

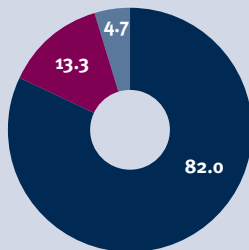
# Types of Disputes

BFSO classifies all cases according to:

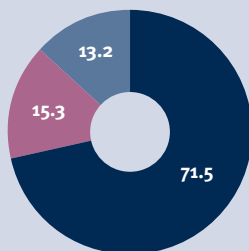
- The product or service obtained by the consumer; and
- The problem with the product or service, as reported by the consumer.

Analysis of the product categories of closed cases this year was the same as in the previous three years, with disputes about Consumer Finance (29.3 per cent), Housing Finance (21.2 per cent) and Deposit Accounts (18.1 per cent) representing the majority of cases.

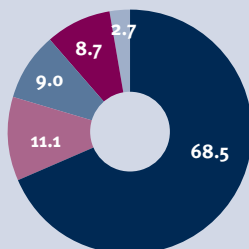
## Types of Disputes (%)



<b>Consumer Finance</b>		<b>No. of Cases:</b>	<b>1697</b>
Credit Cards	82.0%		
Personal Loan	13.3%		
Other	4.7%		
Personal Overdraft	2.1%		
Equity Loans	1.9%		
Margin Lending	0.7%		

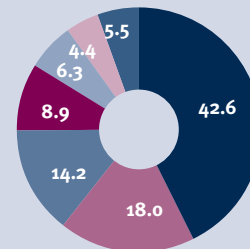


<b>Housing Finance</b>		<b>No. of Cases:</b>	<b>1227</b>
Home Loan - Variable Rate	71.5%		
Investment Property Loan	15.3%		
Home Loan - Fixed Rate	13.2%		

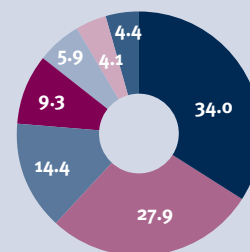


<b>Deposit Account</b>		<b>No. of Cases:</b>	<b>1049</b>
Statement Savings Account	68.5%		
Personal Cheque Account	11.1%		
Term Deposit	9.0%		
Passbook	8.7%		
Other	2.7%		
Cash Management	1.8%		
Mortgage Offset	0.6%		
Foreign Currency Account	0.3%		

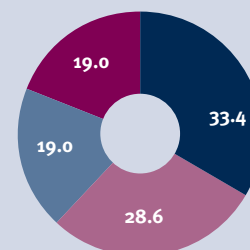
<b>Payment Systems</b>	<b>No. of Cases:</b>	<b>950</b>
ATM	42.6%	
Periodical Payments, Direct Debits	18.0%	
Cheques (inc. 3rd Party)	14.2%	
Telegraphic Transfers	8.9%	
Computer Banking	6.3%	
EFTPOS	4.4%	
Other	5.5%	
Bank Cheque	2.1%	
Telephone Banking	2.0%	
Currency Exchange/Travellers Cheques	1.4%	



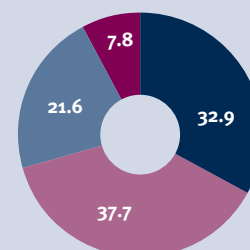
<b>Business Facility</b>	<b>No. of Cases:</b>	<b>680</b>
Merchant Facility	34.0%	
Business Cheque Account	27.9%	
Business Loan - Variable	14.4%	
Business Overdraft	9.3%	
Lease	5.9%	
Business Loan - Fixed	4.1%	
Other	4.4%	
Commercial Bill	2.1%	
Bank Guarantee	1.2%	
Trade Finance	0.7%	
Cash Flow Lending	0.3%	
Hedging	0.1%	



<b>Financial Planning</b>	<b>No. of Cases:</b>	<b>21</b>
Managed Funds	33.4%	
Superannuation	28.6%	
Shares/Bonds	19.0%	
Life Insurance	19.0%	



<b>Other Products or Services</b>	<b>No. of Cases:</b>	<b>167</b>
Holding Title Deeds	32.9%	
Other Products or Services	37.7%	
Insurance	21.6%	
Safe Custody	7.8%	



The main product complained about in the Consumer Finance category continues to be the credit card account. Disputes about this product have decreased slightly from 1,481 last year to 1,392 this year. The main problems identified with credit cards were unauthorised transactions and incorrect debits to the account.

