



WE INVESTIGATE AND
RESOLVE DISPUTES
WITH BANKS FOR ALL
NEW ZEALANDERS



Banking Ombudsman Scheme



Trust us to be fair

Annual Report

2015-16



CONTENTS

Highlights 1
From the Chair 2
From the Banking Ombudsman 4
About us 6
Users of our service 9
Our caseload 11
How we performed 14
Quality of our service 17
Sharing our experience 19
Financial statements 24
Directory 35
Key terms 35

Who we are

The Banking Ombudsman Scheme investigates and resolves disputes between customers and their banks.

SCHEME PARTICIPANTS

(as at 30 June 2016)

ANZ Bank New Zealand	ICBC New Zealand
ASB Bank	Kiwibank
Bank of Baroda New Zealand	Nelson Building Society
Bank of China (New Zealand) Limited	NZCU Baywide
Bank of India New Zealand	Rabobank New Zealand
BNZ	SBS Bank
China Construction Bank (New Zealand) Limited	The Co-operative Bank
Citi New Zealand	TSB Bank
Heartland Bank	Westpac New Zealand
HSBC New Zealand	

What happened in 2015-16


 **114,852**
Website visits up 61%

18 
New quick guides added, most popular website section

90 
Dispute case notes on website


 **2,458**
Enquiries


Dispute timeliness targets exceeded


Overall customer satisfaction, up from 76% to 78%

 **7%**
Queries from banks

 **568**
Complaints

12%  **18%**
Complex disputes

 **12%**
297 disputes resolved

 **45%**
Decrease in open disputes

FROM THE CHAIR

This year was one of considerable change.

The most significant was the introduction of new terms of reference on 1 January 2016. Although unchanged in their essentials, the new-look rules offer greater readability and clarity, and mark an important step in the scheme's efforts to be more relevant and accessible to more people in the community. The drafting of operational guidelines has ensured everyone understands how the modernised terms of reference work.



Miriam Dean
Miriam Dean | Chair

Internally, a flow-on effect has been the streamlining of complaint-handling procedures. The board is satisfied with the way these improvements are occurring, and expects to see more progress in the next financial year. Hand in hand with these behind-the-scenes changes has been a restructuring of some staff functions. This is intended to ensure the scheme's structure is aligned to its strategy, which places more focus on prevention activities. This can take the form of early advice and guidance, online initiatives or more interaction with stakeholders and other groups. More sophisticated analysis of enquiries, complaints and disputes data should enable the scheme to offer useful insights to individual banks and the sector generally.

Some familiar faces left us this year. Long-serving board director and community representative Mary Holm ended her six-year term in January and was replaced

by Kenina Court. Another new director was Crawford Taylor, who took over in February from Ben Russell as Rabobank's representative. To those who left us, I express my gratitude; and to those newly arrived, I express my keenness to work collaboratively on the challenges facing the sector, and ombudsman schemes more generally. I should add that my own appointment as Chair was renewed in June for three years.

An old face in a new role is Banking Ombudsman Nicola Sladden. Formerly Deputy Banking Ombudsman, Nicola completed a successful year steering through the various changes intended to make our processes more effective. She has the board's full support as she develops her team within the new structure and new rules. And finally, I wish to acknowledge the appointment in February of her deputy, Sarah Parker, who has been ably assisting Nicola.

There was no change to the scheme's membership, which stands at 19 banks. One change was the slight relaxation of the participation criteria to remove the minimum credit-rating requirement of BB. This was warranted in view of the fact all scheme participants are supervised by the Reserve Bank and must meet strict prudential requirements.

I would like to thank all of our stakeholders for their involvement over the past year and in helping us undertake the changes to our scheme rules and organisation. Finally, I would like to thank all staff for their continued contribution and dedication.

Miriam Dean

Chair



Did you know?

We print over 30,000 brochures a year to provide information about our service. Banks are required to display them.



OUR SERVICE IS
AVAILABLE FOR ALL

FROM THE BANKING OMBUDSMAN

We have made good progress against our strategic goals this year, building the foundations for a longer-term transformation of our service.



Nicola Sladden | Banking Ombudsman

Our goal is to resolve disputes fairly and quickly and prevent disputes in the first place. Resolution is about addressing individuals' concerns. Preventing disputes involves identifying and acting on opportunities to improve the banking experience more broadly.

The scheme experienced change on numerous fronts: a new Banking Ombudsman and deputy, new rules and procedures and a new structure aligned to a refreshed strategy.

What hasn't changed is our values as an ombudsman service. We still strive to be accessible, fair, independent, accountable, efficient and effective.

We remain committed to working with our stakeholders to build trust and confidence in our service and in the wider financial services sector.

This year's business goals aimed to improve our dispute resolution process, make the lessons learned from cases known to a wider audience, and strengthen our systems and people skills. On all three scores, we have made

strong progress. The transition to new terms of reference on 1 January 2016 went smoothly. To ensure this happened, we provided training to stakeholders and updated our policies, procedures and information for the public. The increase in customer satisfaction with the quality and timeliness of our dispute service, along with the resolution of high numbers of cases, is evidence of our commitment to continuous improvement.

We made submissions on the Government's review of the Financial Advisers Act 2008 and the Financial Service Providers (Registration and Dispute Resolution) Act 2008. The themes were reducing unnecessary complexity and increasing consumer understanding and confidence in the regulatory framework, including the dispute resolution regime. We have also been involved in the New Zealand Bankers' Association's review of its Code of Banking Practice, which forms a crucial backdrop to how we consider complaints.

Over the year, it has been a privilege to meet and work with many of the scheme's stakeholders. I have appreciated the opportunity to participate in educational and promotional initiatives with many of these organisations. Such partnerships are key to delivering an effective and well-known service.

I thank the board for its support since my appointment. And I particularly want to thank our dedicated staff for providing a consistently high level of service throughout another challenging year.

The 2016-17 business plan builds on the year's achievements. We will continue to simplify and speed up our service, facilitate fair outcomes and enhance our insight function. We will also expand our knowledge management system and keep up with developments in the sector to ensure sound decision-making. I am confident we will make even more progress over the coming year.

Nicola Sladden

Banking Ombudsman



Did you know?

Nicola is a member of the Australian and New Zealand Ombudsman Association (ANZOA). Established in 2003, ANZOA is a professional association and the peak body for ombudsmen in Australia and New Zealand. ANZOA's members are individual ombudsmen working in not-for-profit industry-based, parliamentary and other statutory offices, which meet accepted high standards of independence, impartiality and effectiveness, and which observe the *Benchmarks for Industry-Based Customer Dispute Resolution*. Through the Ombudsman's membership of ANZOA, our staff benefit from the professional development opportunities offered by participation in ANZOA's interest groups, for staff who perform similar roles. www.anzooa.com.au



WE ARE FRIENDLY
AND EASY TO USE

About us

OUR PEOPLE

We continue to deliver our services with a team of 16 part-time and full-time staff, who together offer an impressive wealth of experience in banking, the law and dispute resolution. Our staff are our greatest resource and mainly focus on our core business of resolving complaints quickly, fairly and cost-effectively. This includes having skilled personnel to assist in early resolution where appropriate. This year we were delighted to add law clerks to our temporary staff – a timely addition in view of the significant increase in cases in the first half of the year. Looking ahead, under the leadership of the newly appointed Head of Stakeholder Relations, our team will increase its stakeholder engagement capability as we put more focus on preventing disputes.



