

Our purpose

To help resolve and prevent problems to improve banking for customers and banks

What we do

Resolve complaints

Listen actively, objectively and empathetically to guide and help both sides

Facilitate early, mutually agreed solutions

Decide promptly and clearly, to put things right

Prevent complaints

Identify the root causes of complaints

Share insights to encourage best practice by banks and informed decisions by customers

Collaborate with stakeholders and other agencies to build financial capability and promote high standards of conduct

better banking

Our values

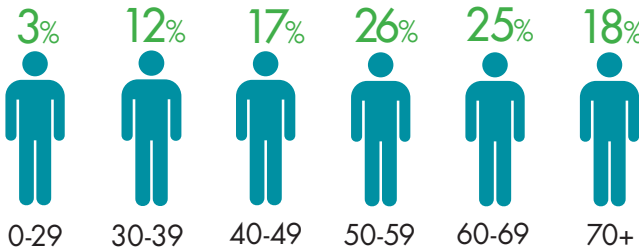
We offer a service that is accessible, independent, fair and efficient

We raised our financial limit from \$200K to \$350K to make our service accessible to a wider range of people.

Who uses us

54%

44%



Miriam Dean CNZM QC | Chair



Our work at a glance

Cases
4797

Enquiries
1506

Complaints
3108

Disputes
183

21%
Overall caseload

More cases

Complaints

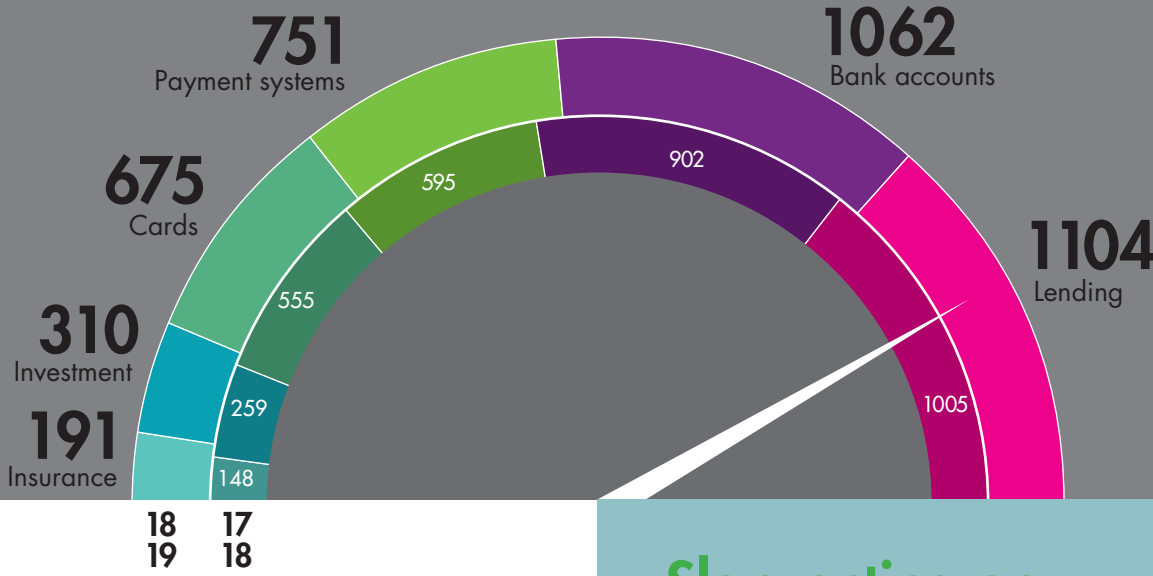
21%

Disputes

27%

Lending is still our most common problem, but all areas of banking have generated more complaints.

Main problem areas



Trends



Fraud – theft of card data	78%
Family disagreements	71%
Early repayment issues	61%
Binary options	36%
Credit card chargebacks	19%



Bitcoin	50%
Payments changes	50%

“I was very pleased with your interest in the difficulties faced by people with intellectual disabilities who can’t communicate verbally or sign their names, and making things right for them.”

Slow acting on customer’s request

After suffering a stroke, Sophie gave enduring power of attorney to her grandfather Michael. He took the legal paperwork giving him control of her finances to the bank, which made him an authorised signatory to her account.

When Sophie’s health improved, she wanted more control over her money. She and her partner Luke visited the bank to replace Michael with Luke as an authorised signatory. The bank said she had to sign a new operating authority first, but her stroke meant she couldn’t sign her name consistently, so the bank refused.

The pair visited the bank several times over the next 18 months trying to replace Michael, who meanwhile had set up a new automatic payment from her account to a third party. The pair eventually provided a copy of the enduring power of attorney document, and the bank accepted Sophie’s verbal confirmation to revoke Michael and appoint Luke. It then accepted her signature. But she was unhappy with how the bank had handled matters and sought compensation.

We considered the bank should have acted on Sophie’s first request to change the signatories. It could have used other means, besides a signature, to record her intentions. The bank agreed to reimburse the money Michael had transferred to the third party and also offered \$7,500 for stress and inconvenience. Sophie accepted the offer.

