



11 October 2016

By post and email: malcolm.turnbull.mp@aph.gov.au

Hon. Malcolm Turnbull MP
Prime Minister
PO Box 6022
Parliament House
CANBERRA ACT 2600

Dear Prime Minister

Dispute resolution and complaint handling in the financial services sector

Our organisations have supported and represented thousands of consumers in disputes with banks and financial services providers over many years. One of the most significant advances in consumer protection in the past 20 years is the establishment of mandatory external dispute resolution (**EDR**) schemes in financial services. EDR schemes are successful because they offer fast, free and accessible avenues for consumers to resolve disputes. Compare this to tribunals that are typically slow, inflexible, inaccessible and legalistic, and unable to respond to systemic issues.

The Review into the External Dispute Resolution and Complaints Framework, appointed by your Government and led by Professor Ian Ramsay, is currently undertaking a thorough and timely review of dispute resolution in banking and the financial sector.¹ We note your recent media comments that it is your intention to wait for the advice from the Ramsay Review, particularly as to how the ultimate dispute resolution body is set up.

Consumer advocates support a single, merged EDR scheme for the banking and financial sector, and have made a detailed submission to the Ramsay Review explaining our support. In summary, a single EDR scheme will deliver a free, accessible and effective forum to deal with consumer complaints against financial services providers.

We are concerned about the creation of a new banking tribunal, as we fear it may in fact deliver *worse* outcomes for consumers. While it is unclear how it would be established, a statutory tribunal would likely favour the banks, who have access to the resources to run complex legal cases and appeals, which ordinary consumers do not. We are sure this is not your Government's intention. If a tribunal were adopted, the form of it will need to enhance rather than detract from a strong EDR process.

¹ <http://www.treasury.gov.au/ConsultationsandReviews/Reviews/2016/Review-into-Dispute-Resolution-and-Complaints-Framework>.

Certainly, enhancements to the existing laws, regulation and dispute resolution framework are needed to address the systemic problems in the banking sector. We encourage your Government to ensure that the type of dispute resolution forum that is ultimately decided upon builds upon the existing success of EDR schemes and is one that delivers for Australian consumers.

We would welcome the opportunity to discuss this matter with you further.

Yours sincerely



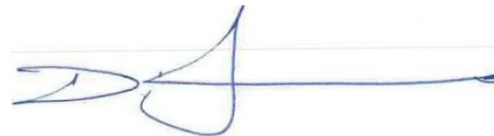
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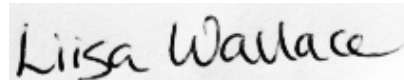
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cc. Hon. Kelly O'Dwyer MP, Minister for Financial Services & Revenue
Mr. David Coleman MP, Chair, House of Representatives Economics Committee
Hon. Bill Shorten MP, Leader of the Opposition
Senator Katy Gallagher, Shadow Minister for Small Business & Financial Services
Senator Peter Whish-Wilson, Greens spokesperson for Treasury portfolio
Senator Nick Xenophon, Senator for South Australia