

MEDIA RELEASE

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COSL releases its annual report on its operations

The Credit Ombudsman Service Limited (COSL) today released its annual report on its operations.

Highlights for the year include:

- financial hardship cases continue to feature as the single largest source of complaints
- almost 2,000 complaints were received, up by 72%
- almost 16,000 contacts from consumers were received by phone, on-line or post
- membership increased by 22% (closer to 16,600 as of today)

Mr Raj Venga, Credit Ombudsman, attributed the significant spike in complaints received by his office to:

- a notable increase in consumer awareness of its services
- the considerable increase in COSL's membership over the last two years as a result of Commonwealth legislation which requires financial service providers to join an alternative dispute resolution scheme such as COSL, and
- the recent legislative requirement for financial service providers to refer complaints made against them to a scheme like COSL if the complaint cannot be resolved internally.

Mr Venga said "Regrettably, 34% of all complaints we receive relate in some way to financial hardship, specifically the failure of a lender to agree to a payment variation on grounds of financial hardship. This level of financial hardship complaints is similar to previous years and we do not anticipate a reduction in the foreseeable future."

"The underlying causes of the financial hardship complaints we see are unemployment or reduced income (30%), cost of living, including other debt (21%), followed closely by illness of the borrower or their family member (19%), business failure (14%), interest rate increases (8%), relationship breakdown (7%) and natural disasters (1%)" observed Mr Venga.

COSL's Annual Report on Operations also sets out the number of complaints that were made against named members.

"We have included an explanatory statement to give some context to our report by explaining to readers that the number and nature of complaints we receive about our members may be influenced by a number of factors. For example, it may well be the case that the total number of complaints about a particular member is miniscule when compared to the size of their business" Mr Venga concluded.



Editors please note:

1. COSL's Annual Report on Operations can be viewed at: www.cosl.com.au.
2. COSL is an alternative dispute resolution scheme approved by the Australian Securities and Investments Commission to provide consumers with an alternative to legal proceedings for resolving financial services-related disputes with members of COSL.
3. The membership of COSL includes finance brokers, non-bank lenders, building societies, finance companies, credit unions, aggregators, mortgage managers, financial planners and others

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