CASE STUDY

Scams
118%

The big increase prompted us to initiate a fraud awareness campaign on TV, radio and social media.

We want to ensure all New Zealanders can sort their banking problems.

Cases by bank

Bank	Enquiries received	Complaints received	Disputes received	Total	% of our cases	% of total assets^
Large^						
ANZ Bank NZ	112	784	29	925	19.3	30.3
ASB Bank	75	452	28	555	11.6	19.0
BNZ	62	428	16	506	10.5	18.9
Westpac NZ	80	585	65	730	15.2	18.2
Medium^						
Heartland	73	49	5	127	2.6	0.7
HSBC	7	16	1	24	0.5	1.1
Kiwibank	94	474	15	583	12.2	4.1
Rabobank	5	6	0	11	<0.5	3.0
SBS	132	76	5	213	4.4	0.9
The Co-operative Bank	12	62	5	79	1.6	0.5
TSB	8	47	14	69	1.4	1.4
Small^						
Bank of Baroda	2	3	0	5	<0.5	<0.5
Bank of China	1	2	0	3	<0.5	<0.5
Bank of India	1	1	0	2	<0.5	<0.5
China Construction Bank	0	0	0	0	-	<0.5
Citibank	2	0	0	2	<0.5	<0.5
ICBC	0	3	0	3	<0.5	<0.5
Nelson Building Society	8	3	0	11	<0.5	<0.5
NZCU Baywide	16	16	0	32	0.7	<0.5
Bank not specified	816*	101	0	917		
Overall total	1506	3108	183	4797		

“They are very approachable, supportive and work hard to continually lift the bar across the industry.”

^ Participants are classified according to total assets at 31 December 2018 as verified by participants in May 2019.

* Includes calls about non-participants.

Better Banking for all

Banking Ombudsman Scheme



Stop and Think.
Is this for real?
If it's too good to be true
it probably is.
Be aware of scams.

bankomb.org.nz
0800 808 950
For more information



wider issues

When we see an issue that could affect other bank customers, we act on it to improve the system for everyone.

We asked banks to look at these wider issues

- **Unclear terms and conditions:** We asked banks to amend terms and conditions so they were clearer to customers
- **Employee browsing:** We asked banks to monitor whether staff were unnecessarily looking up account information, and take action if they found such browsing
- **Forced account closures:** We gave banks guidance on how to terminate relationships with customers
- **Complaint resolution:** We gave banks feedback, training and templates to lift standards of practice

conduct and culture

Australian Royal Commission into Misconduct
The Australian government established a royal commission to inquire into misconduct in the banking, superannuation, and financial services industry.

Prompted

Reviews of the banking and insurance sectors in New Zealand by the Financial Markets Authority, the Reserve Bank of New Zealand and the Finance and Expenditure Select Committee. The New Zealand government wanted to ensure the same egregious conduct was not occurring here.

Banking Ombudsman
Complaints are a key indicator of sector health

Found that

New Zealand was not experiencing the same issues as Australia, but the reviews set a new base of expectations for the sector, putting good customer outcomes at the forefront.

New Zealand's banks came under closer scrutiny this year in the wake of the Australian royal commission into banking. The Reserve Bank and Financial Markets Authority reviewed the conduct and culture of banks and insurers. Parliament's Finance and Expenditure Committee also put the spotlight on banks' performance. To assist those reviews, we provided information to media, regulators and the select committee about complaints we have handled.

We were asked whether we had seen the type of problems that emerged in Australia. We said we had not seen such systemic abuse in our cases, although we pointed out that our cases were only the tip of the complaints iceberg. To obtain a wider view of complaints, we began developing a complaints dashboard using cases handled by us and by banks. Our goal is to identify problems early on and prevent any escalation, and also to develop more actionable insights.



The Banking Ombudsman Scheme is an early indicator when things are going wrong across the industry – the scheme is the canary in the coal mine.

Vulnerable customers

There has been an emerging trend of issues for vulnerable customers in our cases. Factors like age, physical or mental health, caring responsibilities, and life-changing events such as redundancy, relationship breakdown or bereavement could mean someone is put in a vulnerable position.

Nicola Stadden
Banking Ombudsman



Fairness influences everything we do, from individual cases to improving the system for all. We have partnered with others this year to ensure banking remains safe and inclusive for all New Zealanders.

Financial Inclusion Industry Forum

Last year we helped organise a Financial Inclusion Summit attended by 150 representatives from government, community, academic and financial services sectors. The forum aimed to identify challenges and discuss ideas for improving financial inclusion.

