

FMB settled 2,106 disputes in 2014

RESOLUTION PROVIDER: Most cases involved motor insurance claims, says CEO

SARAH RAHIM

KUALA LUMPUR

bt@mediaprima.com.my

MOTOR insurance claims accounted for the highest number of disputes between consumers and financial service providers (FSPs) resolved by the Financial Mediation Bureau (FMB) last year.

FMB resolved a total of 2,106 disputes, comprising 1,362 insurance-related and 744 banking-related cases last year, said its chief executive officer Jeremy Lee Eng Huat.

In terms of specific issues, motor insurance disputes led the list with 445 cases resolved, followed by credit, charge and debit cards (347) and life insurance (319), he added.

FMB is an alternative dispute resolution provider initiated by Bank Negara Malaysia in 2004 to resolve complaints between consumers and FSP in the banking and insurance sectors.

ing disputes remained outstanding. Out of this, motor insurance-related cases accounted for the highest at 169, followed by credit, charge and debit card cases with 94.

Some of the grounds of repudiation of claims by the FSPs in relation to the motor insurance disputes were late notification of claims or loss and no-insurable interest on the motor vehicles by the complainants, Lee said in a recent interview.

“Other grounds of repudiation of claims were non-disclosure of material facts such as modifications and previous claims, not possessing a valid licence and failure to take reasonable precaution to safeguard the vehicle,” he said.

Lee stressed that consumers should read and understand their insurance policies thoroughly to ensure they knew their rights and responsibilities.

“When in doubt, they need to ask their insurance companies or agents to explain,” he said.

FMB’s dispute resolution ser-

“It is an alternative to, and not replacement for the courts,” Lee added.

The FMB is the banking and insurance industry’s equivalent of the Securities Industry Dispute Resolution Centre, which was set up by the Securities Commission to handle small claims in the local capital market.

Turning to the mediation process, Lee said there would be a preliminary investigation and assessment of the dispute or claim to ensure that it falls within FMB’s jurisdiction and that all basic documentation has been provided by the complainant before it is accepted for mediation.

The mediator will then initiate and facilitate discussions between the FSP and the complainant to help them work towards an amicable settlement.

“Where parties fail to reach an agreement or settlement, the mediator will issue a decision after a thorough investigation,” he said.

He said the mediator’s decision, whether to uphold or revise the decision of the FSP, is binding on the FSP but not on the complainant.

As for the scope of coverage, FMB will handle disputes or claims up



FMB CEO Jeremy Lee Eng Huat says consumers should read and understand their insurance policies thoroughly to know their rights and responsibilities. Pic by Saddam Yusoff

ings or current accounts, fixed deposits, remittances and Internet banking.

He said for motor and fire insurance, FMB would cover disputes or claims up to RM200,000 and up to RM100,000 for other insurance products.

He said FMB would only consider a complaint after the FSP had the opportunity to deal with it directly with the consumer.

FSP, he can refer the dispute to FMB within six months from the date of the FSP’s final decision.

Meanwhile, FMB’s current governance and operational arrangements will be enhanced when it is transformed into a full-fledged Financial Ombudsman Scheme (FOS) in the second half of this year, when Bank Negara issues the FOS regulations under the Financial Services Act 2013 and Islamic