Did you know?

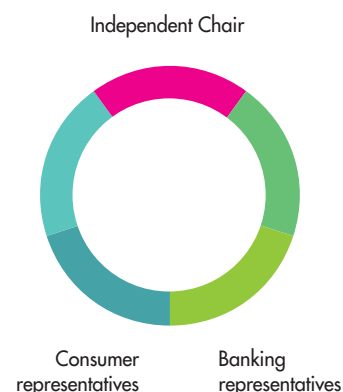
You can find us on Facebook, Twitter and Neighbourly.



THE RIGHT
PEOPLE FOR
THE JOB

OUR BOARD

Board membership includes an independent chair and four directors, two representing consumers and two scheme participants.



Barbara Chapman

Barbara is one of the board's two banking representatives. She is chief executive and managing director of the ASB Bank New Zealand and the New Zealand chief executive of Commonwealth Bank Australia.



Dr Ben Russell – to January 2016

BSc Hons, PhD

Ben was the board's other banking representative. He was chief executive of Rabobank New Zealand and chair of Rabobank Capital Securities Limited.



Crawford Taylor – from February 2016

Crawford, as interim chief executive of Rabobank New Zealand, replaced Ben Russell as one of the board's banking representatives. Daryl Johnson as incoming chief executive will take over this role from August 2016.



Miriam Dean

LLM (Harvard), LLB Hons (Auckland), CNZM, QC

As independent chair, Miriam has substantial experience in mediation, arbitration and legal affairs. She also chairs NZ on Air's board and the Ministry of Justice's Legal Aid Advisory Board. Her other roles include directorships for Crown Fibre Holdings Limited and Ōtakaro Limited and trustee of the Royal New Zealand Ballet.



Suzanne Chetwin

Suzanne is one of the board's consumer representatives. She is chief executive of Consumer New Zealand, an organisation with strong interests in financial matters and financial literacy. She represents consumer interests on a number of other organisations. She has a journalism background and is a member of the Online Media Standards Authority.



Mary Holm – to January 2016

MA, MBA

Mary brought a wide range of skills to her role as the other consumer representative. She is a personal finance columnist and seminar presenter, author and Financial Markets Authority board member.



Kenina Court – from February 2016

Kenina replaced Mary Holm as one of the board's consumer representatives. She is a chartered accountant and holds directorships with Pathfinder Solutions Limited and Oceania Career Academy Limited. She is also a trustee of Pacific Business Trust and New Zealand Business Excellence Foundation.

OUR FRAMEWORK

Values

We strive to be:
accessible, fair, independent, accountable, efficient, effective

ASPIRATIONS

We want to:

- improve the banking experience for customers and banks
- be leaders in independent and fair dispute resolution



OBJECTIVES

We aim to:

- resolve disputes quickly, fairly and cost-effectively
- learn from complaints and spread awareness of the scheme
- have the best people and systems to do our job



STRATEGIES

We work to:

- listen and seek to understand complaints
- put things right
- get to the root causes of complaints and share the insights
- invest in people and systems
- collaborate with other agencies
- influence discussion about legislation and industry standards



IMPACTS

We expect to:

- reduce complaints
- improve banks' service and complaint-handling expertise
- improve bank/customer relationships
- increase customers' knowledge of how banking works
- empower customers to better manage their banking affairs and make complaints if needed
- strengthen stakeholders' confidence and trust in what we do

Users of our service

OUR COMPLAINANTS

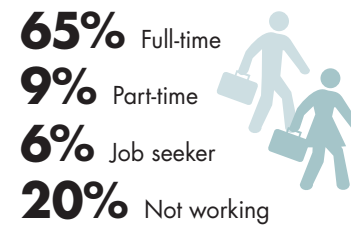
This year we began collecting demographic information about complainants so we could get a clearer picture of who uses our service. The information we gathered is useful in developing our promotional activities as well as in generally getting a better understanding of our customers.

These results show the scheme is accessible to a range of customers, and that there may be opportunities to raise awareness in specific groups in the future.

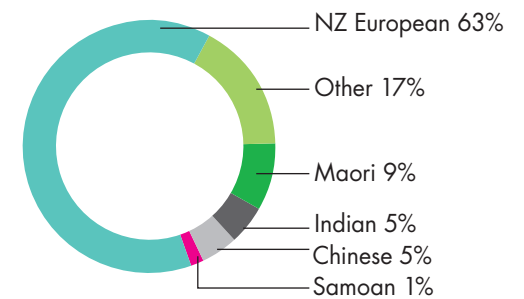
Gender



Employment



Ethnicity



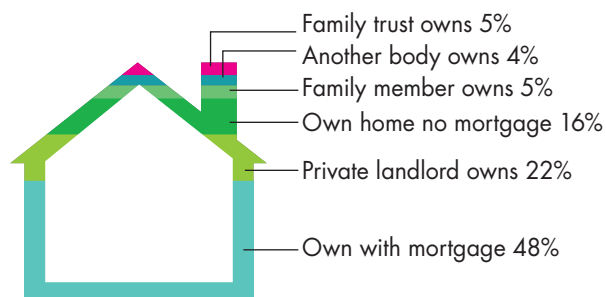
Marital status



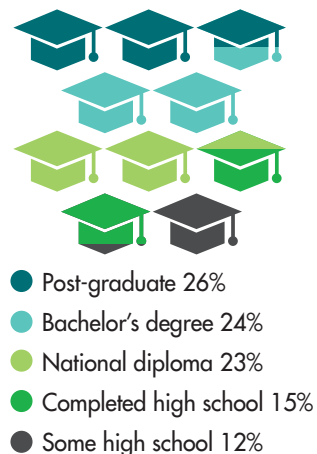
Disability



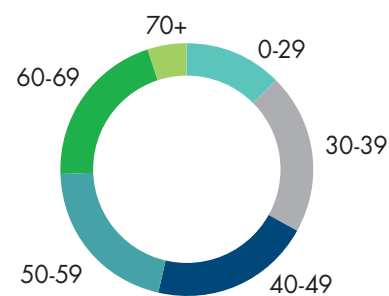
Home ownership



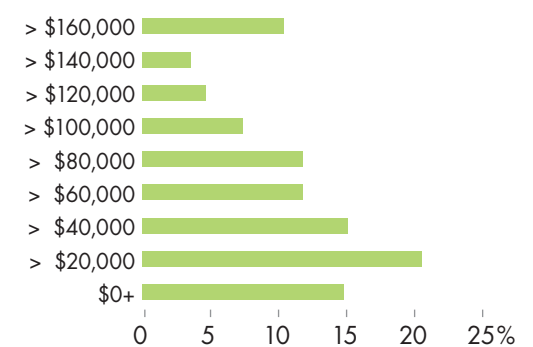
Education



Age



Income



OUR PARTICIPANTS

The number of cases we received about small banks generally corresponded with their market share (as estimated by assets). Medium-sized banks used the scheme more (22 per cent of all cases compared to 12 per cent of market share), while the four main banks – ANZ, ASB, BNZ and Westpac – used the scheme correspondingly less.



