

MEDIA RELEASE

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Financial Ombudsman Service sees 33% increase in new disputes

The Financial Ombudsman Service today released its annual review of disputes across the financial services sector, reporting an overall 33 per cent increase in new disputes received during the 2008-2009 financial year.

The Chief Ombudsman of the Financial Ombudsman Service, Colin Neave, said that the harsh economic conditions resulting from the global financial crisis had had a significant impact on people's lives and finances, borne out by the number of disputes being brought by consumers and small businesses to the dispute resolution 'one stop shop'.

"Overall we have seen a 68 per cent increase in investment disputes, a 36 per cent increase in credit disputes, a 34 per cent increase in general/domestic insurance, and a 28 per cent increase in life insurance disputes, compared to the 2007-2008 financial year," Mr Neave said.

"Many consumers are experiencing anxiety about their investments or have found themselves in financial difficulty or hardship, as shown by the increases in certain areas. For instance, we are seeing large increases in disputes in areas such as the provision and/or financial advice relating to margin loans and in consumer credit issues such as break costs to fixed rate or business loans. In addition, extreme weather events such as storms and bushfires have had an impact on general/domestic insurance disputes," Mr Neave added.

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Mr Neave said such rises in dispute numbers were obviously providing a challenge for timelines and resources: "At the Financial Ombudsman Service, we have increased our resources and developed our systems considerably to help handle disputes promptly. I would strongly encourage financial services providers to ensure their own internal dispute resolution resources match the demand. Our members will need to continue to be responsive to us so we can work together to speed up resolution for consumers. We certainly aren't seeing any indication that the numbers of disputes will decrease in the short term."

– ENDS –

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Notes to editors

The Financial Ombudsman Service provides independent dispute resolution services for most financial services disputes in Australia.

The service is free to consumers and can make decisions which are binding on participating financial services providers.

Financial services providers who subscribe to the Financial Ombudsman Service include: banks, mortgage and finance brokers, general insurers, insurance brokers, credit and finance providers, credit card providers, financial planners, life insurers, stockbrokers, managed funds, and collection agencies, and other financial service providers.

The Financial Ombudsman Service is approved by the Australian Securities and Investment Commission and membership of the Financial Ombudsman Service is open to all financial service providers operating in Australia.

Website: www.fos.org.au