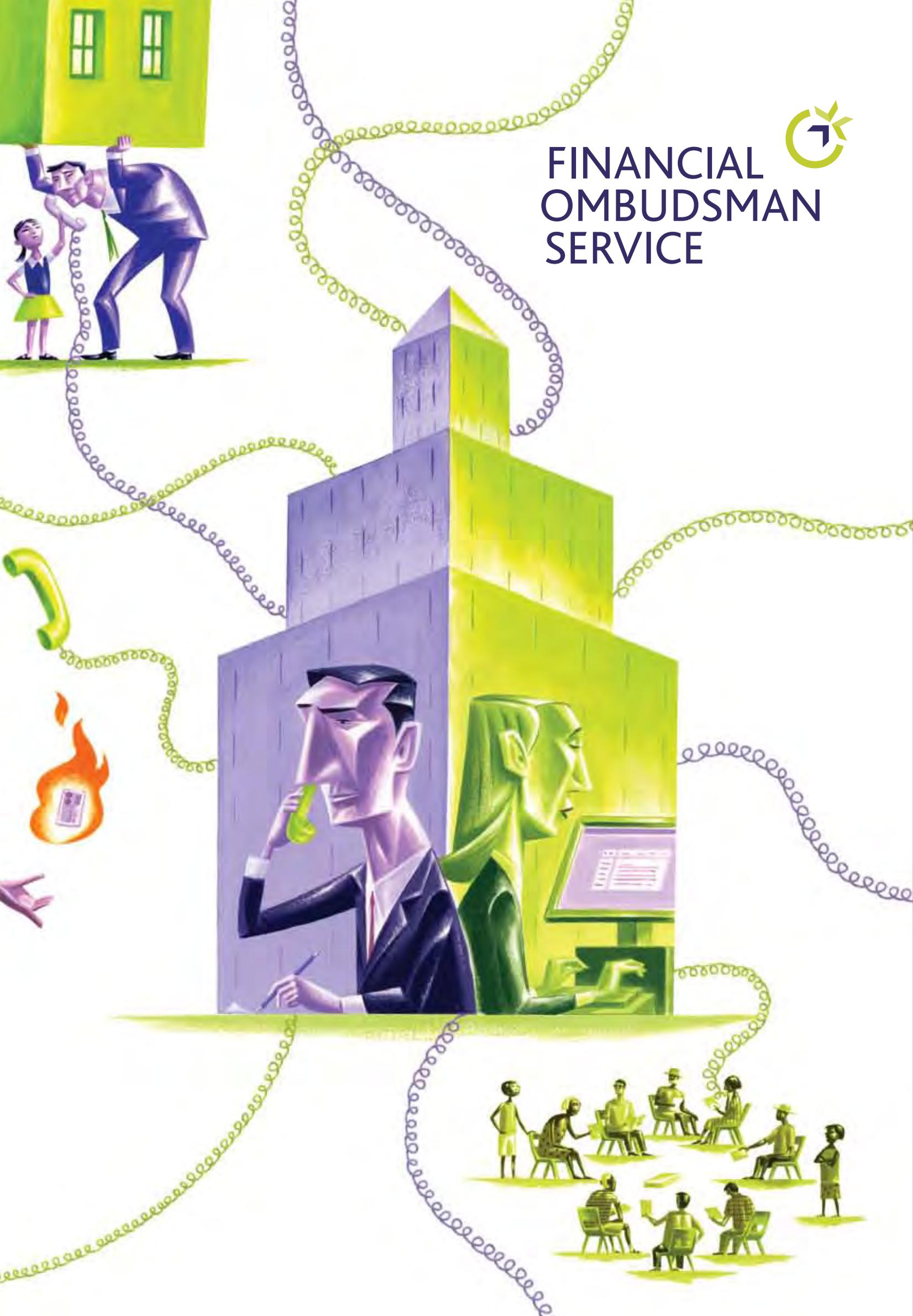


FINANCIAL OMBUDSMAN SERVICE





Financial Ombudsman Service: The First Stage

Peter E. Daly AM
Chair of the Board
Financial Ombudsman Service

The creation of the Financial Ombudsman Service through the merger of the three major financial services dispute resolution schemes on 1 July 2008 is but the first stage in a significant project which will benefit the millions of Australian consumers who rely on financial products and services every day.