Did you know?

That we have more than 600 searchable case notes on our website: www.bankomb.org.nz

Cases received: bank by bank

Scheme participant	2014-15					2015-16					% of total assets [^]
	Enquiry*	Complaint	Dispute	Total	%	Enquiry*	Complaint	Dispute	Total	%	
Large[^]											
ANZ Bank NZ	552	198	84	834	29.7	470	173	82	725	26.8	32.8
ASB Bank	257	67	37	361	12.9	269	74	48	391	14.5	17.3
BNZ	316	75	78	469	16.7	296	95	47	438	16.2	18.3
Westpac NZ	462	145	46	653	23.3	375	118	46	539	19.9	19.2
Sub-total	1587	485	245	2317	82.6	1410	460	223	2093	77.4	87.6
Medium[^]											
Citi NZ	-	-	-	-	-	-	-	-	-	-	0.4
Heartland Bank	12	5	-	17	0.6	50	7	1	58	2.1	0.7
HSBC NZ	17	1	1	19	0.7	11	2	3	16	0.6	1.2
Kiwibank	217	59	9	285	10.2	241	70	16	327	12.1	4.1
Rabobank NZ	5	3	2	10	0.4	9	2	1	12	0.4	3.0
SBS Bank	50	5	4	59	2.1	83	10	4	97	3.6	0.7
The Co-operative Bank	32	9	3	44	1.6	40	5	6	51	1.9	0.4
TSB Bank	29	8	4	41	1.5	18	9	5	32	1.2	1.3
Sub-total	362	90	23	475	16.9	452	105	36	593	21.9	11.9
Small[^]											
Bank of Baroda NZ	1	-	1	2	0.1	-	-	-	-	-	0.02
Bank of China NZ	-	-	-	-	-	-	-	-	-	-	0.04
Bank of India NZ	3	-	-	3	0.1	1	-	-	1	0.0	0.02
China Construction Bank NZ	-	-	-	-	-	1	-	-	1	0.0	0.08
ICBC NZ	-	-	-	-	-	2	-	-	2	0.1	0.16
Nelson Building Society	4	-	1	5	0.2	4	-	-	4	0.1	0.11
NZCU Baywide	3	1	-	4	0.1	7	3	-	10	0.4	0.06
Sub-total	11	1	2	14	0.5	15	3	-	18	0.7	0.50
Total	1960	576	270	2806	100.0	1877	568	259	2704	100.0	100.0

[^] Participants are classified according to total assets at 31 December 2015 as verified by participants in June 2016.

* Excludes 581 enquiries in 2015-16 where the bank wasn't identified or wasn't part of our scheme, and 412 such enquiries in 2014-15.

- Means no cases received.

Our caseload

Our primary objective is to resolve bank customers' problems.

The most straightforward case is when we receive an enquiry, invariably by phone (and occasionally by email). We regard these interactions with bank customers and banks as an opportunity to try to resolve the individual's problem there and then. Sometimes, it might be a case of providing information, easing a concern or redirecting the individual to a more appropriate agency.

We will usually explain how the scheme works as well as respond to the particulars of the enquiry. We might also direct the individual to the best department in the bank to help deal with the matter raised, and we might offer some general advice (such as how payments are processed, or how a bank can change its terms and conditions). We might also refer the enquirer to information on our website, and sometimes we might ring the bank to see if our involvement can speed up resolution of the matter.

If we formally refer a matter raised by a customer to a bank, we classify it as a "complaint". If the bank is unable to resolve a complaint, we consider it a "dispute". We talk to the complainant and the bank, and where appropriate gather more information. If we cannot get the two sides to agree to an outcome (which might range from the customer withdrawing the complaint through to the bank making some sort of payment), we make a formal decision. While trying to facilitate a resolution, we communicate regularly with both sides so they are aware of the likely outcome, should no agreement be reached.

Cases by type	2014-15	2015-16	% change
Enquiries			
Received	2372	2458	3.6
Completed	2372	2458	3.6
Complaints			
Received	576	568	-1.4
Completed	576	568	-1.4
Disputes			
Outstanding from last year	79	84	6.3
Received	270	259	-4.1
Completed	265	297	12.1
Carried over to next year	84	46	-45.2
Total			
Outstanding from last year	79	84	6.3
Received	3218	3285	2.1
Completed	3213	3323	3.4
Carried over to next year	84	46	-45.2

Key term definitions are available on page 35.

WE ARE A FREE SERVICE

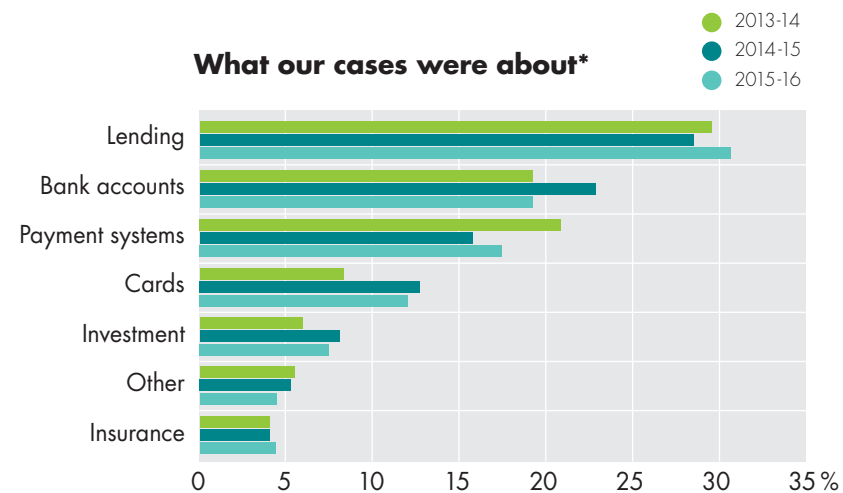
This year, enquiry numbers continued to rise, complaint numbers were little changed, and new disputes fell. However, disputes in the first half of the year rose very sharply, making it necessary to introduce a temporary waitlist and develop a new process for handling simple disputes. In the second half, dispute numbers fell away, leaving the year-end total down 4.1 per cent. Productivity improvements enabled us to resolve 12 per cent more disputes than last year, a total of 297 disputes. The year ended with 46 disputes outstanding, a strong result compared with 84 outstanding 12 months earlier.

What our cases were about

Lending-related concerns, particularly early repayment charges, continued to dominate our workload, accounting for 31 per cent of cases (up from 28 per cent last year). Banks may charge fees when customers repay loans before the fixed interest term has expired. Complaints can arise when customers either don't understand at the time they fix the interest rate for loans that they risk being charged such fees, or there is confusion about how banks calculate those fees. (See case notes section of our website.)

Bank accounts were less of a concern this year (dropping from 23 per cent to 19 per cent) as falling interest rates made savings accounts less appealing. Payment systems continued to be the third-biggest category.

