



2005-2006
Credit Union Dispute Resolution Centre
Annual Report

Covering the period 1 September 2005 to 31 August 2006



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Message from the Chairman

This year has been one of further consolidation and improvement for Credit Union Dispute Resolution Centre (CUDRC), with the completion of a major project, the independent review of our operations and procedures.

CUDRC is required to undertake an independent review every three years pursuant to the CUDRC Constitution and to comply with our obligations as an Australian Securities and Investments Commission (ASIC) approved external dispute resolution scheme. The review assessed CUDRC's performance against the benchmarks governing the operation of the Scheme in ASIC's *Policy Statement 139 - Approval of External Complaints Resolution Schemes* (PS 139).

The Final Report of the review was completed by Phil Khoury of the Navigator Company in November 2005 following a broad consultation process with CUDRC's stakeholders, including representatives from consumer and industry groups. Overall, the findings were very positive, confirming that CUDRC is meeting the PS139 benchmarks. The Board accepted all of the Recommendations made in the Final Report and

has been working on implementation through our Business Plan and in consultation with stakeholders.

This year the Board farewelled consumer director, Gordon Renouf. I would like to thank Gordon for all his work on the Board. I would also like to welcome our newest board member, Jenny Lovric, who has been appointed to replace Gordon as the consumer director. Jenny brings considerable experience in consumer issues and I welcome her contribution to the Board.

I would also like to take this opportunity to thank our Dispute Manager, Colin Neave and his staff for their hard work and professionalism throughout the reporting period. I look forward to another exciting year ahead.

Tom Sherman, AO
Chairman
Credit Union Dispute Resolution Centre Board



Dispute Manager's Foreword

I am pleased to present CUDRC's tenth annual report.

This year has again seen a decrease in the total number of telephone calls to CUDRC, falling 5.3% from 1,838 in the last reporting period to 1,740 in this reporting period. However, the number of new cases has increased by 14.2%, up from 151 in the last reporting period to 172 in this reporting period.

At the same time, we have also seen a pleasing improvement of case resolution times, contributed to by the credit unions' efforts to resolve disputes as early as possible after referral from CUDRC. It is important that disputes are resolved quickly and we encourage the early resolution of disputes as much as possible. However, it is also important that credit unions continue to develop effective internal dispute handling mechanisms so that easily resolved disputes are not unnecessarily escalated to CUDRC.

The importance of internal dispute resolution, including good processes for the referral of complaints to both internal mechanisms and to CUDRC

was also highlighted by our telephone survey of complainants, as reported in this annual report. Credit unions are working hard to implement good referral processes but it is clear that there is more work to be done.

This year has also seen an increase in the number of cases involving more difficult and complex issues and products. I encourage credit unions in their ongoing efforts to engage in careful marketing and effective staff training to deal with complex products and ensure that they are well understood by consumers.

I thank the Board for the support they have given to CUDRC this year. I am also grateful to my staff, whose hard work and dedication to the efficient resolution of disputes is vital to the continuing success of the Scheme.

Colin Neave AM
Credit Union Dispute Manager



About the Credit Union Dispute Resolution Centre

The Credit Union Dispute Resolution Centre (CUDRC) is a dispute resolution scheme approved by the Australian Securities and Investments Commission (ASIC) under ASIC's *Policy Statement 139*.

CUDRC was established on 1 November 1996 by the Credit Union Services Corporation (Australia) Limited (CUSCAL) to provide an independent and impartial dispute resolution service for participating credit unions and their members.

Structure and Governance

CUDRC is a proprietary company, limited by shares. The objects of the company are to conduct and promote a credit union industry dispute resolution scheme involving participating credit unions and credit union members. CUDRC is funded by participating credit unions.

The Board of CUDRC is made up of an independent Chair and an equal number of consumer and credit union Directors. The Board's responsibilities include:

- determining the Terms of Reference for CUDRC;
- approving the budget;
- determining how participating credit unions will be levied to raise the funds to operate the Scheme;
- appointing the Credit Union Dispute Manager;
- monitoring the operation of the scheme; and
- providing guidance and assistance to the Credit Union Dispute Manager on policy issues.

The Board does not have any role in investigating or resolving disputes.

As at 31 August 2006, the Board comprised:

Chairman	Mr Tom Sherman, AO
Industry Directors	Ms Louise Petschler Mr Peter Ford
Consumer Directors	Mr Tony Devlin Mr Gordon Renouf (till 31 December 2005) Ms Jenny Lovric (from 10 March 2006)

Credit Union Dispute Manager

The functions of resolving disputes and day to day management of CUDRC are carried out by the Credit Union Dispute Manager (the Dispute Manager).

The Banking and Financial Services Ombudsman has been appointed by the Board since 1 September 2002 to perform the role of the Dispute Manager.

CUDRC operates as a separate entity to the Banking and Financial Services Ombudsman Limited (BFSO) under its own Terms of Reference. The BFSO employs dedicated staff to carry out the CUDRC functions. CUDRC has a dedicated website, email address, and its own letterhead and documentation.

CUDRC staff and roles

During the reporting period, the following people carried out the Centre's functions:

Dispute Manager

The Dispute Manager considers disputes within the Scheme's Terms of Reference and facilitates the satisfaction, settlement, and resolution of such disputes. Also responsible for the overall management of the Scheme.

Colin Neave

Colin has had extensive experience in dispute resolution and management in the financial services sector, having been the Banking and Financial Services Ombudsman since February 1996. He was appointed the Dispute Manager in September 2002.

Case Manager

The Case Manager investigates disputes and resolves them through the provision of written findings, facilitating negotiation between the parties, as well as convening conciliation conferences so that resolution is reached within reasonable time frames.

Thanh Lu

Thanh was employed as a full-time Case Manager for CUDRC in September 2002. Thanh came to CUDRC with 25 years of experience in the banking and financial services industry.

Case Officer

The Case Officer provides a telephone service to credit union members, offers information about CUDRC jurisdiction and procedures, and provides callers with appropriate referrals to participating credit unions. The Case Officer classifies and summarises written disputes, as well as investigating some disputes not resolved by the relevant credit union.

Terry Boocock

Terry joined BFSO in 1998 following 36 years experience working in the banking industry. Terry has extensive knowledge and experience in general banking products and services, lending and back office processing. Terry was appointed as the dedicated CUDRC Case Officer in September 2002.

These staff members are also supported by:

General Manager	Ms Diane Carmody
Legal Counsel	Mr Philip Field
EFT Disputes Manager	Mr Laurence O'Keefe
Privacy Manager	Ms Jillian Brewer
Policy Adviser	Ms Margery Clark
Communication Systems Manager	Mr Harry Ganavas
Information Systems Manager	Mr Anthony Mollross
Finance Manager	Ms Jill Keating



Overview of CUDRC Processes and Procedure

The functions and powers of CUDRC and the Dispute Manager are set out in the Terms of Reference, approved by the Board. The Dispute Manager can develop more detailed dispute resolution procedures that are consistent with the Terms of Reference.

Terms of Reference

Who may use the service?

CUDRC's service is available to individuals and small businesses to resolve complaints about a financial product or service provided by their credit union who is a member of CUDRC.

A "small business" is an incorporated or unincorporated business that, when the events relating to the dispute occurred, had:

- less than 100 full time (or equivalent) employees, if the business is or includes the manufacture of goods; or
- less than 20 full time (or equivalent) employees, if the business is of another nature.

Complaints

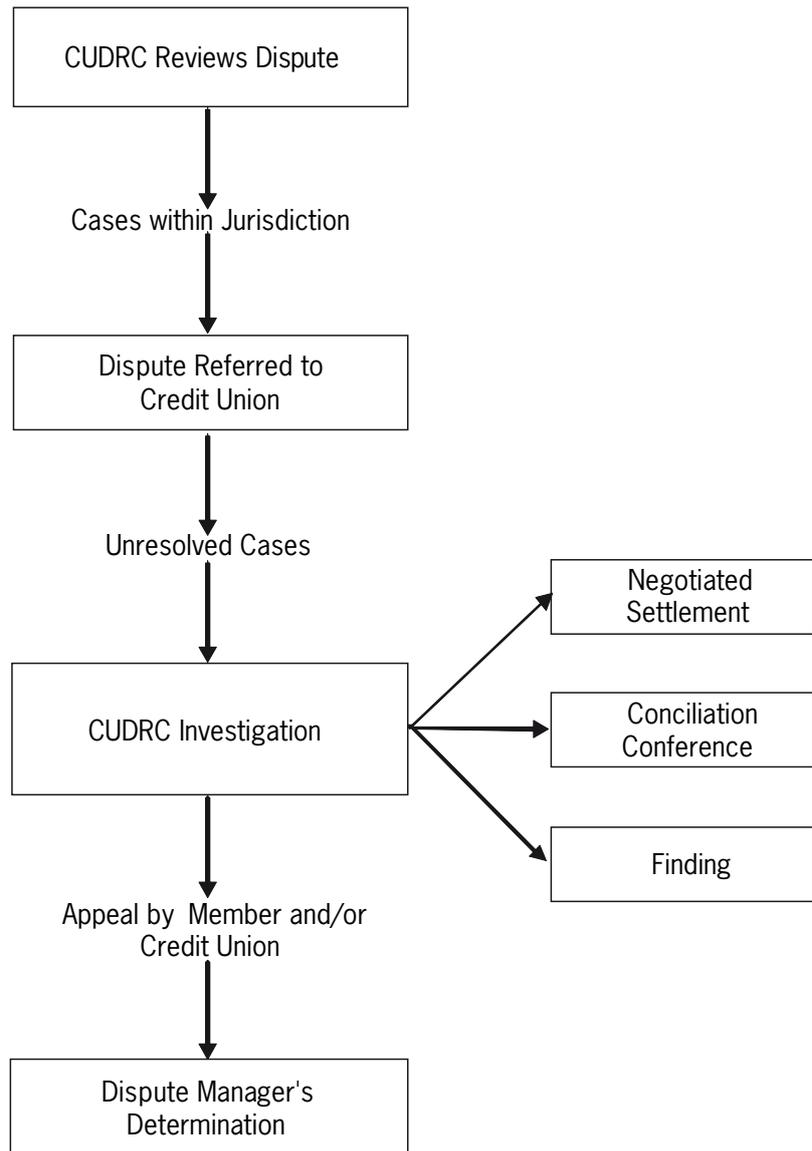
CUDRC can consider complaints about any act or omission by a credit union, in relation to a credit union product or service. It can also consider complaints about breaches of confidentiality or personal privacy.

