



FIDReC seeks feedback on proposed amendments to its Terms of Reference

- *Key proposals include raising FIDReC’s jurisdiction limit for adjudicated claims from S\$100,000 per claim to S\$150,000 per claim; and including small businesses as eligible complainants.*

SINGAPORE – 8 January 2024 – The Financial Industry Disputes Resolution Centre Ltd (“**FIDReC**” or the “**Centre**”) has released a consultation paper to seek public views on proposed amendments to its Terms of Reference (“**TOR**”). Among other things, the TOR sets out the scope and jurisdiction of FIDReC, and how its dispute resolution process should be conducted.¹

FIDReC CEO, Ms Eunice Chua, explained: *“FIDReC has conducted an in-depth review of the TOR and would like to seek public feedback on significant changes that may impact different sectors of society. The proposed changes are meant to better reflect the current landscape, especially the nature of financial disputes that have evolved over the years. They will also allow FIDReC to address feedback it has received over time and incorporate international best practices.”*

The first key proposal is to **increase the adjudication award limit to S\$150,000 per claim** from the current S\$100,000² per claim. Over the years, the number of claims exceeding S\$100,000 has risen, reflecting the higher quantum of losses suffered by retail consumers because of higher income levels and cost of living. For example, claims relating to scams, hospitalisation and surgical reimbursement or market conduct may exceed \$100,000. Over FIDReC’s past three financial years, such claims numbered 95 (FY20/21), 100 (FY21/22) and 157 (FY22/23) respectively, or about 10% of claims handled during those years.

The second major proposal is to **expand “eligible complainants” to include small businesses** with an annual turnover of not more than S\$1.0 million. Currently, eligible complainants are limited to individuals and sole proprietors. Small businesses as defined in the proposal may have limited resources or ability to manage disputes with their financial institutions like sole proprietors. Expanding FIDReC’s scope to include small businesses will allow the Centre to handle disputes such as employee medical insurance claims, third party motor insurance claims involving company-owned vehicles, disputed corporate account transactions, as well as business loan disputes.

The remaining amendments may be summarised as follows:

¹ In 2004, the Monetary Authority of Singapore conducted a public consultation concerning the creation of FIDReC (the “2004 public consultation”). The 2004 public consultation included FIDReC’s governance structure, membership, funding, and TOR. The feedback received then contributed to shaping the FIDReC of today.

² At FIDReC’s inception in August 2005, the award limit had been S\$100,000 per claim for insurance disputes and S\$50,000 per claim for all other disputes. In January 2017, the award limit for all disputes was aligned at S\$100,000 per claim.



- I. **Allowing the adjudicator’s Grounds of Decision (“GD”) to be circulated to the parties** through a secured platform. The TOR currently prohibits circulation of the GD to the parties and requires a hearing to be convened for the GD to be read out to the parties. The proposal addresses confidentiality while promoting transparency and accountability to the parties.
- II. **Fixing timelines for process completion.** This will allow FIDReC officers to set timelines throughout the dispute resolution process and to enforce them. FIDReC will have the discretion to close cases where the complainant fails to comply with the timelines, or to impose penalties where the financial institution fails to comply with the timelines. This proposal will ensure that cases are concluded in a timely manner. Where there are circumstances justifying delays, FIDReC may extend the timelines.
- III. **Making the Mediator’s Indication (“MI”) process³ available for all disputes.** Originally, the MI process was only for cases under FIDReC’s non-injury motor accident scheme. In April 2022, the Centre piloted making the MI process available for all other disputes with the consent of the parties. It proved successful, with most claims being closed at the mediation stage without proceeding to adjudication.
- IV. **Amendments to the list of Excepted Complaints** to exclude disputes that have been handled at FIDReC previously and disputes related solely to investment performance. The former is to avoid compromising the effective use of FIDReC’s resources, while the latter involves the commercial decisions of financial institutions, which do not fall under the Centre’s purview.
- V. **Selected timelines to be stated in Business Days rather than Calendar Days.** This will account for public holidays and will allow more time to respond to complex cases.

The consultation paper is available for the public to read and offer their views at www.fidrec.com.sg from 8 January 2024 to 29 February 2024. FIDReC will consider the feedback and plans to issue a response in the second quarter of 2024. The response will include any plans for the implementation of the proposed amendments.

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³ The FIDReC Mediator’s Indication process is a non-binding neutral evaluation. It provides an assessment of whether an award is likely to be made at adjudication and enables the consumer to make an informed choice on whether to proceed to adjudication.



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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