

## Policy Bulletin 3

### Hardship Cases under the EFT code

The Ombudsman has been told by community legal services and parliamentarians that a growing number of people with Electronic Fund Transfers (EFT) disputes are experiencing financial hardship while they wait for financial service providers (FSPs) to investigate their claims. The situation usually arises where, as a result of ATM short pays, cardholders have no cash and little or no balance left in their accounts.

The same problem can also arise in the context of unauthorised withdrawals from a cardholder's account.

The EFT Code of Conduct sets out the timeframes within which FSPs should:

- Acknowledge receipt of EFT disputes
- Complete investigation of disputes and
- Advise consumers in writing of the outcomes.

Experience shows that most FSPs have adequate systems in place to ensure they comply with these timeframes and, in many cases, disputes are resolved in a matter of days.

However, even if the timeframes set out in the EFT Code are complied with, a small number of cardholders experience financial difficulty while the FSP is conducting its investigation. This is particularly true in cases where the ATM in question is owned by a financial institution other than the card-issuing FSP. In these cases, the cardholder's FSP must wait for information from a third party before deciding on the claim.

At times, cardholders in financial difficulty ask their FSP to place a temporary credit on their account until the investigation is completed. It appears that some FSPs may not have formal policies in place to deal with such requests.

The FCDRS Ombudsman believes there is a need for some consistency of approach to this matter and that all FSPs, if not already doing so, should develop policies for dealing with requests for assistance from cardholders.

It is acknowledged that in some cases claims for financial loss are not genuine and FSPs will be exposed to risk if they are required to immediately deposit funds in accounts upon receipt of EFT disputes. Some staff discretion has to be retained.

The following factors should be taken into account when FSPs are reviewing their approach:

- Requests for temporary credits or overdrafts pending investigations to be given consideration by appropriate staff
- Staff to be given authority to exercise their discretion to approve requests for temporary relief in certain circumstances
- Internal guidelines to be developed to assist staff to exercise discretion in an informed manner and systems to be put in place to enable assistance to be given to cardholders promptly.