Resolution times

Before CUDRC considers a disputant's complaint, the relevant credit union will be given an opportunity to resolve it. Under the Terms of Reference, the credit union has a maximum of 45 days to try to resolve the complaint through their internal dispute resolution processes. If the matter is not resolved within this time, the disputant can lodge a written dispute with CUDRC for investigation.

The Dispute Resolution Process

Figure A: CUDRC Dispute Resolution Process



Stage one: Telephone enquiries

All telephone enquiries to CUDRC are initially captured by the Financial Ombudsman Service (FOS). FOS is the central contact point for consumers wishing to access a financial services dispute resolution scheme. When a consumer calls the 1300 780 808 number to complain about a credit union, a FOS Enquiry Officer will identify whether the credit union is a member of the CUDRC scheme. If the enquiry does not involve a participating credit union, FOS will refer the caller to the most appropriate service.

If the enquiry involves a participating credit union, the Enquiry Officer will refer the caller to the CUDRC Case Officer. If the matter is outside CUDRC's Terms of Reference, the Case Officer will advise the caller of other organisations that may be able to assist. If the matter appears to be within the Terms of Reference, the matter moves to Stage two.

Stage two: Referral to credit union

If the caller's complaint has not been dealt with by the credit union's internal dispute resolution process, the Case Officer will provide the caller with contact details of the department nominated by the credit union to deal with customer disputes. The Case Officer will also provide information about how to lodge a written dispute with CUDRC if the matter remains unresolved.

CUDRC cannot consider a matter until the earlier of either:

- 45 days elapsing since the disputant lodged the complaint with the credit union's dispute resolution process, with the matter remaining unresolved; or
- notification by the disputant to the credit union that its formal proposal to resolve the dispute is unacceptable.

In some cases, if the dispute is unresolved after the caller has contacted the credit union, the Case Manager may try to resolve the dispute informally. In these "telephone cases", the Case Manager liaises with the credit union by telephone, and the matter may be resolved without any need for the disputant to lodge a written dispute. This process is often used where the amount in dispute is very small, or the issues in dispute are straightforward.

Stage three: Lodging the dispute

If the complaint remains unresolved by the credit union after 45 days, or the disputant does not accept the credit union's proposal to resolve the dispute, the disputant can write to CUDRC to lodge a dispute. A credit union can also refer a disputant's complaint directly to CUDRC with the disputant's written consent.

After reviewing the initial correspondence and assessing the dispute does not fall outside of CUDRC's Terms of Reference, the Case Officer will seek the disputant's written authority to investigate the dispute if it has not already been provided. At the same time, the Case Officer will advise the credit union of the dispute and encourage it to try to resolve the dispute directly with the disputant.

Once the authority is received, the Case Officer can formally refer the dispute to the credit union, giving the credit union a final opportunity to resolve the dispute before the Case Manager investigates.

The credit union has 30 days to respond to the dispute after receiving the formal referral from CUDRC.

Stage four: Investigation and resolution

The Case Manager will investigate any unresolved disputes by collecting and examining all relevant documents and information. As part of the investigation process, the Case Manager may also seek advice from a Financial Services Adviser or Legal Counsel in appropriate cases.

Once an investigation has commenced, a dispute can be resolved in one of the following ways:

Negotiated settlement

The Case Manager may facilitate a negotiation process for the parties in dispute to come to an agreement as to how the dispute should be resolved. The terms of any agreement will then form the basis of the dispute settlement and will be confirmed in writing.

The parties to the dispute may independently come to an agreement as to how it should be resolved, with the terms of settlement confirmed in writing.

Conciliation conference

The Dispute Manager may convene a conference in order to discuss the case, with the view to reaching a resolution at the conference. The terms of any resolution are confirmed in writing.

Finding

The Case Manager may issue a written Finding, setting out his or her views of the merits of the dispute and how it should be resolved. The dispute will be resolved if both parties accept the Finding.

Determination

If either party rejects the Case Manager's Finding, the Dispute Manager will review the dispute and issue a Determination setting out how he considers the matter should be resolved. If the disputant accepts it, the Determination is binding on the credit union and CUDRC cannot consider the dispute further and the file will be closed. If the disputant does not accept the determination, the disputant will retain their right to pursue the dispute in other appropriate forums. CUDRC will advise the disputant of other avenues of redress that may be available.

Recommendation

In cases where the amount being disputed exceeds \$100,000 or forms part of a claim involving more than \$100,000, the Dispute Manager can issue a Recommendation.

If both parties accept a Recommendation, it will become a binding Determination. If the disputant rejects a Recommendation, CUDRC cannot consider the dispute further. If the credit union rejects a Recommendation, it can choose whether or not to have the dispute independently arbitrated. If the credit union does not want to have the matter arbitrated, CUDRC will not be able to consider the matter further.

In considering a complaint, or making a Determination or Recommendation, the Dispute Manager must observe applicable rules of law, judicial authority, and precedent. The Dispute Manager must also have regard to applicable industry codes (including the Credit Union Code of Practice and the EFT Code of Conduct), good industry practice, and what is fair and reasonable in all the circumstances.



The Centre's operations over the reporting period

CUDRC uses its Case Information Management System (CIMS) to capture information about enquiries and disputes that it receives. The details recorded for each enquiry or case include the name of the relevant credit union, the product type to which the complaint relates, and the main problem or problems identified by the disputant.

The following pages contain statistical information about the operation of CUDRC over the reporting period (1 September 2005 – 31 August 2006).

Users of CUDRC

CUDRC provides a free dispute resolution service to individuals and small businesses who are members of a participating credit union.

CUDRC is housed within the office of the BFSO in Melbourne. Callers can contact CUDRC via the toll free telephone number or by email so that they are not disadvantaged financially in making an enquiry or lodging a dispute from outside of Melbourne.

When a face-to-face meeting is considered desirable, CUDRC will make arrangements so that the meeting takes place at a time and location as convenient to the disputant as possible. CUDRC will also cover reasonable costs incurred by the disputant in attending the meeting.

If disputants are experiencing difficulties lodging their dispute, due to language problems or disability, staff can assist by:

- meeting with disputants to identify the grounds of their dispute;
- arranging for a translation services; and
- assisting disputants to write their initial letter of complaint.

Table 1: Users of CUDRC

	Individuals	Incorporated businesses	Unincorporated businesses
Written disputes	96.5%	1.2%	2.3%
Phone enquiries	97.0%	0.9%	2.1%

As shown in Table 1, CUDRC was predominantly used by individuals. This is in line with the general demographics of credit union membership.

Figures B and C below compare the number of users of the scheme with the percentage of adult population in each state and territory.

The graph in figure B indicates that relative to their respective adult population, CUDRC received proportionately more phone enquiries and written disputes from Australian Capital Territory, Tasmania, South Australia and Northern Territory and less from Queensland and Victoria. Percentage of phone enquiries and written disputes received from New South Wales and Western Australia was generally in line with their respective proportionate population.

The graph in figure C indicates that users of the Scheme from non-capital city locations were over-represented in New South Wales, South Australia and Tasmania proportionately in comparison to the population from the respective states or territory as a percentage of the total population.