What our cases were about*

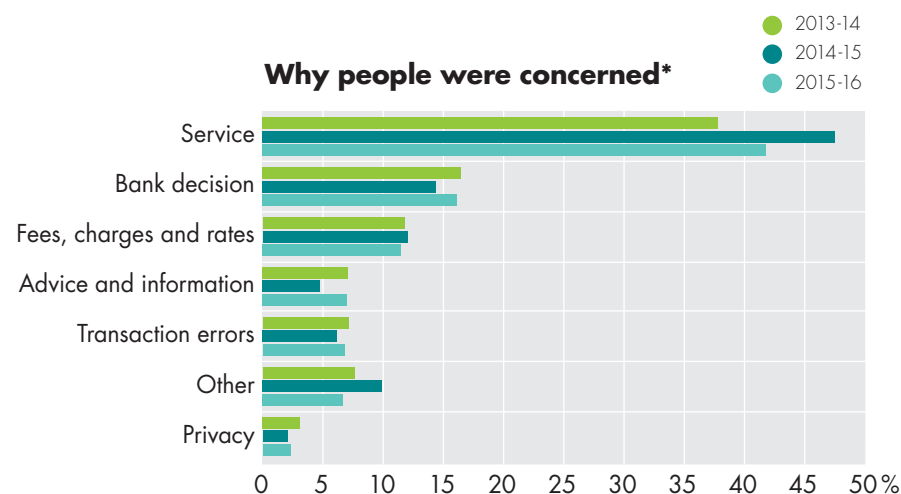


* Excludes enquiries that are unrelated to banking issues.

Underlying causes

Service-related issues still dominated as the underlying cause of enquiries, complaints and disputes, although less than last year (down from 48 per cent to 42 per cent). The main concerns in this category continued to be a failure of bank staff to act as instructed or promised, particularly over the operation of transactional accounts and property lending agreements, and unhappiness with how banks collected debts.

Cases about bank decisions, the second-biggest category, rose from 14 per cent to 16 per cent. Concerns continued to centre on declined applications for lending and KiwiSaver withdrawals, and declined insurance claims.



* Excludes enquiries that are unrelated to banking issues.

This year, 66 bank customers contacted us about scams by third parties. Most commonly, these involved buying or selling transactions with scammers, investment scams or the scamming of customers' personal information. Customers were unhappy because banks had declined to compensate them for their losses. Banks are not responsible if customers' actions enabled (even if unintentionally) a scam to succeed.

CASE STUDY

Bank was following instructions of scam victim

While overseas, Mr A was invited to the house of a local person he met on a stopover. People were gambling in the house and Mr A got involved, helping one of the local players.

He was then convinced to take part but after some initial wins, he started to lose. After losing all his money he was taken to a local store to buy items to gamble with. He used his credit card and authorised the transaction by entering his PIN number. He then returned to the house and lost what he'd bought.

Mr A sought repayment from the bank because he believed it shouldn't have allowed the transactions to go through, and because he had been scammed.

We expressed sympathy for his situation but couldn't uphold his complaint. The bank's terms and conditions stated it was unable to charge back the seller of the goods as the transaction was legitimate, authorised and in exchange for goods which Mr A received. The bank had been following Mr A's instructions in processing the transaction.

Mr A accepted our view and withdrew his complaint.

How we performed

Dispute resolution methods

The main ways we resolve disputes is by facilitation or, if that isn't appropriate or successful, by issuing a decision. Facilitation is preferable because it is faster and generally results in a more satisfactory outcome for both sides. This year's proportion of facilitations to decisions was similar to last year's: 54 per cent of disputes within jurisdiction were resolved by facilitation and 46 per cent by decision.

Decisions set out the facts as we see them, evaluate the matters in dispute and recommend the outcome. A decision becomes binding on a bank if accepted by a complainant.

Disputes by outcome

The proportion of disputes we investigated ending either partly or wholly with a positive outcome for customers increased from 40 per cent last year to 44 per cent this year. The four main banks continued to account for 90 per cent of disputes.

Completed disputes: bank by bank

Scheme participant	Outside jurisdiction		Result for both parties		Result for customers		Result for banks*		Total by bank	
	14-15	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15	15-16
Large^										
ANZ Bank NZ	18	9	17	26	8	14	37	43	80	92
ASB Bank	5	6	11	13	6	9	23	23	45	51
BNZ	13	3	16	24	12	7	33	38	74	72
Westpac NZ	10	13	6	9	2	2	21	27	39	51
Medium^										
Citi NZ	-	-	-	-	-	-	-	-	-	-
Heartland Bank	-	-	-	-	-	-	2	-	2	-
HSBC NZ	-	1	-	1	-	-	-	2	-	4
Kiwibank	1	2	2	3	1	2	3	6	7	13
Rabobank NZ	1	-	1	1	1	-	1	-	4	1
SBS Bank	2	1	-	1	-	-	4	-	6	2
The Co-operative Bank	-	-	-	2	1	-	1	3	2	5
TSB Bank	-	2	1	-	-	-	4	3	5	5
Small^										
Bank of Baroda NZ	-	-	-	1	-	-	-	-	-	1
Bank of China NZ	-	-	-	-	-	-	-	-	-	-
Bank of India NZ	-	-	-	-	-	-	-	-	-	-
China Construction Bank NZ	-	-	-	-	-	-	-	-	-	-
ICBC NZ	-	-	-	-	-	-	-	-	-	-
Nelson Building Society	-	-	1	-	-	-	-	-	1	-
NZCU Baywide	-	-	-	-	-	-	-	-	-	-
Total	50	37	55	81	31	34	129	145	265	297

^ Participants are classified according to total assets at 31 December 2015 as verified by participants in June 2016.

* Includes abandoned and withdrawn disputes.

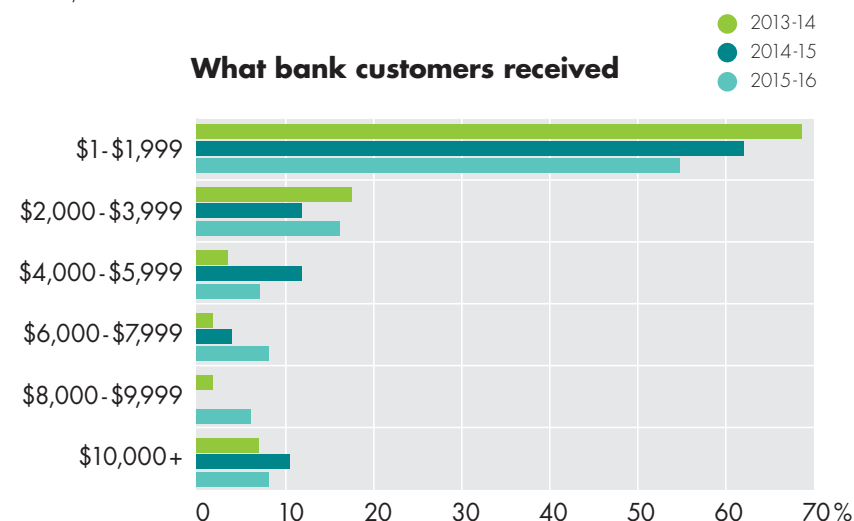
- Means no completed disputes.



WE DON'T TAKE SIDES

Payments

The total payment amount for disputes we investigated rose 45 per cent to \$449,859 (pushed up by a single payment of \$108,518), while the average payment rose 20 per cent to \$1,730. More compensation payments were made this year, and of the disputes we investigated, 38 per cent resulted in some form of compensation, up from 35 per cent last year.

