

FMB TO THE RESCUE

Have a complaint against a bank or insurer? Get in touch with the Financial Mediation Bureau. *By Jennifer Jacobs*

The Financial Mediation Bureau, a non-profit organisation set up by Bank Negara Malaysia, started operations in 2005 as an alternative avenue to resolve complaints between financial service providers and customers.

Its CEO Jeremy Lee, who took over from the founding CEO John Thomas in August of last year, says the organisation is busy trying to get the word out about the service it provides. It has intensified its awareness programme, providing interviews to the print and online media as well as the wire services.

"We want people to know that we exist to help handle disputes between customers and financial service providers; that we're independent and that the service we provide is free of charge," he says.

Right now, the awareness may be lower than he thinks. One disgruntled bank customer told *Personal Money* that he had been unaware of the FMB's existence until he was advised by his lawyer to consider going through the FMB rather than suing the bank in question. His lawyer said going through the FMB would be a quicker and more painless way to solve his problem.

Another complainant only heard of the FMB's existence when she posted her problem online and someone from an international consumer association based in Malaysia replied, telling her in detail what procedures to follow and who to write to.

So clearly, there needs to be more effort to spread the word.

How does one go about contacting the FMB? "You can write, fax or email us or even come to our office in Menara Takaful Malaysia in Kuala Lumpur. You must do so within six months of the date of the final decision given by the financial services provider. And your problem is subject to the threshold of our jurisdiction," explains Lee.

For banking, the FMB handles complaints relating to personal and housing loans, ATM and cash deposit machines, credit and charge cards, hire purchase, savings and current accounts, fixed deposits and general investment accounts, remittances and electronic and Internet banking.

Complaints for any of these products or services must not exceed RM100,000. And for fraud cases relating to

"We're independent and that the service we provide is free of charge | LEE"

payment instruments such as credit cards, charge cards, ATM cards and cheques, the limit is not more than RM25,000.

In terms of insurance or takaful, it handles cases relating to motor and fire insurance where complaints do not exceed RM200,000 and other insurance or takaful products (life, medical, burglary claims) that do not exceed RM100,000. It will also look at third-party property damage claims not exceeding RM5,000.

To speed up the process, the complainant should have all the relevant documents ready for inspection. "In the case of banking, you have to give us a copy of, say, the loan agreement or whatever relevant document, such as the transaction slip from the ATM or cash deposit machine. And you have to fill up a 'permitted disclosure form' because your banking transactions are confidential and we can't inquire into your account unless you give us permission."

The permitted disclosure form and the complaints form are available on the FMB website.

FSA 2013 TO GIVE FMB MORE TEETH

WITH the coming into force of the Financial Services Act 2013, which provides for the establishment of the Financial Ombudsman Scheme (FOS), the Financial Mediation Bureau (FBM) will effectively be given more clout.

"It sets out very clearly the power that Bank Negara Malaysia has in determining who will be the members of the FOS and it also sets out the terms and conditions that the members have to comply with," says FMB CEO Jeremy Lee.

What does this mean? "Say, we want information. If you are a member, you have to

give us what we ask for. And if there is a fee that needs to be paid, you have to pay it. So, the coming into force of the FSA 2013 provides for the power of the establishment of the FOS of which the membership and the terms and conditions will now be regulated by Bank Negara."

Didn't Bank Negara always regulate it? "No, while the FMB was initiated by Bank Negara, after we got going, the central bank didn't really come into the picture. It was just between the us and the members and our relationship was largely contractual in nature. Now Bank Negara will be regulating it in a bigger way.

"The central bank can issue regulations setting out the type

of issues that can be referred to the FOS, the type of disputes, who the eligible complainants are, the membership requirements, fees that can be charged and the type of award that can be granted. It can also issue regulations on the appointment of directors to the FOS," he says.

And, most importantly, he adds, when a dispute has been referred to the FOS by an eligible complainant, the latter is not entitled to lodge a similar complaint or claim with the Tribunal of Consumer Claims established under the Consumer Protection Act 1999. "What this means is that there shouldn't be any window shopping. A case where I try this place first and I'm not happy, so I go to that

place," he points out.

And what if a particular type of complaint keeps cropping up with a particular financial service provider? Would it be good to name and shame it? "We have taken up the matter with Bank Negara but so far, no decision has been made. For now, we tend to aggregate the complaints on an industry basis without naming the financial service provider in question."

In the FMB annual report, chairman Tan Sri Siti Norma Yaakob said Bank Negara is currently formulating the details of the FOS in consultation with the FMB and the industries. It would include the review of issues such as the need to introduce a levy structure that

is more equitable, the appeal mechanism, membership of the board of directors, scope of jurisdiction and type of awards to be granted under the FOS.