We have long believed that there were too many external dispute resolution (EDR) schemes within the financial sector and it is now gratifying that stakeholders across industry, government and the consumer sector have seen the Banking & Financial Services Ombudsman, the Insurance Ombudsman Service and the Financial Industry Complaints Service unite to simplify the structure of financial services EDR in Australia. I am confident the Financial Ombudsman Service, in the coming year, will become the leading provider of dispute resolution in Australia, built as it is on the strong foundations of these three schemes which have led the way in setting the highest standards of professionalism in dispute resolution.

An Open Invitation

Pending the development of a new Terms of Reference (TOR) incorporating the finest elements of each scheme, we will achieve a highly effective TOR which will be in the best interests of all stakeholders. The next phase is extremely important. I would like to issue an open invitation to other independent schemes in the financial services market to join the Financial Ombudsman Service.

It is pleasing to note that the Productivity Commission also welcomes a united scheme which can provide an umbrella for individual schemes servicing the cross-section of the financial services market. Whilst there are differences between markets and products, these can be catered for within a single scheme. What is important is ensuring that we have the right processes and a fair system delivered economically to all stakeholders.

The new Financial Ombudsman Service brings together enormous skills and expertise, including a deep understanding of different methods of dealing with disputes. This, backed by a strengthened administration and support structure, will ensure that the Financial Ombudsman Service becomes the leading provider of external dispute resolution in Australia.

Thank You

Finally, I note that this annual report 'folder' contains the last individual reports from the three individual schemes. I would like to express the thanks of the Financial Ombudsman Service Board to all of those who have helped make it happen, in particular, the respective scheme Boards, Board Committees, the Ombudsmen and their teams and the independent decision makers. Of utmost importance to the whole merger process has been the cooperation and dedication of the staff and I thank them for their loyalty and understanding during this time.

Creating a Benchmark in Financial Services EDR



Colin Neave AM
Chief Ombudsman
Financial Ombudsman Service

The Financial Ombudsman Service has been in existence for a few exciting and challenging months. These final annual reports from the Banking & Financial Services Ombudsman, the Insurance Ombudsman Service and the Financial Industry Complaints Service represent the start of a new era which will see all stakeholders benefit from the simplification of external dispute resolution (EDR) in the financial services marketplace.

The merged Financial Ombudsman Service means a more efficient use of resources, sharing of expertise and a streamlined dispute resolution process. We have a simple message to consumers - the Financial Ombudsman Service is the main player in dispute resolution for financial services in Australia and access for all is of utmost importance to us.

I echo Peter E. Daly in his call to all financial services providers to consider membership of the Financial Ombudsman Service. The Financial Ombudsman Service is open for business and will become the benchmark for financial services EDR in Australia, a name with which all in the financial industry will be proud to be associated. With the support of industry, consumer groups and the Government we will ensure that this message is widely heard in the coming year.

Terms of Reference

Since our official launch on 1 July 2008, all at the Financial Ombudsman Service have been working towards the next stage: the creation of a single Terms of Reference (TOR) to govern the principles and processes for the three divisions of the scheme.

To this end, we have commenced a major project to meet ASIC requirements that a standard TOR be submitted by 30 June 2009, allowing six months for ASIC examination, before the introduction of the new TOR from 1 January 2010. We have explored all avenues for consultation - holding forums around Australia and contacting stakeholders by email, mail and telephone to ensure that all interested parties contribute to the process.

We have also commissioned, under ASIC RG 139, Independent Reviews in relation to our General Insurance and Investments, Life insurance & Superannuation divisions.

The recommendations of those reviews will be considered in developing the new TOR. Ultimately, the eight guiding principles identified by our Board and outlined in the Issues Paper (available on our website: www.fos.org.au) will form the foundations of the new TOR. However, we will do our utmost to take into account your suggestions and contributions.

Thank You

Finally, I would like to thank the Financial Ombudsman Service Board for all their unstinting dedication to the creation of a world-class financial services EDR scheme and the Ombudsman and their teams for their support and expert assistance and advice.