

# Financial Services News Alert

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31 August 2010

## Reserve Dispute Resolution Scheme Rules Approved

### Introduction

The Governor General made two orders on Monday 23 August, the Financial Service Providers (Appointment of Reserve Scheme) Order 2010 [here](#) and the Financial Service Providers (Dispute Resolution—Reserve Scheme) Rules 2010 [here](#). The orders respectively appoint Dispute Resolution Services Limited (**DRSL**) to be the Reserve Scheme (**Scheme**) as provided for by section 72 of the Financial Service Providers (Registration and Dispute Resolution) Act 2008 (**FSP Act**) and bring into force the rules governing the operation of the Scheme. Both of the orders come into force on 30 August 2010. DRSL's appointment will continue in force until 30 November 2014.

### Background

The rules set out the functions of the Scheme provided for by the FSP Act. The Scheme was created to provide an independent dispute resolution service to deal with complaints about the financial services provided by its members.

### Cost

Under the Scheme, complaints may be made free of charge by individuals or businesses with less than 19 employees, provided that they are not wholesale clients.

### Issues

The Scheme imposes a number of benefits and limitations on both the public and advisers.

One of the aspects of the Scheme which will appeal to advisers is the cap of \$200,000 placed on complaints. If a client of a member of the Scheme has a grievance exceeding \$200,000 they must waive any rights in excess of that amount if the claim is resolved under the Scheme.

Final decisions of the Scheme are, however, binding on the parties and no right of appeal exists from final decisions. Final decisions may become binding after the acceptance of the complainant, and without the consent of the financial service provider.

### How we can help

If you would like more information we invite you to contact one of our experts below.

## Contacts



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