



ASIC

Australian Securities & Investments Commission

INFORMATION SHEET 114

What is external dispute resolution (EDR) and how can it help me?

This information sheet contains information on:

- what an EDR scheme is
- how it can help you
- what you can do if you have a complaint or dispute
- how the EDR process works.

What is an EDR scheme and how can it help me?

Someone who provides you with credit (for example a bank or a finance company) or helps you get credit (for example, a broker or other intermediary) is required to be a member of an **external dispute resolution (EDR) scheme**.¹

An EDR scheme is a free, independent dispute resolution service that can help you if you have a complaint or dispute with one of its members (for example, a credit provider or broker), or if you are having difficulties repaying your loan. EDR is an alternative to going to court.

There are currently two EDR schemes for credit matters:

- the Credit Ombudsman Service Limited (COSL) at www.creditombudsman.com.au
- the Financial Ombudsman Service (FOS) at www.fos.org.au.

Both schemes can be reached by calling **1300 780 808**.

What can I do if I have a complaint or dispute?

First contact your credit provider's or broker's consumer complaints area to discuss the issue and see if it can be resolved quickly.

Before an EDR scheme can consider a complaint or dispute, the credit provider or broker must be given an opportunity to resolve the dispute with you directly. This is known as **internal dispute resolution (IDR)**.

¹ This refers to 'credit activity' defined by s 6 of the *National Consumer Credit Protection Act 2009*.

Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

In most cases, the credit provider or broker has **up to 45 days** to respond to your complaint. The timeframe may be shorter for certain types of credit disputes (such as those relating to default notices, hardship applications or a request for postponement of enforcement proceedings).

If you are not satisfied with the outcome from IDR, you can lodge your complaint or dispute with the relevant EDR scheme.

What complaints and disputes can an EDR scheme hear?

An EDR scheme can hear complaints or disputes about its members that are **within its jurisdiction** and terms of reference. The EDR scheme can advise you whether your complaint or dispute meets these requirements.

What happens if legal proceedings have commenced?

If legal proceedings for debt recovery have already commenced (against you), you should talk to the EDR scheme **immediately** and let them know this.

A credit provider or broker may have to postpone or delay legal proceedings if you bring a dispute or complaint to an EDR scheme.

What will the EDR scheme do?

The EDR scheme will **assess your complaint** or dispute. It may request more information from you or its member about the dispute. An EDR scheme may help you **resolve the dispute** or it may make a decision.

What happens when an EDR scheme makes a decision?

If an EDR scheme finds in your favour, you can choose to accept the decision. If you accept the decision, the credit provider or broker, as a member of the scheme, must comply with the decision. You will be bound by a decision of an EDR scheme if you accept it.

What if I disagree with the decision of an EDR scheme?

If you disagree with the decision of an EDR scheme you do not have to accept it and you still retain your right to go to court. However, you should consider getting **legal advice** before you choose to go to court.

To find a community legal centre near you, visit www.nacalc.org.au, go to your state's Legal Aid office at www.nla.aust.net.au, or look in the front section of your telephone directory under 'legal support services'.

Key points

1. Raise your complaint directly with your credit provider or broker first.
2. If you are not satisfied with the outcome, you can take your complaint to your credit provider or broker's EDR scheme.
3. Contact the EDR scheme—they should help you lodge a complaint with them.
4. The EDR scheme will let you know if they can hear your complaint.
5. If the EDR scheme finds in your favour, they can get the credit provider or broker to fix the problem.
6. If you disagree with the EDR scheme's decision you do not have to accept it, and you can take your matter to court.

Where can I get more information?

- Go to www.asic.gov.au/credit for the latest updates about credit.
- Go to www.fido.gov.au/credit for credit information and resources for consumers.
- Contact ASIC's infoline on 1300 300 630 or make an enquiry at www.asic.gov.au/question.
- Contact the Financial Ombudsman Service (FOS) at www.fos.org.au or on **1300 780 808** or at GPO Box 3, Melbourne VIC 3001
- Contact the Credit Ombudsman Service Ltd (COSL) at www.creditombudsman.com.au or **1300 780 808** or **1800 138 422** or (02) 9273 8400 or at PO Box A252, Sydney South NSW 1235

Important notice

Please note that this information sheet is a summary giving you basic information about a particular topic. It does not cover the whole of the relevant law regarding that topic, and it is not a substitute for professional advice. ‘

You should also note that because this information sheet avoids legal language wherever possible, it might include some generalisations about the application of the law. Some provisions of the law referred to have exceptions or important qualifications. In most cases your particular circumstances must be taken into account when determining how the law applies to you.