Figure B: All Users of the Scheme

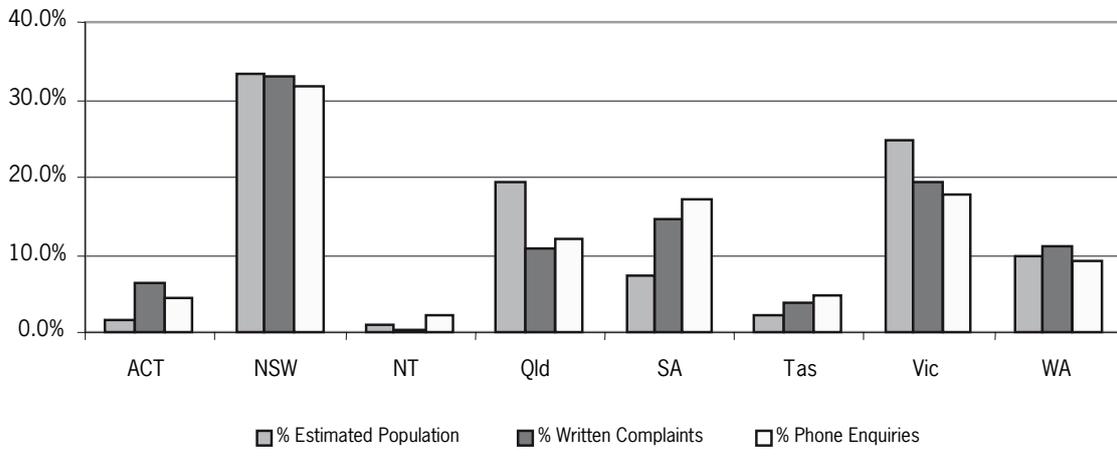
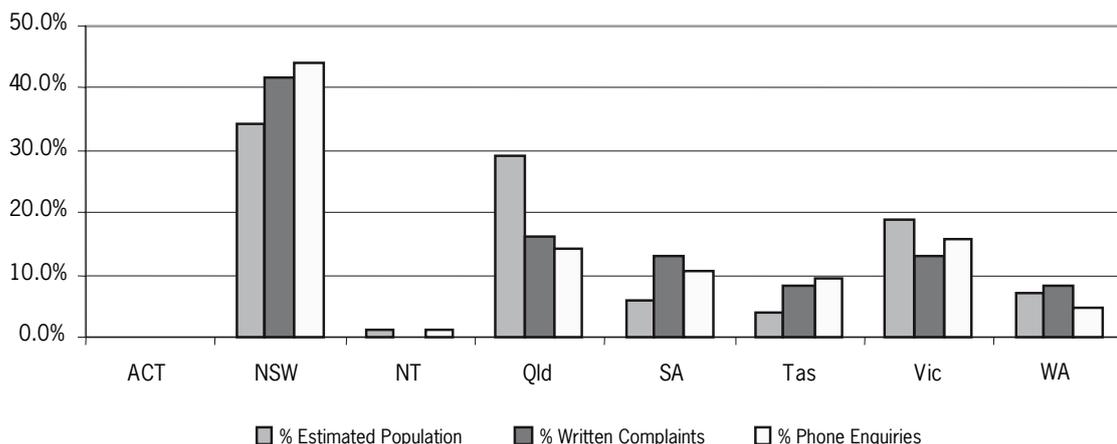


Figure C: Non-Capital City Users of the Scheme



On the other hand, the graph indicates non-capital city users were under-represented in Queensland and Victoria.

More written complaints and less phone enquiries were received from non-capital users in Western Australia proportionately in comparison to its population as a percentage of the total population.

It should be noted that the location from which the complaint was sent to us may not be in the same state or territory where the relevant credit union is domiciled.

Telephone Service

Callers to the toll-free number reach the Financial Ombudsman Service (FOS). FOS, formerly the Financial Services Referral Centre, is a co-operative venture established by the BFSO, the Financial Industry Complaints Scheme and the Insurance Ombudsman Service Limited in June

Figure D: Volume of Calls Received – 4 year trend

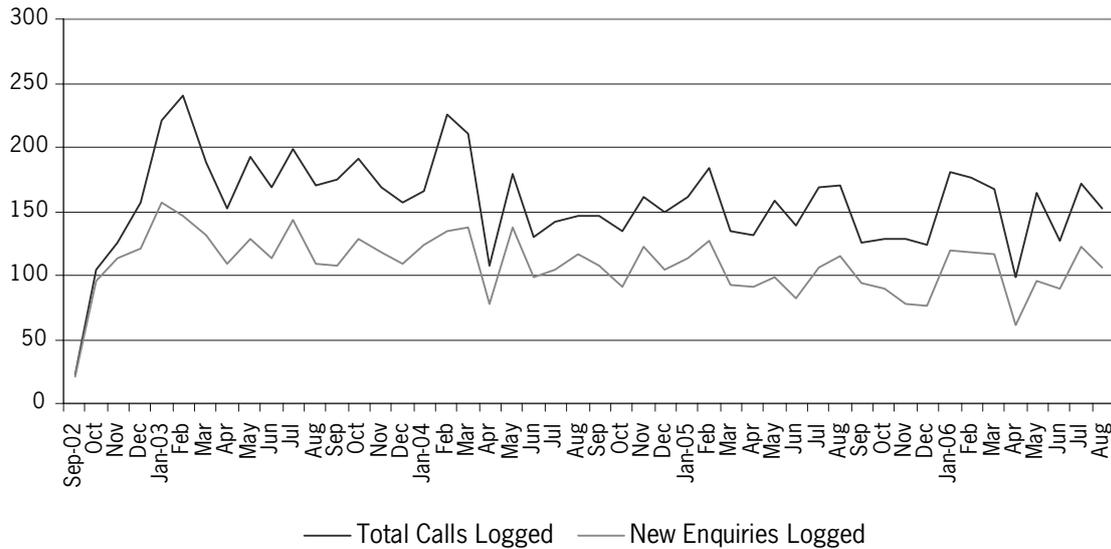


Table 2 and Figure E show the break up of the total calls received. The total number of new enquiries received in this reporting period was 1,166, and 142 (12.2%) of these enquiries related to matters outside of the Centre's Terms of Reference.

Table 2: Telephone Calls Received

New Enquiries – WTR	1,018
New Enquiries – Phone Cases	6
	1,024
New Enquiries – OTR	142
New Enquiries – TOTAL	1,166
Follow Up Calls	380
Admin Calls	194
Total Calls Received	1,740

2002. The FOS's aim is to identify the most appropriate dispute resolution scheme to connect the caller to, having regard to the issues they raise.

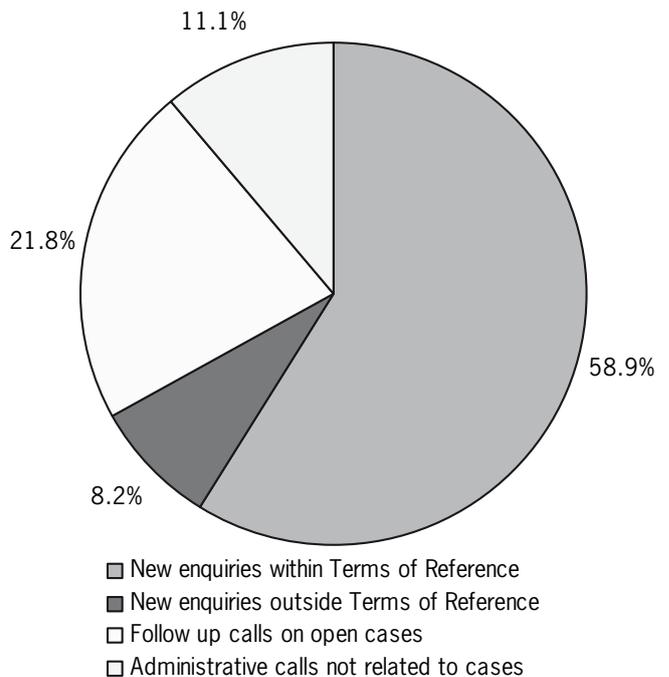
For calls about credit unions, the enquiries officers identify whether the credit union complained of is a CUDRC participant. If it is, the caller is transferred directly to the CUDRC Case Officer or Case Manager.

During the reporting period, CUDRC recorded 1,740 telephone calls of which 1,166 were new enquiries. This equates to a monthly average of 145 calls of which, on average 97 were new enquiries.

Comparing to the last reporting period, the total calls decreased by 5.3% and new enquiries by 6.8%.

Figure D shows the volume of calls over the past 4 years. The graph also indicates a seasonal spike in the number of calls received during the January-February period each year.

Figure E: Telephone Calls Received.



Main product/problem categories

In relation to the 1,024 new enquiries that were within our Terms of Reference, Table 3 below shows the break up of the product category that the callers enquired about and the top two problems of each product category.

Table 3: New Telephone Enquiries Received – Product Category and Main Problem Categories

Product Category	No. of Enquiries	Product Category	No. of Enquiries
Payment Systems	374	Transactions / Calculations	158
		Service Quality	98
Deposit Account	284	Service Quality	54
		Industry Practice	51
Consumer Finance	198	Commercial Decision	74
		Service Quality	50
Housing Finance	137	Service Quality	46
		Commercial Decision	26
Other	19	Service Quality	7
		Information Inadequate or Incorrect	6
Business Facilities	10	Commercial Decision	3
		Industry Practice	2
Financial Planning	2	Fees Excessive / Inappropriate / Wrong	1
		Information Inadequate or Incorrect	1

Explanation of the problem codes used by the Centre is provided in Appendix A. Please note that not all problem codes are applicable to each product category.