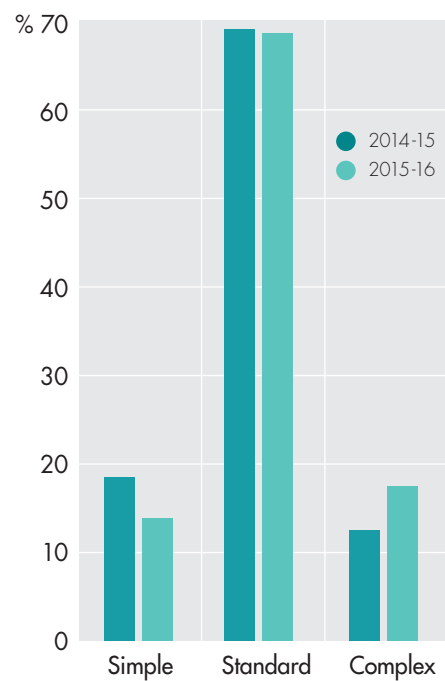


Disputes inside jurisdiction settled in other ways (such as by reducing customers' debts, agreeing to review a policy, devising alternative repayment arrangements and waiving fees) totalled 34, up on last year's figure of 29.

Complexity of disputes

We graded 69 per cent of completed disputes as standard (that is, with no special features), unchanged from last year. The number of simple disputes (those resolved early or involving straightforward jurisdictional decisions) dropped. This is due to an enhanced focus on early resolution. We had a rise in complex disputes (up from 12 per cent to 18 per cent). Complex cases are defined as hard to resolve because of their factual difficulty, legal complexity or other specific circumstances.

Makeup of disputes



WE BRING YOU AND
YOUR BANK TOGETHER

Quality of our service

Customer satisfaction

Overall satisfaction with our service rose to 78 percent, up from 76 percent last year.

Satisfaction among customers who brought complaints to us continued to remain high at 87 per cent. Customers were particularly pleased that staff were courteous and professional, spoke in terms they could understand, and clearly explained how their complaint would be handled.

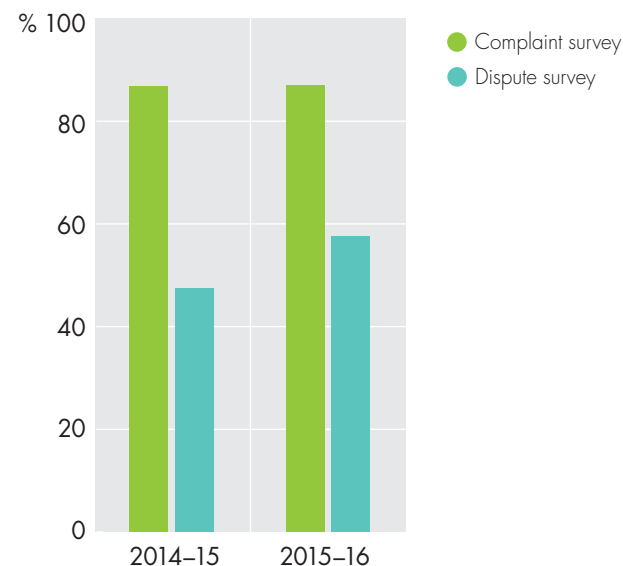
Satisfaction among customers who had a dispute with a bank increased to 58 per cent – up from the previous year's 47 per cent. We made a series of procedural changes aimed at speeding up the dispute resolution process and communicating earlier and more clearly. We will continue working to improve dispute resolution processes, with the aim to further lift customer satisfaction.



Did you know?

We survey complaint and dispute customers to ensure we keep improving our service. The survey response rate is high.

Satisfaction with our service



Timeliness

We met four of our five timeliness measures. We were just one percentage point short of the fifth measure – completing 95 per cent of enquiries within one working day – which we had raised only last year from 90 per cent. We exceeded our targets for disputes and complaints, and in particular improved our results for all disputes.

Timeliness targets

Measures	Target	Result
Enquiries		
Enquiries completed within one working day	95%	94%
Complaints		
Complaints completed within two working days	95%	97%
Disputes		
Simple disputes completed within 40 working days	95%	100%
Standard disputes completed within 120 working days	95%	99%
Complex disputes completed within 200 working days	95%	96%



WE STRIVE FOR
EXCELLENCE

Sharing our experience

Stakeholder engagement

Resolving banking disputes is our core task, but we have a wider role to play in improving the banking experience for customers and banks. One of the most effective ways to do that is by sharing insights gained in the course of our work. The process of sharing what we've learned takes various forms. Publishing case notes on disputes we have closed is one of the most direct and effective. This year, we published case notes on 90 of the 297 closed disputes.

Another way to build stakeholder knowledge and highlight our work is through our quarterly newsletter, 'On Balance', which we refreshed and relaunched early in the year. It goes to organisations and individuals as diverse as community agencies, libraries, other dispute resolution services, academics, lawyers and members of the public.

We also alert stakeholders to trends and developments in the banking sector. Sometimes a complaint can require us to bring a matter to the attention of a government agency, as occurred when we received a complaint that a bank would not accept a cheque issued by a bogus bank in the United Kingdom.

CASE STUDY

Bank did not have to honour bogus cheque

A bank declined to accept a so-called cheque in payment of a credit card debt, and we found it was entitled to do so.

The issue

Ms G signed up with a British-based organisation called WeRe Bank that represented itself as a "common law bank". Ms G sent WeRe Bank a promissory note (an IOU) of £150,000 and paid membership fees of £10 a month for an account. WeRe Bank gave Ms G a cheque book and said she could write out cheques drawn against the promissory note to pay her debts.

Ms G sent a WeRe Bank cheque to her bank to pay off her credit card. The bank thought the cheque was fraudulent and declined to accept it. Ms G insisted the bank was obliged to accept the cheque and threatened to take legal action against the bank staff she had dealt with. The bank decided to end its relationship with Ms G and gave her two weeks' notice that it would close her accounts. Two weeks later, it wrote to Ms G to say

it had withdrawn her credit card and she needed to pay the outstanding amount or it would refer the debt to a collection agency. A month later, when Ms G had not paid off the credit card, the bank referred the debt for collection.

Ms G said the bank was legally obliged to accept the cheque. She was also unhappy the bank had ended their relationship and referred the debt for collection.

The outcome

We found the bank was not obliged to accept a cheque in payment of a debt unless both parties agreed to that form of payment.

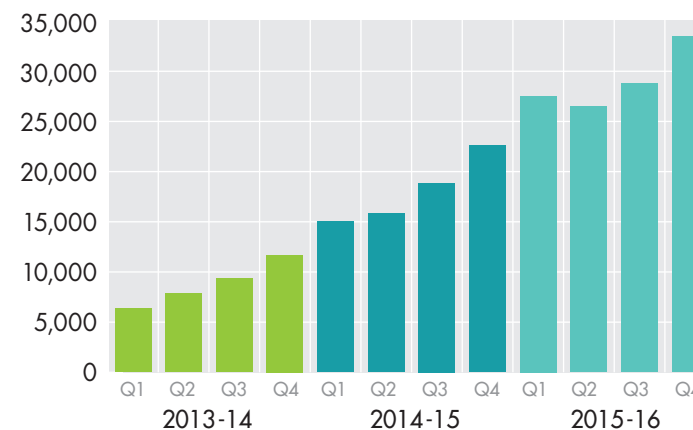
A cheque is defined as a "bill of exchange drawn on a banker". In New Zealand the use of word "banker" is restricted to registered banks. WeRe Bank was not a registered bank in any country. As such, the "cheque" Ms G presented was not in fact a cheque because it was not "drawn on a banker".

