

I agree completely with the below summation from CIO – 2 separate schemes should remain in place.

#### Benefits of maintaining two EDR schemes

1. A consolidation of CIO and FOS would mean financial services providers (**FSPs**) who are dissatisfied with service levels or costs can't vote with their feet. This is a poor outcome, particularly because FSPs are legally required to join an EDR scheme and fully meet the scheme's operating costs.
2. CIO understands the non-bank sector well, and those who operate in it, from one-man finance brokers to large aggregators, to time-share operators to small amount lenders to finance companies and to building societies and credit unions.
3. CIO's membership base differs significantly from FOS'. Over 95% of CIO's members are sole traders and small businesses. They have different needs, expectations and resources than the large financial organisations that are members of FOS.
4. CIO's smaller members are generally not supportive of being in a single EDR scheme which is geared towards large institutional players, such as banks and insurers, who attract the vast majority of complaints and whose corporate structure and governance are nothing like theirs.
5. Having two EDR schemes allow each scheme to benchmark its performance against the other. This produces better outcomes for FSPs and consumers alike because the schemes are forced to adopt best practice and improve their service offering. This cannot be achieved under a single EDR scheme model.
6. Without this competitive tension, turnaround times, service levels, innovation and continuous improvement would suffer, and there would be less incentive to keep costs in check and run the scheme efficiently.
7. A single merged EDR scheme would be prone to be monopolistic in its behaviour – dictating terms, rather than being responsive to stakeholder concerns about performance.
8. A mega statutory scheme is not the answer because a large bureaucracy would have less specialisation, be substantially less flexible or capable of responding quickly to changes in the market. This will affect turnaround times, service levels and innovation.
9. The real issue is whether consumers are able to navigate the various EDR schemes in each of the telecommunications, financial services, energy and utilities sectors where the consumer has a single issue (eg. financial hardship) that involves more than one sector Ombudsman.

With Regards,

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