Last year, the levy collected from each member amounted to RM5.14 million in total but FMB's total operating expenses was RM5.58 million.

Once the broad parameters have been finalised, Bank Negara is expected to engage with the relevant stakeholders, including the financial service providers and non-profit organisations that represent consumer interests, for feedback and comments.

"We would expect the FOS to have a direct impact on FMB's mandate and its financial

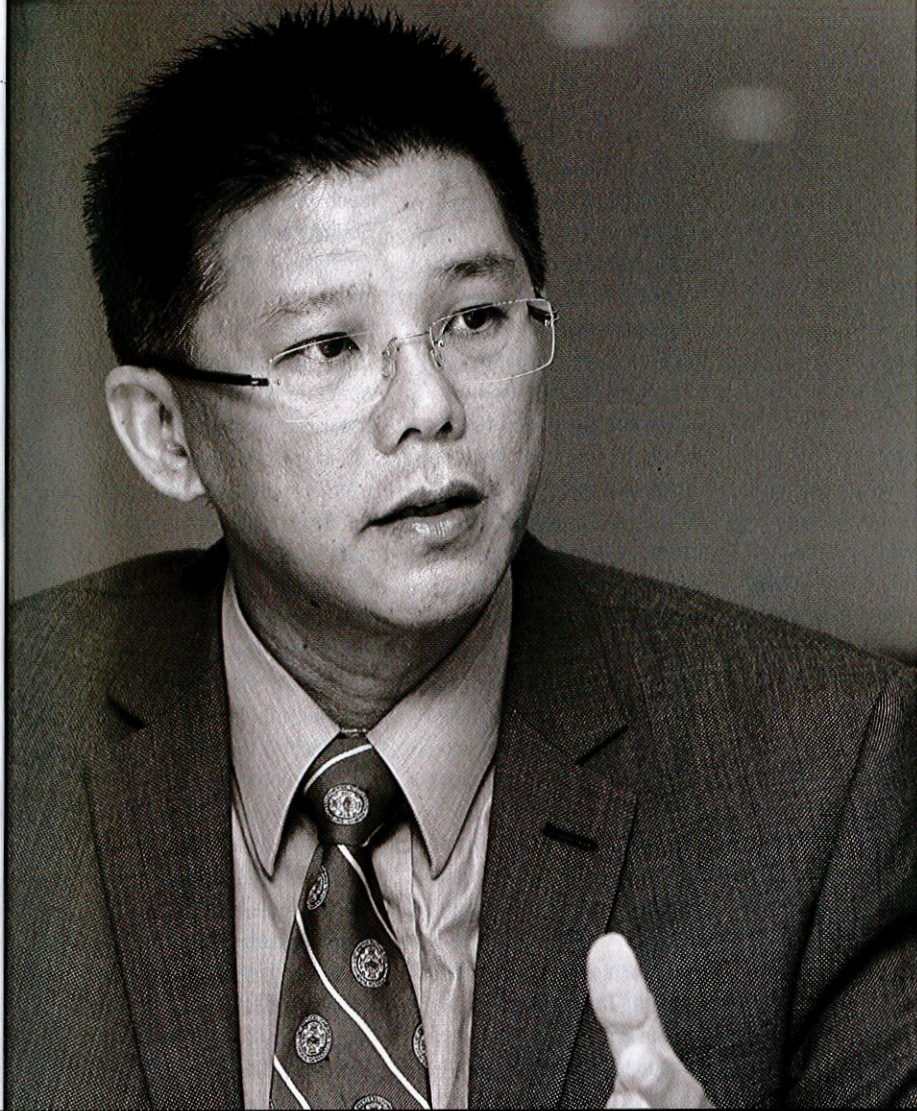
If the grouse is against an insurance company, the complainant is required to submit a copy of the insurance policy.

When the FMB receives a complaint, it checks to see whether the matter is within its jurisdiction. "If it is not, we will write to the person to say so. And if it is and we require further information, we will also write to him. He is given one month to respond, though of course, it would be better if he responds sooner.

"If there is a need for us to call the parties, we will do so. But if the information is sufficient, we can come to a decision based on the documents provided," he explains.

If there is a conflict that cannot be resolved by the documentation provided, the financial service provider is usually given the benefit of the doubt. "We don't have the power to call up witnesses, so that kind of case is better taken up in a court of law."

Sometimes, if the matter cannot be settled by way of documentation, the parties are called in for mediation.



Mohd Izwani Mohd Nazam