The top three product categories in terms of the number of complaints received were:

- Payment systems, including ATMs, EFTPOS, and cheques 36.5%
- Deposit account, including statement and cheque accounts, and term deposits 27.7%
- Consumer finance, including credit cards and personal loans 19.3%

The ranking of product categories complained about and the percentage of each product category remain consistent with the last reporting period. With the exception of Deposit Account and Financial Planning, the two main problems for the product categories are also the same as last reported. This is due to the main product range offered by credit unions and the demographic of their membership.

New Cases and Work in Progress

Opened Cases

When a written dispute is received by the Centre, a new case is opened. Between 1 September 2005 and 31 August 2006, CUDRC opened 172 new cases, 24 (16.2%) more than the last corresponding period.

Figure F represents the number of cases received since September 2002.

In comparison to the last reporting period, the average number of new cases received has increased from 12.3 to 14.3 per month.

As at 31 August 2006, CUDRC had 30 open cases, 6 more than the number of opened cases as at 31 August 2005, reflecting the increased number of written disputes received during this reporting period.

As shown by Figure G and Table 4 on the following page, about one third of the open cases were distributed in each of the following three stages: waiting for responses from credit unions, in the course of investigation and at provisional closure.

On average, the number of days that a case was awaiting allocation for investigation decreased significantly from 10 days to 3 days, in comparison to the last reporting period.

Figure F: New Cases Received

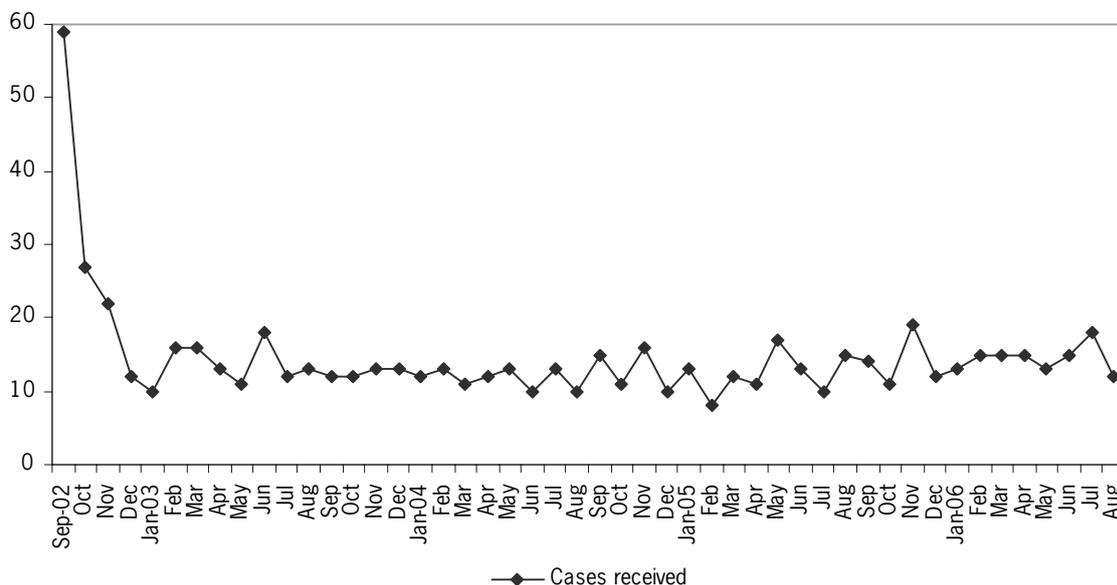


Figure G: Distribution of Open Cases

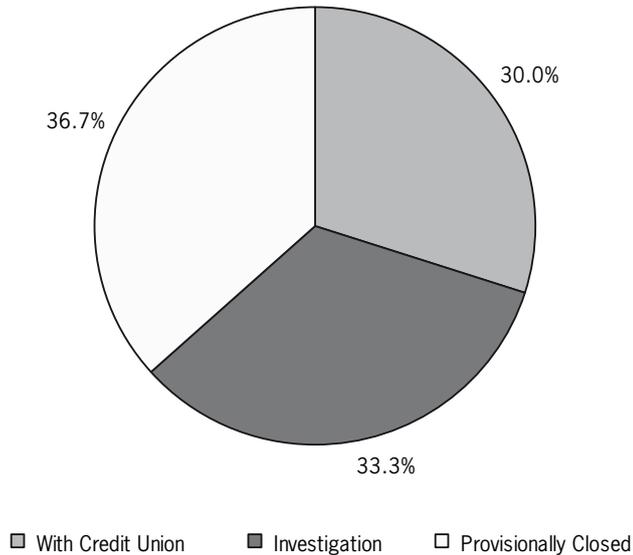


Table 4: Distribution of Open Cases

Case Status	No.	%
Cases received but not classified	0	0.0%
Cases referred to the credit union and awaiting response	9	30.0%
Cases under investigation	10	33.3%
Cases provisionally closed pending clarification of TOR issues, resolution by the credit union or acceptance or appeal of CUDRC's assessment	11	36.7%
Total	30	100.0%

Closed Cases

In the current reporting period from 1 September 2005 to 31 August 2006, CUDRC closed 167 cases which was 12 (7.7%) more than the number of closed cases as in the previous reporting period. Table 5 shows a summary of the outcome of the closed cases.

48 cases were closed without being formally referred to the credit union.

Table 5 : Outcome of closed cases

Cases not referred to Credit Union :

Outside Terms of Reference:	22		
Others: Dispute copied to CUDRC - resolved by Credit Union without CUDRC involvement	12		
Disputant's claim unable to be established	1		
Disputants did not respond to request for additional information	3		
Disputants accepted CUDRC's advice that Credit Union action was appropriate	1		
Authority not returned by disputant (Agent)	1		
No financial Loss involved and claim for non-financial loss not justified	1		
Withdrawn by disputant	7		
Total Others	26		
Total Cases not Referred to Credit Union:	48		28.7%

Cases determined to be Outside Terms of Reference or Discontinued ("DIS") after referral to Credit Union:

Outside Terms of Reference:	4		
DIS: Claim unable to be established	2		
Disputant did not respond to request for additional information	2		
Disputant accepted CUDRC's advice that Credit Union action was appropriate	1		
Authority not returned by disputant	10		
No financial Loss involved and claim for non-financial loss not justified	3		
Withdrawn by disputant	2		
Total "DIS"	20		
Total Cases Closed OTR or "DIS" after referral to Credit Union:	24		14.4%

Cases Resolved by Credit Union:

Resolved by Credit Union after informal Telephone Referral (*)	11		
Resolved by Credit Union after informal Written Referral (**)	10		
Resolved by Credit Union after Formal Referral:	46		
Total Cases resolved by Credit Union:	67		40.1%

Cases Investigated by CUDRC:

Outside Terms of Reference:	2		
DIS: Disputant did not respond to request for additional information	4		
Disputant accepted CUDRC's advice that Credit Union action was appropriate	2		
Total "DIS"	6		
Resolved by Case Manager's Finding	7		
Resolved by Negotiated Settlement	9		
Resolved by Dispute Manager's Determination:	4		
Dispute Manager's Recommendation (Non-Binding Determination):	0		
Total Cases Investigated by CUDRC:	28		16.8%

Total Cases Closed

167

* Cases are referred informally by telephone or facsimile where the issues involved are simple and/or the amount claimed is small.

** Cases are referred informally by facsimile or letter to give the credit union an opportunity to resolve the dispute where it appears that the matter has not previously been considered under the credit union's internal dispute resolution process.

These include 22 cases assessed by CUDRC as outside the Terms of Reference (OTR). Another 19 cases were closed at this initial stage either because the credit union resolved the dispute after CUDRC's informal referral, the disputant did not respond to our correspondence or the disputant accepted our advice that the credit union appeared to be acting appropriately.

Seven cases were withdrawn by the disputants.

The remaining 119 cases were formally referred to the relevant credit union for its response.

Manner of dispute resolution for cases referred to the credit union

Out of the 119 cases formally referred to the credit unions, 67 cases were resolved by credit unions without the need for CUDRC investigation. Another 24 cases were either discontinued or assessed to be OTR at this stage.

The remaining 28 cases were investigated by the Case Manager.

In determining the most appropriate option for resolving disputes after an investigation has commenced, the Case Manager will consider factors such as the complexity of the issues in dispute, the expectations of the parties and their willingness to negotiate a settlement.

During the Case Manager's investigation, 2 cases were found to be OTR. Four cases were discontinued because the disputants did not respond to request for further information. Two cases were closed after the disputants accepted CUDRC's advice that the relevant credit unions had acted appropriately.

Of the remaining 20 cases, 9 cases were resolved after CUDRC facilitated settlement between the parties and 7 cases were resolved after the Case Manager issued a Finding on the merits of the dispute. There were 4 other cases where the Case Manager's Findings were rejected by either or both of the parties and each of these cases was resolved when the Dispute Manager issued a Determination.

The Dispute Manager also has the jurisdiction to issue a Recommendation if the total of the claims in dispute is more than \$100,000. There was no Recommendation issued during the reporting period.

Table 6 shows the outcome of the 20 cases that required investigation and were not discontinued or OTR. The outcomes of these cases were 6 in favour of the credit union (30.0%), 8 in favour of the disputant (40.0%) and 6 benefiting both parties (30.0%).

