

To whom it may concern;

I am writing to you as the Responsible Officer for Aurum Planning Pty Ltd (AFSL – 344139) to voice my dispute against the merger of the two External Dispute Resolution Schemes.

Benefits of maintaining two EDR schemes

1. A consolidation of CIO and FOS would mean financial services providers (FSPs) who are dissatisfied with service levels or costs can't vote with their feet. This is a poor outcome, particularly because FSPs are legally required to join an EDR scheme and fully meet the scheme's operating costs.
2. CIO's membership base differs significantly from FOS'. Over 95% of CIO's members are sole traders and small businesses. They have different needs, expectations and resources than the large financial organisations that are members of FOS.
3. CIO's smaller members are generally not supportive of being in a single EDR scheme which is geared towards large institutional players, such as banks and insurers, who attract the vast majority of complaints and whose corporate structure and governance are nothing like theirs.
4. Having two EDR schemes allow each scheme to benchmark its performance against the other. This produces better outcomes for FSPs and consumers alike because the schemes are forced to adopt best practice and improve their service offering. This cannot be achieved under a single EDR scheme model.
5. Without this competitive tension, turnaround times, service levels, innovation and continuous improvement would suffer, and there would be less incentive to keep costs in check and run the scheme efficiently.
6. A single merged EDR scheme would be prone to be monopolistic in its behaviour – dictating terms, rather than being responsive to stakeholder concerns about performance.
7. A mega statutory scheme is not the answer because a large bureaucracy would have less specialisation, be substantially less flexible or capable of responding quickly to changes in the market. This will affect turnaround times, service levels and innovation.
8. The real issue is whether consumers are able to navigate the various EDR schemes in each of the telecommunications, financial services, energy and utilities sectors where the consumer has a single issue (eg. financial hardship) that involves more than one sector Ombudsman.
9. A consumer-facing common help desk jointly funded by EDR schemes - essentially an online and telephone access point – is a far better option than merging the EDR schemes.

The decision to merge is irreversible and should be avoided. Any merge would be detrimental to the dispute resolution service you are offering consumers and financial service providers which will only further deteriorate confidence in the Financial Services sector. A single EDR will push smaller licence holders out of the industry thereby giving the banks more of the sector and surely the last few years should be evidence enough that the consumer needs an alternative to the large institutions.

I am more than happy to discuss these issues in more detail should you wish to contact me.

Regards,

Brendan Downes

Director

Authorised Representative



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