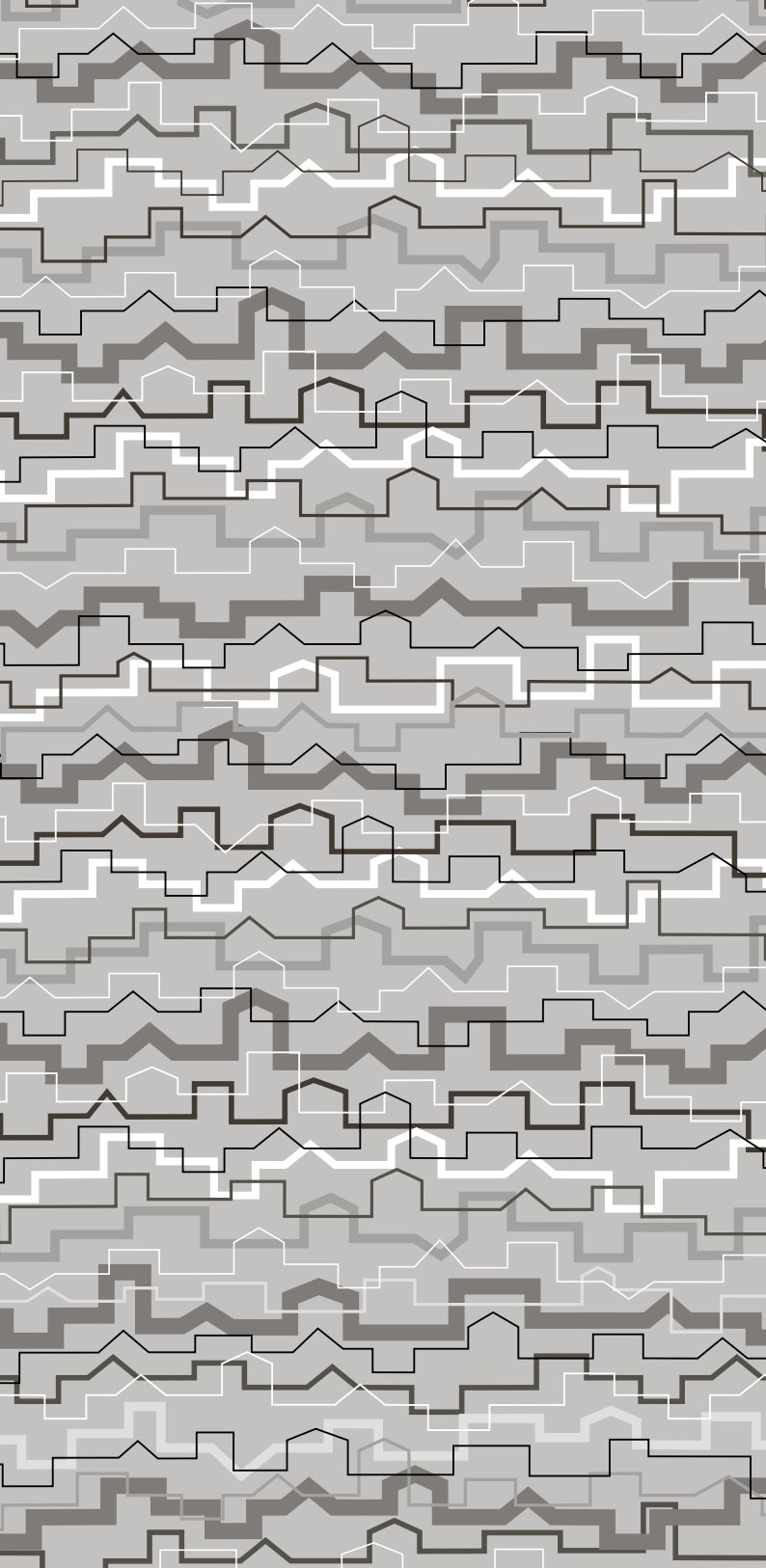


Newcastle Permanent
Building Society Limited

Internal Dispute Resolution Procedures

Version: December 2005





1. Introduction

1.1. Background

- 1.1.1. These procedures are designed to ensure compliance with the internal dispute resolution obligations imposed on Newcastle Permanent Building Society Ltd (the “Society”) by virtue of holding an Australian Financial Services (AFS) licence under the *Financial Services Reform Act 2001*.
- 1.1.2. The procedures are designed to incorporate the requirements of ASIC *Policy Statement 165 Licensing: Internal and external dispute resolution procedures* (“PS 165”) and *Australian Standard AS 4269-1995 Complaints handling*. These procedures also satisfy the Society’s obligations under the *Electronic Funds Transfer (EFT) Code of Conduct*.
- 1.1.3. For ease of comparison, the major headings of this procedure follow those suggested at PS 165.17.

