



Public consultation reflects strong support for revisions to FIDReC's Terms of Reference

- *Key revisions include the raising of the adjudication claim limit to S\$150,000 per claim from S\$100,000 per claim; and the inclusion of Small Businesses as Eligible Complainants, among others.*
- *Except for revisions relating to Small Businesses, which will tentatively come into effect in January 2025, all other revisions will take effect from 1 July 2024.*

SINGAPORE – 24 June 2024 – The recent public consultation conducted by the Financial Industry Disputes Resolution Centre Ltd (“**FIDReC**” or the “**Centre**”) showed broad support for the proposed revisions to the Terms of Reference (“**TOR**”) with the majority of respondents welcoming the changes proposed by the Centre. These changes were aimed to reflect changes in the financial landscape and equip FIDReC to better serve the public and the financial industry.

The public consultation began in January 2024 and closed on 29 February 2024 with 55 respondents comprising individuals, financial institutions (“**FI**”), and several associations. After considering the feedback received, FIDReC has received the approval of its Board of Directors and the Monetary Authority of Singapore to move forward with implementation of the proposed revisions.

From 1 July 2024, key changes include the following:

- i. Complainants will be able to have claims of up to \$150,000 adjudicated at FIDReC, up from \$100,000.
- ii. Consumers and FIs will be provided a copy of the adjudicator’s Grounds of Decision online and will not need to attend a hearing at FIDReC for the decision to be read to them.
- iii. A Mediator’s Indication (“**MI**”) process will be available for all FIDReC disputes. Save for non-injury motor accident third party claims below \$3,000 where MI will be mandatory, the MI will take place with the consent of both parties.
- iv. FIDReC will fix timelines for completing its process and enforce them. If timelines are not complied with after one month, FIDReC will have the discretion to close cases or to impose penalties.
- v. FIDReC will not handle claims that have been dealt with at FIDReC previously or claims that relate solely to investment performance (where there is no element of misconduct or other wrongdoing).

On the increased adjudication claim limit, nearly all respondents welcomed the change due to the increased cost of living and rising trend of consumer financial disputes exceeding \$100,000. One individual respondent commented: *“Reviewing the adjudication limit is important in order for FIDReC to meet its objective of facilitating access to justice by supplementing the formal court system, which is unaffordable for many consumers of financial services.”* FIDReC will continue to monitor the trends in claim value and will remain open to further reviewing the limit again in the future. The new adjudication limit of \$150,000 will apply to disputes filed with FIDReC on or after 1 July 2024.



Respondents welcomed the circulation of the GD as it would save time for the parties and promote transparency. Some concerns were expressed on protecting the confidentiality of the GD, which FIDReC will address during implementation. The GD will be circulated for cases where the Adjudication Agreement is signed on or after 1 July 2024.

Another change to look forward to, albeit later, would be the inclusion of small businesses as Eligible Complainants. Presently, only individuals or sole proprietors may file claims at FIDReC. Most respondents supported this revision although there were objections and concerns that small businesses were better resourced than individual consumers and that claims brought by them could be more complex and unsuitable for informal dispute resolution. FIDReC also received suggestions on defining small businesses. FIDReC will delay implementing this change and further study how best to balance the interests of all stakeholders before announcing further details. The inclusion of small businesses is tentatively scheduled to come into effect in January 2025.

FIDReC CEO, Ms Eunice Chua, said: *“We would like to thank all respondents for their participation in the public consultation. The upcoming changes to FIDReC’s TOR not only incorporate the feedback we have received over time but also international best practices. These changes will enable us to serve a wider audience, achieve better outcomes for parties, and improve our processes.”*

For more information, FIDReC’s complete response to the public consultation is available on its website at <https://www.fidrec.com.sg/knowledgebase/article/KA-01293/en-us>.

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About FIDReC

Launched on 31 August 2005, the Financial Industry Disputes Resolution Centre Ltd (FIDReC) is a not-for-profit company limited by guarantee. We specialise in the resolution of consumer financial disputes through mediation and adjudication.

At present, FIDReC’s services are available to consumers who are individuals or sole proprietors. Consumers may come to FIDReC when they cannot resolve their issues with their financial institutions. Financial institutions include banks, finance companies, life insurers, general insurers, capital markets services licensees, licensed financial advisers, and insurance brokers.

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