

20 April 2016

Financial Right Legal Centre welcomes ASIC boost and EDR Scheme review

The Financial Rights Legal Centre has today welcomed the announcement by the Federal Government that it will establish an expert panel to review the financial sector external dispute resolution schemes including the Financial Service Ombudsman, the Credit and Investments Ombudsman and the Superannuation Complaints Tribunal.

“The introduction of a one-stop shop for consumers in dispute with financial service providers is long overdue,” said Katherine Lane, Principal Solicitor. “Merging the three services will make it easier and more efficient for consumers, will stop financial service providers from picking and choosing the forum they wish to join, and will save money that can be directed into better outcomes for consumers *and* the industry. However it is critical that the one-stop shop be funded by industry, remain fully independent and non-government run.”

“As a part of this review serious consideration must also be given to introducing a last resort compensation scheme. Many consumers successfully take on dodgy financial service providers in the external dispute resolution process only to find themselves uncompensated because the provider has gone bankrupt. Justice needs to be served in these cases – a last resort compensation scheme can deliver this outcome.”

Financial Rights also welcomed today’s announcement of new funding for ASIC and new powers to protect consumers.

“Funding a strong and healthy regulator is essential and the extra money delivered today is good news, as is the additional powers. That model of an industry levy should also be used to fund specialist community legal centres assisting consumers of financial services with specialist independent advice and representation.

“I would note however that while funding a strong regulator is critical, it will not fix the multitude of problems faced by financial service consumers. It won’t make unfair terms laws apply to insurance; it won’t ensure insurance policies are suitable for the needs of customers; it won’t improve claims handling in insurance; it won’t address poor service and conflicted behaviour in mortgage broking; it won’t regulate the proliferation of Debt Management Firms who are currently preying on consumers in financial difficulty, taking their cut and making problems worse; and it won’t address cultures which are technically legal but ethically repugnant.”

Contact

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About Financial Rights

The Financial Rights Legal Centre is a community legal centre that specialises in helping consumer's understand and enforce their financial rights, especially low income and otherwise

marginalised or vulnerable consumers. We provide free and independent financial counselling, legal advice and representation to individuals about a broad range of financial issues. We operate the Insurance Law Service which provides advice nationally to consumers about insurance claims and debts to insurance companies. Financial Rights also operates the Credit & Debt Hotline, which helps NSW consumers experiencing financial difficulties. Financial Rights took over 26,000 calls for advice or assistance during the 2014/2015 financial year.

Insurance Law Service 1300 663 464

Credit & Debt Hotline 1800 007 007