1.2. Internal Dispute Resolution Policy

- 1.2.1. **Commitment.** The Society has a documented internal dispute resolution (“IDR”) policy that has been approved by the Chief Executive Officer and endorsed by the Board of Directors. The Society’s management ensures that staff understand the Society’s commitment to fair and efficient complaints handling.
- 1.2.2. **Staff.** The IDR policy is widely publicised throughout the organisation. New employees are exposed to the Society’s IDR policy and procedures during the induction process. The Society’s commitment to complaints handling is reinforced periodically, including each employee’s underlying responsibility for effective complaints handling.
- 1.2.3. **Members.** Members are to be made aware of the Society’s IDR policy and of their right to make a complaint. Copies of the Society’s IDR policy are provided to members upon request. All IDR related material should contain reference to the Dispute Review Committee so that more information may be obtained if necessary.
- 1.2.4. **Charges.** It is the policy of the Society that members not be charged for pursuing a complaint under the internal dispute resolution (IDR) procedure.



1.3. Complaints

- 1.3.1. **Definition.** A complaint is any expression of dissatisfaction with a product or service offered or provided.¹
- 1.3.2. **Feedback.** On occasion a member may contact the Society to provide feedback (positive or negative) in relation to a product or service. It is valuable to record such feedback so that products and/or services can be improved.

1.4. Person responsible for IDR procedures

- 1.4.1. The Society has a Dispute Review Committee within the organisation that is responsible for the IDR procedures.
- 1.4.2. The Chairman of the Disputes Review Committee reports to Senior Management, which ensures complaints are discussed and resolved at the appropriate level and that the necessary corrective/preventive actions are implemented.
- 1.4.3. The Dispute Review Committee, together with the Society's Senior Management, shall set performance criteria for complaints handling throughout the organisation. This Dispute Review Committee is also responsible for monitoring the Society's performance against these criteria.

1.5. Coverage

- 1.5.1. The IDR procedures cover all complaints about the products or services of the Society.
- 1.5.2. It should be noted however that for a complaint to be eligible to be considered by the external dispute resolution (EDR) scheme, it must first satisfy the coverage provisions of that scheme.



¹ Australian Standard AS 4269-1995, p.5.

2. Receiving complaints

2.1. Oral complaints

2.1.1. Where a complaint is made by telephone or in person over the counter, the Society must ensure that the complainant has the opportunity to speak to an officer suitably trained and authorised to respond to the complaint, and who is not the direct cause of the complaint. That officer must:

- Identify himself or herself;
- Ascertain and record the facts relevant to the complaint;
- Ascertain and record the nature of the complaint and whether it concerns the alleged contravention of:
 - The Financial Services Reform Act 2001;
 - The EFT Code of Conduct;
 - The terms of any contract; or
 - Any law.
- Ascertain and record whether the complaint concerns a refusal of the Society to agree to any request for a variation of terms and conditions under a credit contract regulated by the Consumer Credit Code;
- Ascertain and record whether the complaint relates to a disputed entry in a statement of account issued under a credit contract regulated by the Consumer Credit Code.

2.1.2. Where the complaint cannot be resolved immediately to the complainant's satisfaction, the officer must:

- Explain the courses of action available to the complainant to pursue the complaint; and
- Give or send to the complainant the Society's brochure on dispute resolution.

2.1.3. During the course of the interview or discussion with the complainant, the Society's officer should endeavour to empathise with the complainant. The complainant should be dealt with in a courteous and even-handed manner. The Society officer should avoid laying blame or being defensive.



2.2. Written complaints

2.2.1. The Society must immediately send the member its dispute resolution brochure, and an explanatory covering letter confirming the procedure for resolving the disputes including the likely time frames for a formal response.

