

Chapter 10

Disputes

10.1 Overview

- 10.1** We often receive questions about society disputes, including between members, or between members and the society. This chapter explains our remit, role and approach to disputes, and gives some details about members' rights.
- 10.1.1** **G** We do not determine disputes. That is a matter for the society's rules and, ultimately, for the courts. Members may take legal action against the society or its committee.
- 10.1.2** **G** Disputes between a society or its officers and a member (or a former member who left within the last six months) must be decided in the way laid down in the society's rules.
- 10.1.3** **G** Many societies choose to include a provision for arbitration or alternative dispute resolution in their rules. Many of the model rules give that role to the sponsoring body.
- 10.1.4** **G** If the rules state that the dispute is to be decided by us (or our predecessors) then the dispute must be referred to the county court (or Sheriff in Scotland). It cannot be decided by us.
- 10.1.5** **G** However, if members are concerned that the society is not being operated in accordance with the relevant registration requirements for a society, they can complain to us. This would be on the basis that we should exercise our statutory powers and we will consider the information provided by the member.

10.2 Members' rights

- 10.2.1** **G** Members are shareholders of the society. They have voting power and can exercise democratic member control together with other members. They should try and resolve any issues they have through these processes.
- 10.2.2** **G** As well as any rights given in the rules of a society, the Act gives members a right to:
- (1) receive a copy of the annual return and accounts of the society;
 - (2) receive a copy of the society rules. If the member has already been provided with a copy (e.g. on joining) and requests another copy then the society may charge a fee;
 - (3) inspect the society's register of members at reasonable hours in the society's registered office. The society should not disclose a member's financial holding;
 - (4) request that the FCA appoints inspectors to look at the accounts of the society. This request must be made by at least 10 members of the society, who must deposit money with us as security for the costs of the process;
 - (5) request that the FCA orders an inspector to look into the society's affairs or to call a special meeting. This request must be made by at least 10% of members, or 100 members if that is a smaller number. The request must be supported by evidence that there are good reasons to do this, and that the request is not malicious.