As in previous years, the majority of disputes involving credit cards and other Consumer Finance products such as personal loans and overdrafts, were resolved promptly by member banks and did not require significant intervention by BFSO.

This year, disputes about Consumer Finance products represented 30.2 per cent of all cases that were resolved by the members promptly after referral to the bank, but only 23.4 per cent of investigations.

Disputes about Housing Finance comprised 19.5 per cent of cases resolved by members after referral to them. Fewer disputes about Housing Finance products were resolved by the members directly and consequently, Housing Finance was the main category investigated during the year in review, representing 31.5 per cent of all investigations.

The table below shows a comparison of the product groups that were the subject of a BFSO investigation, compared to the types of disputes readily resolved by members.

Of the investigations into Housing Finance disputes, the majority were about variable interest rate home loan products. A smaller proportion was about investment home loan products but of these disputes, 33.8 per cent were about maladministration in granting the loan.

Disputes concerning Deposit Accounts (including savings accounts, personal cheque accounts, term deposits and passbooks) comprised 18.1 per cent of complaints made by consumers. Most disputes were about incorrect fees, incorrect debiting and crediting of the account and unauthorised transactions.

The table on the right shows a breakdown of the main products complained about and the problems with the products, as described by consumers.

### Cases Resolved by Bank - V - BFSO Investigation

Product Group	% of Cases: Resolved by Bank	% of Cases: BFSO Investigation	All Cases
Consumer Finance	30.2%	23.4%	29.3%
Housing Finance	19.5%	31.5%	21.2%
Deposit Account	18.9%	13.1%	18.1%
Payment System	16.8%	14.2%	16.4%
Business Facility	11.2%	15.2%	11.7%
Financial Planning	0.4%	0.2%	0.4%
Other Products or Services	3.0%	2.4%	2.9%
	100.0%	100.0%	100.0%

Product Group	Major Products	Main Problems	%
Consumer Finance	Credit Cards	Unauthorised transactions	22.1
		Withdrawal or deposit errors	8.1
	Personal Loan	Reporting to credit reporting agency	9.5
		Inappropriate debt collection activity	7.8
	Equity Finance	Failure to reply to correspondence or enquiry	11.4
		Rejection of application, or withdrawal of facility	9.1
Housing Finance	Home Loan - Variable Rate	Delays (eg, loan approval, settlement)	22.2
		Fee excessive, inappropriate or wrong	7.0
	Investment Property Loan	Delays (eg, loan approval, settlement)	16.3
		Maladministration in granting loan	11.2
	Home Loan - Fixed Rate	Fee excessive, inappropriate or wrong	15.4
		Delays (eg, loan approval, settlement)	11.5
Deposit Account	Statement Savings Account	Fee excessive, inappropriate or wrong	17.9
		Withdrawal or deposit errors	11.1
	Personal Cheque Account	Fee excessive, inappropriate or wrong	21.5
		Unauthorised transactions	10.7
	Term Deposit	Product/service advice	12.5
		Contractual breach, written instruction not carried out	11.7
Payment System	ATM	Unauthorised transactions	53.9
		Withdrawal or deposit errors	32.5
	Periodical Payments, Direct Debits	Contractual breach, written instruction not carried out	23.3
		Fee excessive, inappropriate or wrong	16.5
	Cheques (inc. 3rd Party)	Dishonoured transactions	23.4
		Lost funds	13.3
Business Facility	Credit Card Merchant Facility	Dishonoured transactions	49.4
		Unauthorised transactions	8.9
	Business Cheque Account	Withdrawal or deposit errors	14.0
		Contractual breach, written instruction not carried out	13.6
	Business Loan – Variable	Guarantees	12.9
		Contractual misunderstanding	12.2
Financial Planning	Managed Funds	Investment advice	37.5
		Fee excessive, inappropriate or wrong	12.5
	Superannuation	Fee excessive, inappropriate or wrong	14.3
		No, or wrong information given about fees/charges	14.3
	Life Insurance	Unilateral bank action	40.0
		Contractual misunderstanding	20.0
Other Products or Services	Holding Title Deeds	Lost documents/safe custody items	46.7
		Delays	21.7
	Other	Delays	13.5
		Other	13.5
	Insurance	Contractual breach, written instruction not carried out	15.9
		Product/service advice	13.6