2.3. EFT complaints – Unauthorised transactions

2.3.1. Where the complaint concerns authorisation of an EFT transaction (ie transactions involving the combined use of a plastic card and a PIN), the officer must obtain from the complainant the following additional information:

- Card type and account number;
- Name and address of cardholder;
- Principal/additional card;
- Whether the card is signed;
- Whether the card is lost or stolen:
 - Date and time of loss;
 - Was the lost or stolen card reported to the card-issuer and the time, date and method of reporting;
 - Was the lost or stolen card reported to the police and the time and date of reporting;
- PIN details:
 - Was a record of the PIN made and if so, how was it recorded and where was the record kept;
 - Was the record of the PIN lost or stolen and if so, the date and time of the loss;
 - Has the PIN been disclosed to anyone;
- How the loss occurred (eg break and enter, stolen purse/wallet);
- Where the loss of card occurred;
- Details of the transaction to be investigated:
 - Description, date, time, amount;
 - Source, ATM/EFTPOS;



- Details of any:
 - Circumstances surrounding the loss or theft of the card or record of the PIN, or the reporting of such loss or theft; or
 - Steps taken to ensure the security of the card or PIN, which the cardholder considers relevant to his/her liability in respect of the transaction;
- Details of the last valid transaction.

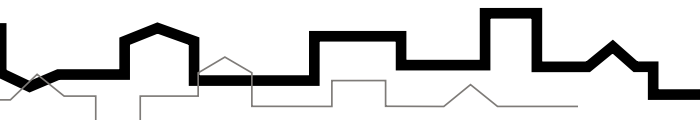
2.4. Immediate agreement

2.4.1. Where the complaint is immediately resolved to the complainant's satisfaction or the Society is immediately prepared to provide redress sought by the complainant, no written notification is required unless the complaint is received in writing in which case written advice of the outcome must be provided to the complainant as soon as practicable.

2.5. Special procedures for disputed accounts for credit contracts regulated by the Uniform Consumer Credit Code

2.5.1. When a complaint arises in respect of a particular liability entered in a statement of account under a continuing credit contract regulated by the Consumer Credit Code, and the complaint is received in writing on or before the due date for the instalment or payment date specified in the statement, the complaint should be treated as a disputed account for the purposes of the Consumer Credit Code.

2.5.2. Similarly where a complaint arises in respect of particular liability entered in a statement of account under any other credit contract regulated by the Consumer Credit Code and the complaint is received within 30 days of the complainant receiving the statement, the complaint should also be treated as a disputed account for the purposes of the Consumer Credit Code.



2.5.3. Where the Society agrees with the complainant in respect of a disputed account, the Society must give the complainant a written notice expressing its agreement and advising that the next statement of account will note any corrections. The Society must also ensure that any correction is noted in the next statement of account.

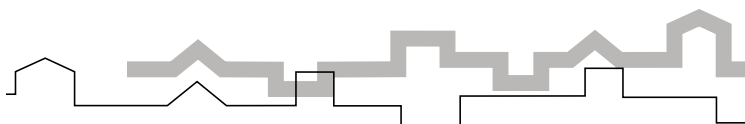
2.5.4. Where the Society does not agree with the complainant in respect of the disputed liability, the Society must give the complainant a written notice explaining in reasonable detail how the liability arises.

2.5.5. The Society must take steps to ensure that enforcement proceedings are not taken in respect of a default in paying a disputed liability in a disputed account unless at least 30 days have elapsed from the time the written notice (in 2.5.4 above) has been given.

2.6. Assistance

2.6.1. The Society is committed to providing assistance to complainants to enable their complaint to be considered by this internal dispute resolution process. Examples may include:

- Assistance completing forms for those with limited literacy skills; and
- Interpreter assistance for people with limited English.



3. Investigating complaints

- 3.1. Where, upon receipt of the complaint form, all the relevant information has not been received, the Society must send the complainant a written request specifying what further information is required. The written request must be accompanied by the Society's dispute resolution brochure regardless of whether the brochure has already been provided to the complainant.
- 3.2. Where, after 14 days, no response has been received to the request for further information, the Society must send a follow-up letter requesting the further information again.
- 3.3. Where, within a further 10 days, nothing is received from the complainant, no further action need be taken. The Society will advise the complainant in writing of the decision of its officer to take no further action until all the relevant information is provided.
- 3.4. Both the complainant and the person against whom the complaint is made are entitled to place all relevant material before the person investigating the complaint.
- 3.5. The Society must consider all relevant information in making its determination and must not consider any irrelevant information. For the purposes of these IDR procedures, "relevant information" is any information without which, in the reasonable opinion of the officer investigating the complaint, a decision cannot be made.



