

# *Private Mortgage Funding & Management*

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29 September 2016

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To whom it may concern

## **RE – REVIEW INTO EXTERNAL DISPUTE RESOLUTION SCHEMES**

1. Private Mortgage Funding & Management Limited (“PMFM”) applied for and received a Securities Dealers Licence (# 192 717) from the Australian Securities & Investments Commission (“ASIC”) in December 1999. PMFM transitioned to the new Financial Services Legislation under the streamlining provisions and was issued with an Australian Financial Services Licence (# 237861) on 14th November 2003.
2. PMFM is the Responsible Entity and Manager for the Private Mortgage Investment Scheme (ARSN 090 993 552) (“Fund/ Scheme”). The Scheme was registered with ASIC on 21st January 2000.
3. PMFM arranges and manages private Mortgages in Western Australia on behalf of individual investors whose names are registered on the Certificate of Land Title as Mortgagees.
4. PMFM is a member of the Credit & Investments Ombudsman (“CIO
5. The Ombudsman services (of which there are only two in Australia) are effectively regulated by the Australian Securities and Investments Commission (“ASIC”)
6. We are a supporter of the dual Ombudsman model for Australian consumers and investors and object to CIO being merged with FOS or a statutory scheme.
7. We believe that the benefits of maintaining two separate EDR schemes are clear. The major advantage we see in keeping two separate EDR schemes is that it will allow each scheme to continuously benchmark its performance against each other and seek improvements within the organisation. Both bodies will continue to adopt best practices and improve their service offerings in major areas including:-

7.1. Faster response and turnaround times

A single body without a competitive environment would not be incentivised to make response times a priority.

7.2. Allocating sufficient resources to deal with the smaller organisations and not just the larger organisations/ banks/ insurers.

A single body will naturally lean towards maximising its resources towards areas where it will result in the greatest impact in the market and benefit that general public more broadly. The larger organisations will effectively be hijacking the system.

There will be smaller organisations/ individuals who will still be in the system, left at the bottom of the priority pile and unable to resolve their matters for years. The financial impact on the smaller organisations/ individuals left in this situation would be severe in most cases.

7.3 Incentive to keep costs in check and run the scheme efficiently.

A single body will have no incentive to keep monitoring costs and maintain an efficient system.

8. In conclusion we wish to iterate again that we are a supporter of the dual Ombudsman model and feel that CIO should not be merged with FOS or a statutory scheme as there are no clear benefits as outlined above.

Please contact myself directly if you have any questions.

Yours sincerely

**Private Mortgage Funding & Management Limited**

A handwritten signature in black ink, appearing to read 'C Anderson', with a stylized, cursive script.

**Craig Anderson**

Authorised Representative for Private Mortgage Funding and Management Limited (ACN 072 121 352)

Australian Financial Services Licence (# 237861)

Responsible Entity of the Private Mortgage Investment Scheme (ARSN 090 993 552)

**Director**