Of the 9 cases resolved by Negotiated Settlements, 6 (66.7%) produced positive outcomes for the disputants and 3 (33.3%) resulted in benefits for both parties.

Of the 11 Findings issued by the Case Manager, 7 cases were closed with 3 cases favouring the credit unions, 2 cases favouring the disputants and 2 cases benefiting both parties.

The other 4 Findings were rejected by either or both parties and required a Determination to be issued by the Dispute Manager.

Of the 4 Determinations issued, 3 (75.0%) favoured the credit union and 1 (25.0%) benefited both parties.

Product and problem categories

Cases are classified in accordance with:

- the product or service provided by the credit union to the disputant; and
- the problem with the product or service, as reported by the disputant.

Figure H shows the major products and main problems for the cases closed after referral to the credit union or investigation. Note that there can be more than one product or problem involved in any one case.

The top three product groups in terms of the number of complaints received, were payment systems (32.4%), consumer finance (29.2%) and deposit account (20.5%). These are the same top three product groups in different ranking for the last 3 reporting periods.

Figure H and Table 7 show that 38.3% of the payment system cases, during the reporting period, involved ATMs. The most commonly reported problems were incorrect cash given and unauthorised transactions.

Within the consumer finance category, personal loans and credit cards continued to be the predominant products involved. The main problems for personal loans were excessive or incorrect charging of fees and inappropriate debt collection activity. Problems relating to credit cards mostly concerned unauthorised transactions and errors or administrative oversights.

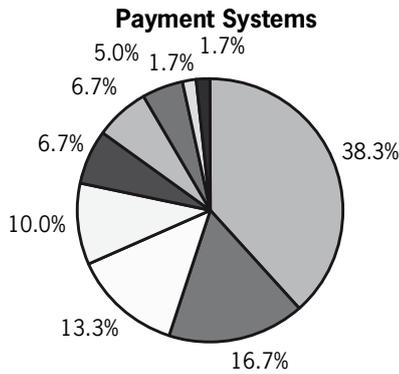
Within the deposit account category, 81.6% of cases involved statement savings accounts. In these cases, disputants mainly complained about fees being excessive or inappropriately charged and a unilateral action by a credit union.

The majority of housing finance cases concerned variable rate loans. The main problems in this category were excessively or inappropriately charging of fees and a credit union's failure to respond to correspondence.

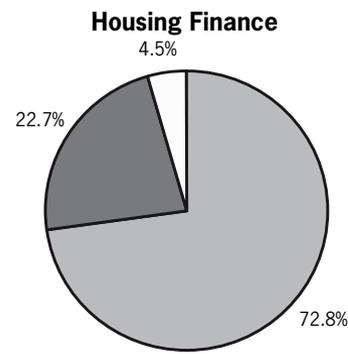
Table 6: Favouring Party – Cases Investigated

	Favouring Credit Union	Favouring Disputant	Benefiting Both
Finding	3	2	2
Negotiated Settlement	0	6	3
Determination (Binding)	3	0	1
Total	6	8	6

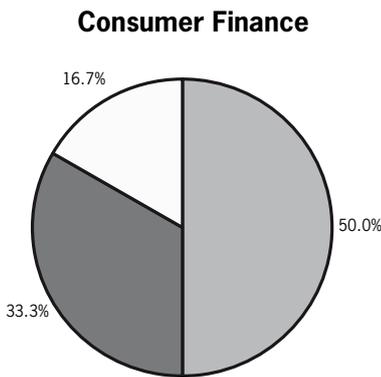
Figure H: Products Reported



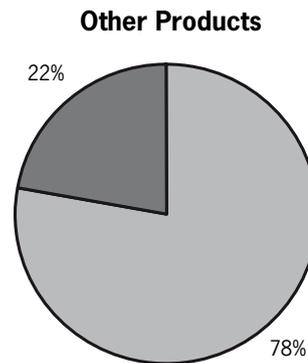
Payment Systems	No. of Products:	60
ATM		38.3%
Periodical Payments, Direct Debits		16.7%
Computer Banking		13.3%
EFTPOS		10.0%
Cheque (including 3rd party cheque)		6.7%
Telegraphic Transfers		6.7%
Bank Cheque		5.0%
Currency Exchange / Travellers Cheques		1.7%
Telephone Banking		1.7%



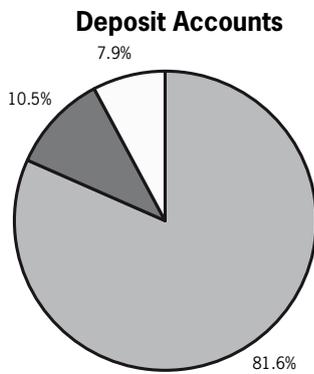
Housing Finance	No. of Products:	22
Home Loan - Variable Rate		72.7%
Investment Property Loan		22.7%
Home Loan - Fixed Rate		4.5%



Consumer Finance	No. of Products:	54
Personal Loan		50.0%
Credit Cards		33.3%
Personal Overdraft		16.7%



Other products or services	No. of Products:	10
Insurance		70.0%
Other Product of Service		20.0%
No Product or Service		10.0%



Deposit Account	No. of Products:	38
Statement Savings Account		81.6%
Term Deposit		10.5%
Personal Cheque Account		7.9%



Financial Planning	No. of Products:	1
Superannuation		100.0%

Table 7: Major Product and Major Problems Reported

PRODUCT GROUP	MAJOR PRODUCTS	MAIN PROBLEMS	%
Payment System	ATM	Incorrect cash given	38.5
		Unauthorised transactions	30.8
	Periodical Payments/Direct Debits	Fee excessive, inappropriate or wrong	33.3
		Unauthorised transactions	16.7
	Computer Banking	Lost Funds	37.5
		Delays	12.5
Consumer Finance	Personal Loan	Fee excessive, inappropriate or wrong	17.1
		Inappropriate debt collection activity	14.3
	Credit Card / Debit Card	Unauthorised transactions	25.0
		Administrative oversight/error	15.0
Line of Credit / Personal Overdrafts	Fee excessive, inappropriate or wrong	30.8	
	Unilateral action by a credit union	23.1	
Deposit Account	Statement Savings Account	Fee excessive, inappropriate or wrong	34.3
		Unilateral action by a credit union	11.4
	Term Deposit	Lost Funds	33.3
		Breach of written authority / instruction	33.3
Housing Finance	Home Loan - Variable Rate	Fee excessive, inappropriate or wrong	50.0
		Breach of written authority / instruction	25.0
	Investment Property Loan	Fee excessive, inappropriate or wrong	16.0
Other products or services	Home Loan - Fixed Rate	Failure to respond to correspondence	16.0
		Interest rate excessive / inappropriate	33.3
	Insurance	Advice given	16.7
		Fee excessive, inappropriate or wrong	50.0
		Product / service advice	50.0
Other Product or Service	Administrative oversight/error	42.9	
	Unilateral action by a credit union	28.6	
	Other Problems	50.0	
No Product or Service	Other Problems	100.0	
Financial Planning	Rollovers/Superannuation	Account Debited / Credited incorrectly	100.0

Table 8 illustrates the proportion of cases resolved by credit unions and the cases requiring CUDRC investigation, by product category.

Cases involving consumer finance and payment systems represented about one third each of all cases referred to the credit unions. Each of the same 2 product groups also represented about one third of cases resolved by the credit unions and those requiring CUDRC's formal investigation.

Table 8: Level of Resolution, by Product Category

PRODUCT GROUP	% of Cases: Resolved by Credit Union	% of Cases: CUDRC Investigation	All Cases Referred to Credit Union
Consumer Finance	31.8%	32.3%	32.0%
Deposit Account	17.1%	20.6%	18.0%
Financial Planning	1.1%		0.8%
Housing Finance	14.8%	11.8%	13.9%
Other Products or Services	3.4%	5.9%	4.1%
Payment System	31.8%	29.4%	31.2%

Case resolution time

Table 9 shows the length of time that it took to resolve the cases closed (excluding DIS and OTR) in the reporting period, compared to the last reporting period. The case resolution time is determined from the date that the case is processed by CUDRC until the date that it is closed. It includes the time taken for the disputant to return a written authority and the 30-day "appeal" period, when the case is provisionally closed.

Table 9: Resolution Time of cases referred to credit unions (excluding DIS and OTR cases)

	2003/4	2004/5	2005/6
0 to 60 days	39.6%	50.0%	51.7%
61 to 90 days	19.8%	15.2%	19.5%
91 to 120 days	9.4%	6.6%	8.1%
121 to 150 days	6.2%	6.5%	5.8%
151 to 180 days	9.4%	5.4%	4.6%
181 days & over	15.6%	16.3%	10.4%
Total Cases	96	92	87
Median Days – All WTR			
Cases	75	60	57

During the reporting period, more than half of the closed cases were resolved within 60 days after they were referred to the credit unions. The majority of cases (71.2%) were resolved within 90 days. Most of these were resolved without significant involvement or investigation by CUDRC.

There were 10.4% of cases which took more than 6 months to resolve, a significant reduction from the 16.3% experienced in the last reporting period.