4. Responding to complaints

4.1. Once all relevant information has been received, the Society must consider the complaint and within 28 days either:

4.1.1. Advise the complainant in writing of its determination and the reasons for its determination; or

4.1.2. Confirm in writing what information and documentation has been received and advise that the complaint is being considered and that more time is required to reach a determination.

4.2. Where the Society has extended the time for making a determination under 4.1.2., the Society must within 45 days of receiving all relevant information from the complainant either:

4.2.1. Advise the complainant in writing of its determination and the reasons for its determination; or

4.2.2. Notify the complainant that the complaint cannot be resolved and state that the complainant is entitled to pursue their complaint with the Society's external dispute resolution (EDR) scheme.

4.3. Where a determination has been reached under either 4.1.1. or 4.2.1., and the complainant has been notified in writing, the Society must at the time of notification inform the complainant that he/she may refer the complaint to the appropriate EDR scheme for consideration if he/she is not satisfied with the determination. The contact details of the EDR scheme shall be included in any such advice.

4.4. To ensure fairness, the person about whom the complaint has been made is to be advised of the Society's determination and the reasons for its determination. This is to occur according to the timeframes outlined in sections 4.1. and 4.2., depending on the circumstances.



5. Referring complaints to the External Dispute Resolution (EDR) scheme

- 5.1. A complaint must only be referred to the EDR scheme after it has been fully considered under the internal dispute resolution procedure as outlined in this document.

- 5.2. Once the IDR procedure has been exhausted, the complainant must be notified that the complaint cannot be resolved and that they should refer the complaint to the EDR scheme. Included in the notification should be the contact details of the EDR scheme and a reference to the dispute resolution brochure distributed earlier in the IDR procedure.

6. Recording information about complaints

- 6.1. The Society must record and maintain a register of all complaints received by the Society:
 - Orally and which are not immediately remedied to the member's satisfaction; and
 - In writing whether remedied immediately or not.


- 6.2. Details recorded in the Complaints register may be utilised for the purposes of reporting – both internally and to regulators.



7. Identifying and recording systemic issues

- 7.1. Complaints offer an opportunity to identify systemic issues that may continually cause problems for the Society. It is for this reason that complaint history should be analysed in an attempt to identify any recurring failures.
- 7.2. The Dispute Review Committee must periodically review the complaints history to identify trends. Periodic reports (see Part 9, Reporting Requirements) discussing complaint trends should be provided to management so that product or service design, delivery systems or organisational policies or procedures may be rectified.

8. Types of remedies

- 8.1. In determining remedies, the Society will take into account the following:
- What is fair and reasonable in the circumstances;
 - The parties' legal obligations; and
 - Good industry practice.
- 8.2. The Society has identified the following as being possible remedies:
- Refunds;
 - Substitutes;
 - Technical assistance;
 - Information;
 - Referral;
 - Financial assistance;
 - Other assistance;
 - Compensation;
 - Apology; or
 - Goodwill gift or token.
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9. Reporting requirements

9.1. Quarterly report. The Dispute Review Committee shall report to Senior Management on a quarterly basis. The following issues should be included in the report:

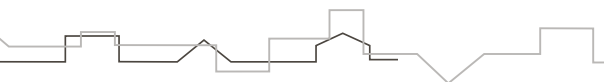
- A summary of complaints received over the preceding quarter;
- An analysis of the quarter's complaints, including resolution experience;
- A summary of complaints that have escalated to become disputes under the external dispute resolution (EDR) scheme; and
- A qualitative assessment of the Society's complaint performance, including the identification of any systemic or recurring complaint themes.

9.2. Annual report. The Dispute Review Committee shall report to Senior Management on an annual basis about the performance of the IDR procedure. The report should include:

- A summary of the year's complaints; including frequency and resolution experience and comparisons to previous year's performances;
- A summary of complaints that have escalated to become disputes under the external dispute resolution (EDR) scheme, including comparisons to previous year's performances;
- A qualitative assessment of the Society's complaint performance; and
- A discussion regarding the results of any third party audits or reviews that have been held into the IDR process over the previous 12 months.