The bank had the right to decide to end its banking relationship with Ms G and followed the correct process for doing so. When she did not clear the credit card debt, the bank was entitled to refer it to a collection agency.



OUR WEBSITE IS A USEFUL MEANS OF COMMUNICATION

Website users



Our website is our most important means of communicating information to bank customers and the wider public. Its value can be seen in strong year-on-year rises in visitor numbers. This year's total was 114,852, an increase of 61 per cent on the year before, which was itself a very good year, drawing 71,125 visitors – double the previous year's result of 34,378. Our quick guides proved the most popular feature of the website. During the year, we published nine new guides and updated another nine. Topics ranged from account mandates and card transaction chargebacks to how we decide what reasonable compensation is.

Social media was an area of continued expansion. We reached nearly 19,000 people via our Facebook posts, an increase of 533 per cent on the previous year, and posted directly to 193,000 Neighbourly members. In the fourth quarter, we launched on Twitter (@BankombNZ) and made 4,258 Twitter impressions in three months.

Even in the digital age, however, there is nothing quite like personal interaction with stakeholders. We presented to a range of audiences, including consumer representatives and participants. We arranged three meetings with bank complaints teams, two in Auckland and one in Wellington. We also hosted Professor Tania Sourdin at an advanced dispute resolution workshop for bank representatives in Auckland, and invited other dispute resolution agencies to join our staff for a workshop in Wellington.

We commissioned a Nielsen survey to measure public awareness of our service. It revealed that 41 per cent of those surveyed were aware of us and what we do, with unprompted awareness increasing from 24 per cent to 28 per cent since 2013. This is a pleasing result which we will build on over the coming year.

In June we re-evaluated bank websites against best practice to measure the impact of our recommendations in the inaugural evaluation the year before. The results were very encouraging.

Banks improved on 16 of the 25 measures, particularly on the information provided about the Banking Ombudsman Scheme. Of note, 94 per cent of the bank websites now mention that the scheme helps resolve disputes, up from 44 per cent last year. Almost all banks now demonstrate best practice on eight dimensions.

At the end of the year, we commissioned a short animated video about our service to assist people to access our service when they need it. This will be published on our website and social media platforms towards the end of 2016.

Helping banks to resolve complaints themselves

We help banks resolve customer complaints internally through an informal advice service. This year we handled 76 queries from banks, up seven per cent on last year. The most frequently asked questions were about our likely approach to a case (43 per cent), whether compensation or an offer appeared reasonable (14 per cent), and whether payment was warranted (11 per cent). Transactional accounts and property lending continued to be the most common topics.



Did you know?

That most complainants either previously knew about us (19%), found out about us through a third party such as a lawyer, adviser or broker (18%), their own search (18%), or a personal contact (14%). Only 11% were referred by banks. The remaining 20% heard about us via another means, including the media.

Improving the banking experience

This year we started surveying banks about individual disputes.

Overall satisfaction among banks was 99 per cent and we scored highly on all individual aspects of our service.

Banks also reported on the impact of individual disputes. Pleasingly, we found that banks were reviewing aspects of their service as a result of disputes. Areas of improvement included:

- revising processes for contacting customers and disclosing terms
- additional staff training on lending application assessments, terms and conditions and note-taking
- amending policies on credit card pre-approvals
- amending terms and conditions wording.

Some cases brought to light a broader potential problem in the banking sector. We monitor incoming cases for such sector-wide issues. In some instances, banks notify us first. When we discover a systemic issue, we investigate further and notify the relevant banks.



WE INVESTIGATE AND
RESOLVE REOCCURRING ISSUES

Systemic issues uncovered this year included:

Wrong exchange rate: A complainant said a bank had applied a different currency conversion rate to the one advertised in the terms and conditions when he used his EFTPOS card at an overseas ATM. We found that the complaint was justified and asked the bank to look at whether it had used the wrong conversion rate with other customers. The bank found it had overcharged more than 100,000 customers. It reported the mistake to the Commerce Commission and Financial Markets Authority, and in early 2016 reimbursed customers.

Cancellation of products and services: We investigated a dispute about a bank's cancellation of a customer's internet and phone banking services after referring the customer's debt to a collection agency. During the investigation, we noticed an inconsistency between the bank's practice and its terms and conditions. The bank amended its processes to ensure it:

- notified customers when cancelling products and services
- considered the impact of decisions on related accounts
- minimised the risk of customers receiving incorrect information by updating frontline staff.

Credit card currency conversion charge: A bank sought our advice about a complaint by a customer who had made two very large credit card purchases while overseas. The bank had applied a currency conversion charge of 2.5 per cent, as specified in its terms and conditions, but the charge shown on the customer's credit card statement equated to much less than 2.5 per cent. The bank realised that its credit card statements could not cope with a currency conversion charge exceeding \$1,000. The bank later reported that it had fixed the problem.

**Did you know?**

The most visited page on our website is our *Dealing with a deceased customer's bank accounts* quick guide?

Financial statements

STATUTORY INFORMATION

Banking Ombudsman Scheme Limited

For the year ended 30 June 2016.

The Board of Directors present their Annual Report including the financial statements of the Company for the year ended 30 June 2016 and the auditor's report thereon.

The shareholder of the Company has exercised her right under section 211 (3) of the Companies Act 1993 and agreed that this Annual Report need not comply with paragraph (a) and (e) to (j) of section 211 (1) of the Act.

For and on behalf of the Board:



Miriam Dean CNZM QC

14 September 2016

INDEPENDENT AUDITOR'S REPORT



Chartered Accountants

To the Shareholder of Banking Ombudsman Scheme Limited

Report on the financial statements

We have audited the financial statements of Banking Ombudsman Scheme Limited on pages 26 to 34, which comprise the statement of financial position of Banking Ombudsman Scheme Limited as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholder. Our audit has been undertaken so that we might state to the company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholder, for our audit work, for this report, or for the opinions we have formed.

Directors' responsibility for the financial statements

The directors are responsible on behalf of the company for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement,

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interest in, Banking Ombudsman Scheme Limited.

Partners and employees of our firm may deal with the company on normal terms within the ordinary course of trading activities of the business of the company.