The median time for resolving all cases within CUDRC's Terms of Reference also improved to 57 days from 60 days.

The credit unions' willingness and efforts in resolving disputes in the early stages have clearly contributed to this improvement. This is particularly evident for EFT disputes.

In this reporting period, CUDRC received 11 cases involving EFT transactions with 5 cases requiring formal investigations. This compares with 26 cases and 7 investigations in the previous reporting period.

It is also evident that cases that could not be resolved early and required formal investigation generally involved more difficult and complex issues.

CUDRC will continue to monitor case resolution times, and to work towards further improving efficiencies in the investigation process.

Disputes Outside Terms of Reference

While the Centre has a broad jurisdiction, some types of disputes fall outside the Terms of Reference (OTR), and cannot be considered. For example, the Centre cannot consider disputes about a credit union's policies and practices or commercial decisions relating to lending or security, such as a decision to decline a loan application in accordance with its policy.

Claims for more than \$100,000 are also OTR. However, in these cases, the Dispute Manager can make a non-binding Recommendation about how the dispute should be resolved.

During the reporting period, 142 (12.2%) of the new telephone enquiries received, and 28 (16.8%) of all closed cases were considered to be OTR.



Systemic Issues and Serious Misconduct

In addition to investigating and resolving individual disputes, CUDRC has a broader role in identifying systemic issues and cases of serious misconduct. ASIC's *Policy Statement 139* formalises this role. As a scheme approved under this Policy Statement, CUDRC must:

- identify systemic issues and cases of serious misconduct that arise from the consideration of disputes;
- refer any identified matters back to the credit union for response and action; and
- provide quarterly reports to ASIC about systemic issues and cases of serious misconduct.

A systemic issue is one that has been raised in a dispute or several disputes to CUDRC, which will affect a class of people, in addition to those who have complained to CUDRC. Several disputes of the same type may indicate a systemic problem. However, an issue may also be identified out of the consideration of one single dispute where the effect of the issue will clearly extend beyond the parties to the dispute.

Serious misconduct is a broad term that includes fraudulent conduct, grossly negligent or inefficient conduct, and wilful or flagrant breaches of relevant laws and codes of practice.

CUDRC provided reports to ASIC covering the periods July – September 2005, October – December 2005, January – March 2006 and April – June 2006.

At the time of preparing the report for July – September 2005 there were three possible systemic issues being investigated and no definite systemic issue investigations.

Table 10 shows the main reasons for enquiries and cases falling outside the Terms of Reference.

Table 10: Main OTR Categories

Closed Cases		Telephone Enquiries	
No Financial Service	25.0%	Non Member Credit Union	28.9%
Non Credit Union Financial Institution	21.4%	Non Credit Union Financial Institution	21.8%
Other Jurisdiction more Appropriate	21.4%	No Financial Service	17.6%
Credit Union Policy	17.9%	Other Jurisdiction more Appropriate	15.5%

Just over half of the OTR telephone enquiries concerned credit unions and other financial institutions which were not members of CUDRC. The other main reasons for determining that a telephone enquiry was OTR were that no financial service had been provided by the credit union to the caller, or the complaint involved a matter that was considered more appropriate to be dealt with at another forum, such as a court.

For the 28 OTR cases, 13 cases (46.4%) were because either the financial institutions complained about were not members of CUDRC or the credit union did not provide a financial service to the disputants.

Six cases (21.4%) were considered to be more appropriately dealt with at another forum. Six cases were OTR as the complaints were about the relevant credit union's policy decisions.

It was reported in the October – December 2005 report that two of the three previously reported possible systemic issues were considered to be definite systemic issues as follows:

- Inadequate interest rate disclosure on personal loan contracts. According to information provided by the credit union there were 556 affected members; and
- A delay in processing Bpay payments due to software problems experienced by the agency responsible for transferring Bpay payment for the credit union. It was estimated that only 20 members were affected and refunds were paid to all those who experienced loss.

In the January-March 2006 report one new possible systemic issue was identified. The definite systemic issue from the previous report regarding interest rate disclosure on personal loans was resolved as the credit union agreed to adequately compensate all members affected by the systemic issue including those whose loans had a history of arrears.

In the April – June 2006 report the possible systemic issue identified in the previous report was noted as a definite systemic issue and considered resolved. It concerned the disclosure of leap year interest calculations in the credit union's 2004 leap year Product Disclosure Statement. The matter was considered resolved as the credit union agreed to recalculate every affected member's term deposit and reimburse a total of approximately \$19,500.00 of additional interest to those affected customers.

The systemic issue reports otherwise noted that CUDRC did not identify any cases involving serious misconduct during the time covered by the reports.



Other activities

The Dispute Manager is responsible for promoting the existence of the centre and its services. To promote its operations and to assist with resolving disputes more efficiently, CUDRC regularly conveys its view and approach on certain issues, usually by way of publishing bulletins, holding seminars and discussion forums.

Bulletin No. 6

In December 2005, CUDRC published Bulletin No. 6, which set out our approach to the cancellation of direct debits on transaction accounts. The Bulletin responded to complaints received where the customer had been told by the credit union to sort the matter out with the third party debit user. The Bulletin clarified the rights of account holders to cancel direct debits in writing with their financial institution and to claim compensation, including re-crediting of funds, through their financial institution.

Independent Review

In 2005, the CUDRC Board commissioned an independent review of CUDRC's performance against the benchmarks governing the operation of the Scheme in ASIC's *Policy Statement 139* (PS139).

The Review was conducted by The Navigator Company and overseen by Mr Phil Khoury. The Board ensured that Mr Khoury was provided with full access to CUDRC's files and policies and took steps to ensure wide consultation with CUDRC's stakeholders, providing support for a submission by Australia's consumer movement and case-work agencies and feedback and interviews with credit unions and their members.

The Final Report of the Review (the Final Report) was completed in November 2005. It confirmed that CUDRC is meeting the PS139 benchmarks, stating that 'the scheme operates well and enjoys considerable support from amongst its stakeholders'. Copies of the Background Paper to the Review, the Terms of Reference for the Review and the Final Report are available on the CUDRC website www.cudrc.com.au.

CUDRC's Board considered and accepted all of the Recommendations made in the Final Report, and is working on implementation through our Business Plan and in consultation with our stakeholders.

Telephone Survey

As part of its implementation of the Recommendations in the Final Report, the Board commissioned a telephone survey of disputants in order to assess the effectiveness of referrals by credit unions to internal dispute resolution mechanisms (IDR) and to CUDRC (the Survey).

The Survey was conducted between 1 January and 30 June 2006. In summary, the Survey found that 62% of complaints were referred to IDR and that only 38% of complaints were referred to CUDRC.

In response, CUDRC recently released *Bulletin no. 7*, informing credit unions of the Survey results and emphasising the importance of improving the flow of referrals to both IDR and to CUDRC. A full explanation of the Survey methodology and results has been published in *Bulletin No. 7*, which is also available on the CUDRC website.



Case studies

The following case studies are a representative sample of the cases considered by CUDRC. They are illustrative of the type of legal and industry practice issues raised in disputes, of the investigation process and of the different types of resolutions.

Periodical payments credited to wrong account

Ms K contacted her credit union, by telephone, to instruct them to cancel the direct payment of \$150 each week into her partner's account and commence a \$150 transfer into their joint account. The credit union advised Ms K to forward written confirmation of the amendments, which she did by sending a fax. Ms K mistakenly recorded an incorrect account number for the joint account on the fax. This was the only identifying information provided, as the fax did not identify the accounts by the account names. The credit union followed Ms K's written instructions and a total of \$7,050 was transferred into an incorrect account over 10-11 months before she realised what had happened.

Ms K contacted her credit union and requested that the \$7,050 be repaid. The credit union refused. They stated that they had followed her instructions and that she contributed to the loss.

Ms K referred her complaint to CUDRC.

The Case Manager considered the information and found that:

- The credit union acted appropriately in making the changes to the weekly transfers in accordance with Ms K's written instructions; and
- It was not appropriate to require the credit union to repay the amounts of the mistaken payments.

Ms K rejected this Finding. The Dispute Manager then issued a Determination, which supported the Case Manager's Finding.

Delay in making electronic transfers

Mr L was purchasing a catamaran and requested that his credit union electronically transfer \$22,500 to the vendor's account. He requested this transfer because he intended to receive quick delivery of the catamaran. A processing error by the credit union resulted in the delivery of the catamaran being delayed. Mr L received the vessel four months later than the expected date.

Mr L lodged a complaint with CUDRC and complained that the processing error by the credit union resulted in:

- Stress in connection with the initial lost funds and delay in delivery;
- Loss of enjoyment of the sailing trips that could have been undertaken;
- Difficulties assembling the catamaran later in the wet and cyclone season; and

- Ignominy among friends for not having the catamaran in the few months the delivery was delayed.

Mr L sought \$7,500 compensation for his non-financial loss. The credit union acknowledged that it had made a processing error but it was only willing to make a \$750 ex-gratia payment as a goodwill gesture. Mr L declined this offer.