10. Review

10.1. The IDR procedure is to be comprehensively reviewed no less frequently than every two (2) years. The scope of the review is to be set by the Senior Management of the Society in conjunction with the Dispute Review Committee.



For more information

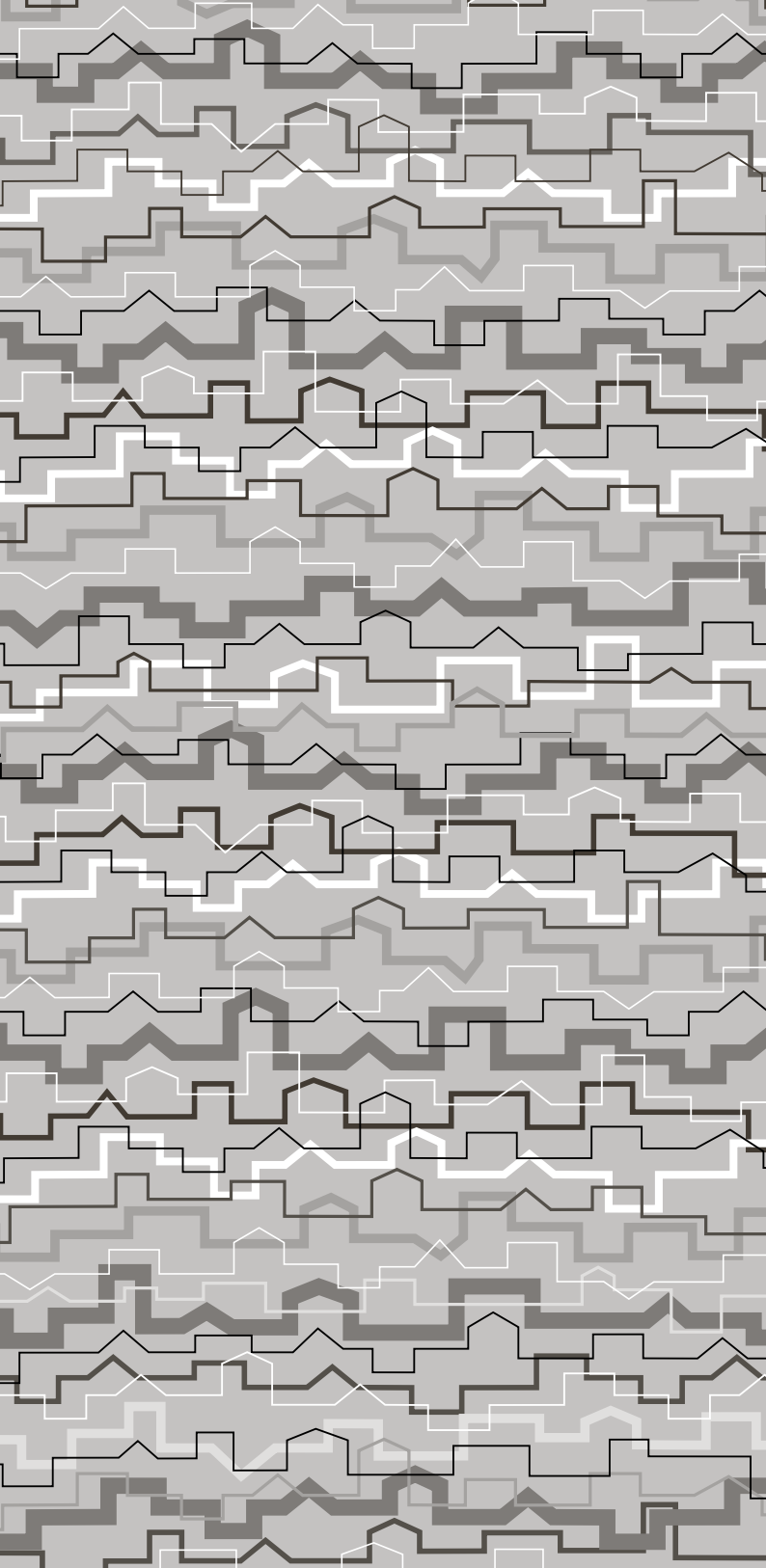
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