Opinion

In our opinion, the financial statements on pages 26 to 34 present fairly, in all material respects, the financial position of Banking Ombudsman Scheme Limited as at 30 June 2016 and its financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

14 September 2016
Wellington

	NOTE	16	15
		Actual	Actual restated*
Income			
Levies		2,575,500	2,550,000
Interest		6,481	12,119
Other income		743	20,979
Total operating income		\$2,582,724	\$2,583,098
Expenses			
Audit fees		10,021	19,058
Board controlled costs		16,543	135,857
Contractors and external advice		118,436	31,558
Depreciation	5	49,800	61,177
Amortisation of intangibles	6	17,419	27,265
Directors' remuneration	10	126,073	127,239
Entertainment		4,829	4,501
Loss on disposals		22	1,533
Office costs		93,923	85,535
Publications & promotions		31,213	34,692
Rent		144,341	144,111
Staff salaries & superannuation		1,605,074	1,619,841
Staff costs — other		81,410	67,211
Staff costs — recruitment		18,415	718
Technology & website costs		93,259	60,457
Travel and conferences		40,032	53,287
Total expenses		\$2,450,810	\$2,474,040
Surplus before taxation		131,914	109,058
Taxation expense	9	(38,612)	(35,133)
Net profit after tax		\$93,302	\$73,925
Total comprehensive income for the year is wholly attributable to owners of the company		\$93,302	\$73,925

Banking Ombudsman Scheme Limited

Statement of comprehensive income

For the year ended 30 June 2016

The accompanying notes form part of and should be read in conjunction with these financial statements.

*Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made. Refer to Note 16.

	Shareholders capital	Accumulated profit/(losses)	Total
As at 1 July 2014 (restated*)	1	147,076	147,077
Profit for the year (restated*)		73,925	73,925
As at 30 June 2015 (restated*)	1	\$221,001	\$221,002
As at 1 July 2015	1	221,001	221,002
Profit for the year		93,302	93,302
As at 30 June 2016	1	\$314,303	\$314,304

Banking Ombudsman Scheme Limited

Statement of changes in equity

For the year ended 30 June 2016

The accompanying notes form part of and should be read in conjunction with these financial statements.

* Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made. Refer to Note 16.

	NOTE	16	15
		Actual	Actual restated*
Current assets			
Cash and cash equivalents	8	190,154	162,762
Accounts receivable		-	256
Prepayments		41,243	56,637
Tax refundable		6,224	21,784
GST receivable		27,141	21,658
		\$264,762	\$263,097
Non-current assets			
Property, plant and equipment	5	290,404	325,430
Intangibles	6	28,199	34,758
Deferred tax asset	15	13,094	10,940
Total assets		\$596,459	\$634,225
Current liabilities			
Sundry payables and accruals	14	274,376	408,653
Bank— credit card		7,779	4,570
Total liabilities		\$282,155	\$413,223
Net assets		\$314,304	\$221,002
Equity			
Contributed equity		1	1
Accumulated surplus		314,303	221,001
Total equity		\$314,304	\$221,002

* Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made. Refer to Note 16.

Banking Ombudsman Scheme Limited

Statement of financial position

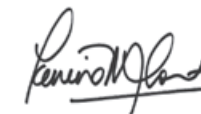
As at 30 June 2016

The accompanying notes form part of and should be read in conjunction with these financial statements.

For and on behalf of the Board of Banking Ombudsman Scheme Limited which approved the issue of these financial statements on 14 September 2016.



Chair Miriam Dean CNZM QC
14 September 2016



Director Kenina Court
14 September 2016

	NOTE	16	15
		Actual	Actual
Cash flow			
Cash flows from operating activities			
Cash generated from levies		2,576,497	2,571,694
Interest received		6,481	12,119
Total		\$2,582,978	\$2,583,813
Payments to suppliers and employees		2,504,725	2,376,852
Taxation		25,205	74,489
Total		\$2,529,930	\$2,451,341
Total cash from operating activities		\$53,048	\$132,472
Cash to investing activities			
Purchase of property, plant and equipment		14,796	27,848
Purchase of intangibles		10,860	10,368
Total cash to investing activities		(\$25,656)	(\$38,216)
Net increase/decrease in cash held		\$27,392	\$94,256
Add opening cash bought forward		162,762	\$68,506
Ending cash to carry forward	8	\$190,154	\$162,762

Banking Ombudsman Scheme Limited

Statement of cash flows

For the year ended 30 June 2016

The accompanying notes form part of and should be read in conjunction with these financial statements.

Banking Ombudsman Scheme Limited

Notes to the financial statements

For the year ended 30 June 2016

1. Corporate information

The financial statements of the Company for the year ended 30 June 2016 were authorised for issue on 14 September 2016.

The Company was incorporated on 19 June 2007 and is incorporated and domiciled in New Zealand.

The Company provides a free, independent and impartial dispute resolution service for those receiving "banking services" from the participating banks and non-bank deposit-takers in New Zealand.

2. Summary of significant accounting policies

(a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Companies Act 1993 and the Financial Reporting Act 2013.

The financial statements comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR'), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS.

The Company is eligible to apply Tier 2 For-profit Accounting Standards (New Zealand equivalents to International Financial Reporting Standards — Reduced Disclosure Regime ('NZ IFRS RDR')) on the basis that it does not have public accountability and is not a large for-profit public sector entity. The group has elected to report in accordance with NZ IFRS RDR and has applied disclosure concessions.

The financial statements are presented in New Zealand dollars (\$).

(b) Basis of measurement

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the Company.

3. Effect of first-time adoption on accounting policies and disclosures

This is the first set of financial statements of the Company that is presented in accordance with NZ IFRS RDR. The Company has previously reported in accordance with NZ IFRS Differential Reporting, as applicable to companies that qualify for differential reporting concessions.

In the previous financial year, the company applied the differential reporting concession under NZ IAS 7, which exempted it from preparing a cash flow statement. However, this concession is not available under NZ IFRS RDR. Therefore, the Company presents in this set of financial statements a cash flow statement for the current year (2016) and a comparative cash flow statement for the previous year (2015). This change affects presentation and disclosure only.

The only other change upon transition was the recognition of deferred taxation. This mainly related to the holiday pay accrual at year end and the opening equity at 1 July 2014 and the surplus/equity at 30 June 2015 is affected by this recognition. See Note 16 for more details.

4. Accounting policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied.

(a) Cash in the statement of financial position comprise cash at the bank and in hand.

(b) Accounts receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost. Gains or losses are recognised in profit or loss when the receivables are derecognised or impaired. They are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

(c) Property, plant and equipment are stated at cost less accumulated depreciation. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is charged on a straight line basis over the useful life of the asset or using diminishing value. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life.

Furniture, fixtures and fittings	10% - 100%
Office equipment	16% - 100%
Hardware	30% - 67%
Other property, plant and equipment	12% - 100%

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income and expense.

(d) Intangibles —

(1) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and the expenditure attributable to the software product during its development can be reliably measured. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Computer software development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives or using diminishing value, which does not exceed three years.

(2) Website

Following initial recognition website development costs are carried at cost less accumulated amortisation. Amortisation rates for the website are 50%.

(e) Sundry payables and accruals are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(f) Leases - the Company leases its office premises. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term.

(g) The financial statements have been prepared on a GST exclusive basis except for receivables and payables which are shown gross when billed.

(h) Wages, salaries and annual leave — liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' service up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable

(i) Revenue recognition - Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Scheme and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

(1) Levy revenue — Revenue arises from the rendering of services. It is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

Revenue from members of the Scheme is recognised on an accrual basis. Levies are paid on a quarterly basis.