CUDRC investigated what would be a fair amount of compensation for Mr L's non-financial loss. It found that this was a case of disappointed expectations and stress and inconvenience and that compensation of \$1,000 to \$1,500 would be appropriate. CUDRC spoke to both parties and Mr L accepted an offer of \$1,500 from the credit union.

Consumer Finance

Ms S set up a fortnightly payment plan from her savings account into her loan account with her credit union. Due to a computer error the payments were not made over a three month period. The problem was rectified but the charges were not reversed.

Ms S then changed employment and as a result her income was paid on a monthly basis. She advised her credit union and requested that her loan repayment plan change to monthly. However, this did not occur despite Ms S claiming she submitted two variation forms. This resulted in more fees being charged and the commencement of actions for security recovery. The credit union claimed it did not receive the variation forms.

Ms S complained to CUDRC that the credit union charged fees to her loan account incorrectly, causing her loan to have an inflated balance owing as well as being in default.

After referral from CUDRC, the credit union made an offer to accept \$900 in full settlement of the debt. However, Ms S did not accept the offer in the required time.

The Case Manager reviewed the information and after conducting a reconstruction of the loan account negotiated a settlement whereby Ms S agreed to pay three \$200 monthly instalments (a total of \$600).

Internet Fraud – Dishonoured foreign cheque

Ms M advertised puppies for sale on the internet and received an offer from a buyer for \$1,400 plus a \$200 "feeding fee". The buyer sent her a cheque for EUR6,000 and asked her to send the excess funds to his assistant in Ghana.

Ms M deposited the foreign cheque into her credit union account, crediting it with \$9,219.01. The following day she received remittance instructions from the buyer and withdrew \$9,000 and remitted \$7,335 (including a \$315 fee) to Ghana via a money transfer service. Seven days later the buyer sent an email to Ms M to send back another \$1,000 to his assistant, from the money he had paid for the puppies, because he needed funds to cover his daughter's urgent medical costs. The following day Ms M remitted a \$1,000 to Ghana through the same money transfer service.

Five weeks later the credit union advised Ms M that the cheque had been dishonoured because it was a counterfeit. The credit union debited Ms M's account \$9,219.01 plus fees and asked her to contact the drawer as soon as possible.

Ms M lodged a complaint with CUDRC claiming the credit union:

- Did not advise her the cheque would take so long to clear;
- Had misrepresented to her that the cheque had cleared by crediting her account and making funds available for her to withdraw from her account;
- Did not advise her she would have to pay back the amount should the cheque be dishonoured; and
- Refused her offer to pay half the amount.

The credit union claimed that:

- It had advised her that it would take 28 to 45 days for the cheque to clear;
- She had had the benefit of the withdrawn funds;
- It was entitled to recover the proceeds of the dishonoured cheque; and
- It did not receive an offer from Ms M to pay half.

The Case Manager considered the information and found that:

- The credit union had misled Ms M into believing the cheque had been cleared;
- Ms M had contributed to the loss by failing to take reasonable care in the transaction;
- The credit union should credit Ms M's account with \$4,167.50, being half the loss of \$8,335 made up of the total of the two remittances to Ghana; and
- The credit union should make appropriate interest refunds or adjustments to Ms M's account.

This Finding was accepted by both parties.

Home Loan – Loss of Consumer Credit Insurance cover

Ms F was suffering financial hardship due to illness. She approached her credit union manager, Mr M, and inquired about redrawing to the limit of her existing mortgage. Mr M approved the restructure of her loan, which involved setting up a new loan account and paying out the old one, plus a buffer to help her make the repayments. Mr M cautioned her that she would lose her death insurance and that her property would be revalued. This did not concern her and she accepted the new arrangement.

When Ms F called her credit union to query why her insurance premium cheque was returned, she was informed that due to her new loan she no longer had any consumer credit insurance cover. Ms F called Mr M who said that his interpretation was that apart from the death benefit, she would still be covered as it was a condition of the previous loan. Ms F contacted the insurance company directly and was informed that since she changed her loan she was no longer eligible for any cover.

Ms F said that she would never have agreed to the new arrangement if she had been properly informed by the credit union that she would lose all her consumer credit insurance cover. This was of particular concern considering her health status, which would make it difficult for her to re-establish the insurance with another company.

Ms F lodged a complaint with CUDRC. After referral to the credit union a satisfactory settlement offer was made and the dispute was resolved.



Summary of CUDRC Financials

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
Interest revenue – related party	1,895	1,856
Non-interest revenue from ordinary activities	208,096	193,956
Total revenue	209,991	195,812
Expense from ordinary activities	(208,589)	(175,881)
Profit before income tax expense	1,402	19,931
Income tax expense	(420)	(5,980)
Profit for the period	982	13,951

STATEMENT OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
Current assets		
Cash and cash equivalents	45,523	53,351
Other receivables - GST	3,250	-
Total current assets	48,773	53,351
Current liabilities		
Due to related entities		
- Tax related amount	420	5,980
Total current liabilities	420	5,980
Net assets	48,353	47,371
Equity		
Issued capital	10	10
Retained earnings	48,343	47,361
Total equity	48,353	47,371

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
Cash flows from operating activities		
Receipts from operating activities	224,448	193,956
Interest received	1,895	1,856
Management fees paid	(228,191)	(172,439)
Income tax paid to parent entity	(5,980)	11,460
Net cash (used in) / provided by operating activities	(7,828)	34,833
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net (decrease) / increase in cash held	(7,828)	34,833
Cash at the beginning of the financial year	53,351	18,518
Cash at the end of the financial year	45,523	53,351

*Copies of the full financial reports including explanatory notes, as signed by CUDRC's auditors, are available on request.



Appendix A: Problem codes used by CUDRC

Category	Problem	Explanation
Commercial Decision	Cancelled/withdrawn/rejected facility	Rejection of loan/credit application, or withdrawal of overdraft facility
	Denied access to funds in account/refusal to chargeback	Frozen accounts, denial of access to savings/investment/credit card accounts, refusal to chargeback
	Dishonoured transaction	Bounced cheques, dishonoured direct debits, merchant chargebacks
	Guarantees	Must accompany a description of a problem such as inadequate/incorrect information
	Inappropriate collection activity	Behaviour of debt collector, harassment, late night calls to other family members etc
	Maladministration in debt recovery	Recovery procedures not followed, delay in recovery of debt, underselling security
	Maladministration in granting loan	Loan should not have been granted, disputant given loan without ability to repay, extended beyond credit limits
Fees	Reporting to a Credit Agency	Claim that credit union had no right to list or listed inappropriately
	Fee excessive / inappropriate / wrong	
Industry Practice	Breach of written authority / instruction / understanding	Contractual breach or written instruction not carried out (eg: direct debit authority not acted upon authorised signatories overlooked, payee name on cheque ignored etc)
	Oral instruction / understanding / promise not carried out	Breach of oral instruction or information, arrangements not carried out (eg: settlement and divestment of sale proceeds, transfer of funds, agreements to cover cheques, supply information, monitor accounts, roll over funds etc)
	Unilateral action	Disputant claims not to have been consulted or informed about an action
Information inadequate/incorrect	Advertising/promotion	Advertising claims which are said to be misleading
	Advice	Disputes about advice given about investment or business opportunity
	Contracts	Written document, misunderstanding about terms and conditions of loans or credit arrangements, repayment terms, nature of security
	Fees & charges	No or wrong information given about the fee or charge imposed
	Investment advice	Bad/wrong/inadequate investment advice/funds management
	Lending decision/reasons	Inadequate explanation of reason for credit rejection
	Product/service advice	Insufficient information about the workings or criteria or a product or service, verbal advice misleading, incorrect, conflicting information
Interest Rates	Interest rate excessive/inappropriate	Disputes about financial institution's interest rate policies - deposit and loan accounts
Service Quality	Account balance	Incorrect information given about account balance
	Administrative oversight/error	Address wrong, statement posted to wrong person, difficulties getting loan balance etc
	Breach of privacy/confidentiality	Unauthorised use or disclosure of personal or financial details
	Delay	Includes cheque clearance time, loan approvals, delay in receiving funds, settlement delay
	Failure to reply to correspondence/inquiries	
	Inappropriate request for information	Personal information requested inappropriately
	Inappropriate staff attitude to customer	Rudeness, discrimination, refusing service, embarrassing disputant in front of others
	Loss of documents/safe custody items	
Transactions / Calculations	Account credited/debited incorrectly	Withdrawal or deposit errors
	Calculation errors	Error resulting in wrong repayment figure, incorrect payout figure, wrong interest rate charge
	Fraudulent transaction	Unauthorised transactions, stolen card/ATM withdrawals, forged cheque/withdrawal slip
	Incorrect cash given	Malfunction by ATMs and over-counter mistakes
	Lost funds	Missing payment transfers, electronic deposits, term deposits
Other Problems	Features or eligibility restrictions	Disputes about the features of eligibility restrictions of a product or service
	Internet	Disputes involving transactions on the internet
	Request for indulgences	Request for indulgences or variations to loan repayment arrangements