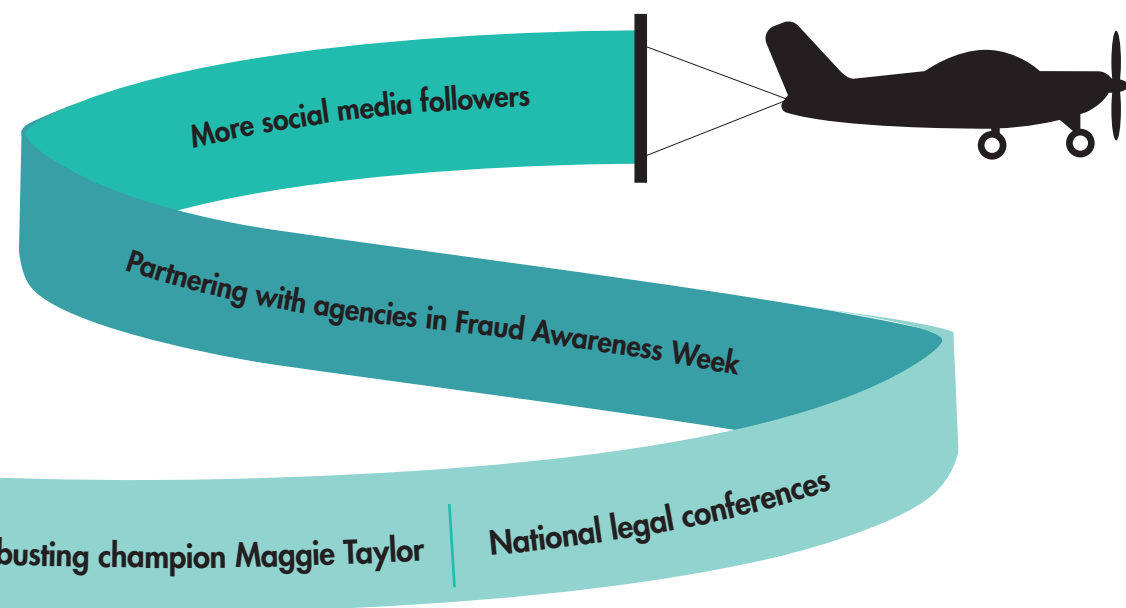
Following the forum, we led a workstream on inclusive banking. This resulted in streamlined processes for financial mentors helping bank customers, a review of hardship processes within banks and plans for a cross-sector liaison group. In 2019, we began working with various agencies on a cross-sector strategy that will improve access to appropriate, affordable credit.

capital ratios financial inclusion
regulation of conduct and culture
insurance contracts select committee
privacy of security information
material regulatory breaches
CCCF farm debt mediation
financial services providers register
new disclosure requirements

inclusive

The Banking Ombudsman puts 2018 losses at \$70 million due to fraud-related scams

Raising awareness in our community



22%
Social media

43%
Website users

173
Media mentions

43%
Complaints received online

Stop and Think. Is this for real?



FRAUD
AWARENESS WEEK

Our fraud prevention campaign ran in conjunction with Fraud Awareness Week. We placed advertisements on television, radio and social media. The campaign was marketed through banks, stakeholders and our own channels.

More customers now very confident in recognising a scam

email scam	▲ 5.8%
phone scam	▲ 3.9%
text scam	▲ 3.4%

2+ million
TV viewers

800,000
reached on social media

2 million
Radio listeners

71%
55+ age group heard the message three times

Bank failed to show breach of card's terms and conditions

Ioane learned someone had used his debit card to spend \$26,000 over five days. When he went looking for his card and discovered it was lost, he notified his bank, which cancelled the card.

Ioane sought reimbursement of the \$26,000 from the bank. But the bank said the offender had used his PIN correctly, and therefore it could not help him. It referred him to the police, who were able to establish that the offender was a neighbour, who had subsequently disappeared.

Ioane went back to the bank, but it continued to decline liability and carried out no real investigation into Ioane's statement that he had not disclosed his PIN. He then brought his case to us.

Our investigation

There was no question Ioane had not been the person who carried out or authorised the transactions. We were not satisfied the bank had discharged the onus on it to show Ioane had breached the terms and conditions of his card by failing to take reasonable care of it and his PIN.

Ioane had occasionally driven the neighbour to the supermarket, and she might have overlooked him entering his PIN. Furthermore, we were satisfied it was reasonable for Ioane not to have noticed his card was missing for five days, given the usual pattern of use of his card.

We recommended the bank reimburse the loss. We were also critical of the bank's failure to consider what the terms and conditions stated about liability during its internal investigation of the complaint.

Outcome

Both Ioane and the bank accepted our view, and the bank reimbursed \$26,000 plus interest. The bank said it planned to make process and training changes as a result of the complaint.



"I am so grateful – I seriously believe if it had not been for the Banking Ombudsman's intervention and fast reactions and fact-finding my problem would not have gone away."

Quick Guide snapshot

Your credit rating

New Zealand has three credit agencies that maintain credit reports on your borrowing history. The information in these reports is held for five years and is used by banks and finance companies to assess applications to borrow money.

Credit reports contain positive and negative information – whether you repaid loans and debts in full and on time, or whether you were often late or in default. They generally include a credit rating, which is an estimate of your ability to meet future financial commitments based on your track record to date. The higher your credit rating, the more likely it is your credit application will be accepted. Conversely, a poor report can make it harder to borrow money, buy a house, get insurance and sometimes even get a job.

Read the full guide on our website

Information stays on file for 5 years