(2) Interest revenue — revenue is recognised as interest accrues during the life of the investment

(j) Income tax and other taxes

Income tax comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(k) Other taxes

Revenues, expenses and assets are recognised net of the amount GST except: when the GST incurred on the purchases of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the acquisition of the asset or part of the expense item as applicable; and receivables and payables, which are stated with the amount of GST inclusive.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the balance sheet.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

5. Property, plant and equipment

2016	Fittings	Furniture	Hardware	Office equipment	Other fixed assets	Total
Cost	264,254	79,660	35,576	91,089	6,676	477,255
Additions	-	-	10,680	4,116	-	14,796
Disposals	-	-	22		-	22
Closing cost	\$264,254	\$79,660	\$46,234	\$95,205	\$6,676	\$492,029
Accumulated depn	39,231	24,357	22,023	62,562	3,652	151,825
Depreciation	26,054	7,892	6,326	9,138	390	49,800
Closing value	\$198,969	\$47,411	\$17,885	\$23,505	\$2,634	\$290,404

2015	Fittings	Furniture	Hardware	Office equipment	Other fixed assets	Total
Opening cost	264,254	77,651	55,971	73,612	6,676	478,164
Additions	-	2,009	3,839	22,000	-	27,848
Disposals	-	-	24,234	4,523	-	28,757
Closing cost	\$264,254	\$79,660	\$35,576	\$91,089	\$6,676	\$477,255
Accumulated depn	9,138	15,139	35,733	54,665	3,198	117,873
Disposal depreciation	-	-	23,139	4,086	-	27,225
Depreciation	30,093	9,218	9,429	11,983	454	61,177
Closing value	\$225,023	\$55,303	\$13,553	\$28,527	\$3,024	\$325,430

6. Intangibles

2016	Software	Website	Total
Opening cost	83,865	78,674	162,539
Additions	-	-	-
WIP – animation	-	10,860	10,860
Disposals	-	-	-
Closing cost	\$83,865	\$89,534	\$173,399
Accumulated depn	72,258	55,523	127,781
Depreciation	5,844	11,575	17,419
Closing value	\$5,763	\$22,436	\$28,199

2015	Software	Website	Total
Opening cost	73,497	78,674	152,171
Addition	10,368	-	10,368
Disposals	-	-	-
Closing cost	\$83,865	\$78,674	\$162,539
Accumulated depn	68,141	32,375	100,516
Depreciation	4,116	23,149	27,265
Closing value	\$11,608	\$23,150	\$34,758

7. Lease commitments

Lease commitments under non-cancellable operating leases:

	2016	2015
Not later than one year	150,500	137,958
Later than one year, not later than five years	413,875	559,702
	\$564,375	\$697,660

8. Cash and cash equivalents

	2016	2015
Cash at bank (cheque account)	21,646	1,336
Cash at bank (savings account)	168,283	161,317
Petty cash	225	109
	\$190,154	\$162,762

9. Income tax expense

	2016	2015
Profit before tax	131,914	109,058
Tax at statutory income tax rate of 28%	36,936	30,536
Tax effect of differences between tax and accounting	1,676	1,053
Over/under provision in respect of prior years	-	3,544
Current year taxation expense	\$38,612	\$35,133

Expense recorded in statement of comprehensive income:

Current tax	40,766	14,429
Deferred tax	(2,154)	20,704
Taxation expense for statement of comprehensive income	\$38,612	\$35,133

10. Directors' remuneration

The directors had remuneration due or paid during the year of \$126,073 (2015: \$127,239).

11. Contingent assets and liabilities

There are no contingent assets or liabilities at year end.

12. Transactions with related parties

Other than transactions with the Company's banker, ANZ (a Scheme participant) which are conducted on normal commercial terms, there have been no related party transactions during the year.

Key management personnel

The key management personnel are the members of the governing body which is comprised of the Board of Directors and Banking Ombudsman, which constitutes the governing body of the Group.

13. Financial instruments

The carrying amounts of categories of financial assets and liabilities are as follows.

Loans and receivables

	2016	2015
Accounts receivables	-	256
Bank	189,929	162,653
	\$189,929	\$162,909

Financial liabilities measured at amortised cost

	2016	2015
Sundry payables	\$80,632	\$121,782

14. Sundry payables and accruals

	2016	2015
Sundry payables	81,584	121,782
Accruals	131,685	154,672
Provision for holiday pay	61,107	132,199
	\$274,376	\$408,653

15. Deferred tax

The deferred tax asset consists of temporary differences relating to:

	2016	2015
Property, plant and equipment	160	215
Accounts payable and accruals	12,934	10,725
Total	\$13,094	\$10,940

Property, plant and equipment

	2016	2015
Opening balance	215	(233)
Charged/credit income statement	(55)	448
Closing balance	\$160	\$215

Accounts payable and accruals

	2016	2015
Opening balance	10,725	31,877
Charged/credit income statement	2,209	(21,152)
Closing balance	\$12,934	\$10,725

16. Explanation of the transition to IFRS RDR

The financial statements for the year ended 30 June 2016 are the first annual financial statements prepared in accordance with NZ IFRS RDR. The transition date is 1 July 2014 and it has prepared its opening IFRS RDR statement of financial position from this date.

Opening equity (as at 30 June 2014) under NZ IFRS Differential Reporting	\$115,432
Recognition of deferred tax	\$31,645
Closing balance equity under NZ IFRS RDR (as 30 June 2014)	\$147,077

Opening accumulated equity (as at 30 June 2015) under NZ IFRS Differential Reporting	\$199,525
Recognition of deferred tax – as at transition date	\$31,645
Recognition of deferred tax - 2015 movement	(\$20,704)
IFRS treatment adjustment for 2015 current tax charge	\$10,536
Closing balance equity under NZ IFRS RDR (as at 30 June 2015)	\$221,002

Surplus as per statement of financial performance (as at 30 June 2015) under IFRS Differential Reporting	\$84,093
Recognition of deferred tax - 2015 movement	(\$20,704)
IFRS treatment adjustment for 2015 current tax charge	\$10,536
Surplus as per statement of comprehensive income NZ IFRS RDR (as at 30 June 2015)	\$73,925

Previously, under NZ IFRS Differential Reporting, income taxes were recognised on a taxes payable basis. Under NZ IFRS RDR, deferred taxes are recognised on a comprehensive basis.

DIRECTORY

Directors

Miriam Dean
Barbara Chapman
Suzanne Chetwin
Kenina Court
Crawford Taylor

Banking Ombudsman

Nicola Sladden

Contact details

Freepost 218002
PO Box 25327
Featherston Street
Wellington 6146
Freephone: 0800 805 950
Telephone: 04 915 0400
Email: help@bankomb.org.nz
Website: www.bankomb.org.nz
Facebook: www.facebook.com/bankombnz
Twitter: @BankombNZ

Banker

ANZ New Zealand
Wellington

Auditor

Ernst & Young

KEY TERMS

Case: our collective term for enquiries, complaints and disputes

Enquiry: an initial contact, frequently over the phone, about a banking problem

Complaint: a problem someone has lodged with us about a bank that we formally hand over to its internal complaints process

Dispute: a complaint a bank cannot resolve to the customer's satisfaction

Outside jurisdiction: when a dispute is beyond the scope of our terms of reference (rules) so we don't have the power to look at it



Banking Ombudsman Scheme

Freephone 0800 805 950 | www.bankomb.org.nz