Appendix B: Glossary of terms and abbreviations

- ASIC**
Australian Securities and Investments Commission.
- BFSO**
Banking and Financial Services Ombudsman Limited.
- Case**
A new case is opened when CUDRC receives a dispute in writing.
- Case Manager**
Investigates unresolved disputes.
- Case Officer**
Takes telephone calls from the public, processes new disputes, and investigates some unresolved disputes.
- Case resolved**
A dispute that is resolved after referral to the credit union.
- Conciliation conference**
A case conference conducted by the Dispute Manager.
- Credit Union Code of Practice**
An industry code of practice, setting good practice standards for credit unions. The Code was released in 1994, and is currently under review.
- CUDRC**
Credit Union Dispute Resolution Centre Pty Ltd.
- CUSCAL**
Credit Union Services Corporation (Australia) Limited.
- Determination**
A written decision issued by the Dispute Manager after a credit union or disputant has rejected a Finding. If the disputant accepts a Determination, the Determination is binding on the relevant credit union.
- Discontinued (DIS)**
Disputes that are withdrawn or not pursued by the disputant.
- Disputant**
An individual or small business bringing a dispute before the Dispute Manager.
- Dispute**
A written request for assistance to resolve an unresolved complaint between a credit union and a disputant.
- Dispute Manager**
The organisation or individual contracted by the CUDRC Board to perform the functions of dispute resolution and management of CUDRC.
- EFT**
Electronic Funds Transfer.
- EFT Code of Conduct**
An industry code applying to financial institutions that provide EFT services to consumers. A revised EFT Code has been in operation since April 2002.
- FOS**
Financial Ombudsman Service: a telephone referral centre, jointly operated by BFSO, Financial Industry Complaints Services Limited and Insurance Ombudsman Service Limited.
- Finding**
A Case Manager's written assessment of the merits of a dispute, written after the Case Manager's investigation of the dispute.
- Guidelines**
A manual published by CUDRC, explaining the clauses of the Terms of Reference. The Guidelines were published in July 2003.
- Member**
An individual or small business that acquires, alone or jointly with another person, a credit union product or service, or seeks information about a credit union product or service.
- Negotiated Settlement**
An investigation resolved by way of a settlement that is acceptable to both parties. Usually a Case Manager will facilitate the settlement.
- OTR**
Outside Terms of Reference – a dispute that is outside the Dispute Manager's jurisdiction.
- Participating credit union**
A credit union that has agreed to participate in CUDRC. (A list of participating credit unions is provided in Appendix C).
- Problem**
The term used by CUDRC to describe the nature or description of the dispute that the disputant has about a financial service.
- Product**
The term used by CUDRC to categorise the various financial products, services, accounts and facilities available to members from credit unions.
- Provisionally closed**
The status of a case for the 30-day period between CUDRC seeking confirmation of the resolution of the case and the date when the appeal period expires and the case is closed.
- Serious misconduct**
A broad term that includes fraudulent conduct, grossly negligent or inefficient conduct, and wilful or flagrant breaches of relevant laws and codes of practice. CUDRC is required to report cases of serious misconduct to ASIC.
- Small business**
An incorporated or unincorporated business that employs less than 100 full time equivalent employees, if the business is manufacturing, or less than 20 employees, if the business is of another nature.
- Systemic issue**
An issue which has been raised in a dispute or several disputes to CUDRC which will affect a class of people, in addition to those who have complained to CUDRC.
- Telephone case**
A case where the issues in dispute are straightforward and/or the claim sought is low, and where CUDRC seeks to resolve the matter informally and without requiring the disputant to lodge a written dispute.
- Terms of Reference**
A written document setting out the powers, duties and obligations of CUDRC and the Dispute Manager.
- The Board**
The governing body of the scheme, comprising an independent chair, two consumer Directors and two credit union Directors.
- WTR**
Within Terms of Reference – a dispute that is within the Dispute Manager's jurisdiction.



Appendix C: Participating credit unions

This list of participating credit unions is correct as at 31 August 2006.

Alliance One Credit Union Ltd
AMP Employees' & Agents' Credit Union Ltd
Austral Credit Union Ltd
Australian Central Credit Union Ltd
Australian Country Credit Union Ltd
Australian Defence Credit Union Ltd
AWA Credit Union Ltd
Bankstown City Credit Union Ltd
Berrima District Credit Union Ltd
Big Sky Credit Union Ltd
Blue Mountains & Riverlands Community Credit Union Ltd
The Broken Hill Community Credit Union Ltd
Calare Credit Union Ltd
CAPE Credit Union Ltd
Capital Credit Union Ltd
Carboy (S.A.) Credit Union Ltd
Central Murray Credit Union Ltd
Central West Credit Union Limited
Circle Credit Co-Operative Limited
City Coast Credit Union Limited
Collie Miners Credit Union Ltd
Community Alliance Credit Union Limited
Community CPS Australia
Community First Credit Union Limited
Companion Credit Union Limited
Comtax Credit Union Limited
Connect Credit Union of Tasmania Ltd
Country First Credit Union Ltd
Credit Union Australia Ltd
Credit Union Incitec Pivot Ltd
The Credit Union of Canberra
Credit Union Services Corporation (Australia) Ltd (CUSCAL)
Croatian Community Credit Union Ltd
CSR and Rinker Employees' Credit Union Limited
Dairy Farmers Credit Union Ltd
Discovery Credit Union Ltd
ELCOM Credit Union Ltd
Electricity Credit Union Ltd
ENCOMPASS Credit Union Limited
Ericsson Employees Credit Co-Operative Limited
Esso Employees' Credit Union Ltd
Eurobodalla Credit Union Ltd
Family First Credit Union Limited
Fire Brigades Employees' Credit Union Limited
Fire Service Credit Union Limited
Firefighters & Affiliates Credit Co-Operative Limited
First Option Credit Union Ltd
First Pacific Credit Union Ltd
Fitzroy & Carlton Community Credit Co-Op Limited
Ford Co-Operative Credit Society Limited
Geelong & District Credit Co-Operative Ltd
GMH (Employees) Q.W.L. Credit Co-Operative Limited
Goldfields Credit Union Limited
Gosford City Credit Union Ltd
Goulburn Murray Credit Union Co-Operative Limited
Heritage Isle Credit Union Ltd
H.M.C. Staff Credit Union Ltd
Holiday Coast Credit Union Ltd
Horizon Credit Union Ltd
Hospitals Credit Union
Hoverla-Ukrainian Credit Co-Operative Ltd
Illawarra Credit Union Ltd
Industries Mutual Credit Union Ltd
Intech Credit Union Ltd
Island State Credit Union Ltd

Karpaty Ukrainian Credit Union Limited
La Trobe Country Credit Co-Operative Limited
La Trobe University Credit Union Co-Operative Ltd
Laboratories Credit Union Limited
Lithuanian Co-Operative Credit Society "Talka" Ltd
Lysaght Credit Union Ltd
Macarthur Credit Union Ltd
Macaulay Community Credit Co-Operative Limited
Macquarie Credit Union Limited
Maleny and District Community Credit Union Limited
Manly Warringah Credit Union Limited
Maritime Workers of Australia Credit Union Ltd
Maroondah Credit Union Ltd
mecu Ltd
Memberfirst Credit Union Ltd
New England Credit Union Ltd
Newcom Colliery Employees Credit Union Ltd
Northern Inland Credit Union Limited
Nova Credit Union Limited
NSW Teachers Credit Union Ltd
Old Gold Credit Union Co-Operative Limited
Orana Credit Union Ltd
Orange Credit Union Limited
Plenty Community Credit Union
Police Credit Union Limited
The Police Department Employees' Credit Union Ltd
Police & Nurses Credit Society Ltd
Polish Community Credit Union Ltd
Power Credit Union Limited
Powerstate Credit Union Ltd
Pulse Credit Union Ltd
Queensland Community Credit Union Limited
Queensland Teachers' Credit Union Limited
Queenslanders Credit Union Limited
RegionalOne Credit Union Limited
Reliance Credit Union Ltd
Resources Credit Union Limited
R.T.A. Staff Credit Union Limited
St Mary's Swan Hill Co-Operative Credit Society Ltd
St Patrick's Mentone Co-Op Credit Society Limited
Satisfac Direct Credit Union Limited
Security Credit Union Limited
Select Credit Union Limited
Service One Credit Union Ltd
Shell Employees' Credit Union Ltd
Shoalhaven Paper Mill Employees' Credit Union Ltd
Snowy Mountains Credit Union
Southern Cross Credit Union Ltd
South-West Credit Union Co-Operative Limited
South West Slopes Credit Union Ltd
StateWest Credit Society Limited
The Summerland Credit Union Limited
Sutherland Credit Union Ltd
Sutherland Shire Council Employees' Credit Union Ltd
Sydney Credit Union Ltd
The TAFE and Community Credit Union Ltd
Tartan Credit Union Limited
Uni Credit Union Ltd
Unicom Credit Union Ltd
United Credit Union Ltd
The University Credit Society Limited
WAW Credit Union Co-Operative Limited
Westax Credit Society Ltd
Western City Credit Union Ltd
Woolworths/Safeway Employees' Credit Co-Op Limited
Yennora Credit Union Ltd



Comments contained in this report refer primarily to the period
1 September 2005 to 31 August 2006

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