

Compensation

How we look at compensation when we resolve complaints

When we are helping to resolve your complaint, we are able to recommend compensation. Compensation is not about punishing your bank. The aim of compensation is to return you to the position you would have been in if you had not experienced the problem you complained about.

When will we recommend compensation?

We will recommend compensation if we conclude your bank has done something wrong, and:

- you have suffered a loss as a direct result of the wrongdoing, and/or
- you have experienced significant inconvenience as a result of the wrongdoing.

What types of compensation can we recommend?

We can recommend compensation for:

- direct loss
- inconvenience
- incidental expenses.

These are explained below.

Direct loss

Direct loss is a financial loss you have suffered as a direct result of something your bank has done or failed to do. As an example, if \$1,000 was withdrawn from your account as a result of a banking error, you would have suffered what is known as a “quantifiable financial loss”.

It is important to understand that a quantifiable financial loss is different to a lost opportunity. If a banking error or delay meant you missed an opportunity (for example, to buy a property or invest in shares at a good time), this is not a direct financial loss. We do not have the power to recommend compensation for direct loss based on a lost opportunity but this may be considered as part of compensation for inconvenience.

We can recommend up to \$350,000 compensation to reimburse a direct loss. While you do not have to put a dollar value on your loss, you will need to identify the nature of your financial loss and explain how your bank’s wrongdoing caused that loss.

If we consider you were partly responsible for the events that led to the financial loss, we may recommend you are reimbursed only part of your loss.

Inconvenience

Compensation for inconvenience recognises the stress, anxiety, and other less tangible effects you may have suffered as a result of your bank’s wrongdoing.



We may recommend compensation for inconvenience even if you have not experienced a direct financial loss. However, we will only recommend this type of compensation if you have suffered a significantly high level of inconvenience. We consider minor inconvenience part of everyday life.

When we consider the appropriate level of compensation for the inconvenience suffered we take into account the specific facts of the complaint and the following factors are usually important:

- the amount of money involved
- the duration of the inconvenience
- the effect on your health
- the effect on your relationships with third parties.

We also consider whether any other factors contributed to the inconvenience. For example, if the stress you experienced was caused by your deteriorating financial position and the bank's error. In these cases, we can only award compensation for inconvenience directly related to your bank's actions.

You will need to identify the nature of inconvenience you have suffered. We may ask you to produce evidence, such as a medical certificate to support your claim.

Irrespective of the number of instances of inconvenience you have suffered, \$9,000 is the maximum amount of compensation we can recommend. Where more than one person has complained to us (for example, husband and wife), the maximum limit of \$9,000 still applies. You cannot claim up to \$9,000 each for inconvenience.

A limited liability company can claim compensation for inconvenience experienced, such as damage to its reputation. But individuals pursuing a complaint on behalf of a company and its directors and shareholders cannot also claim compensation for inconvenience they have personally experienced, such as stress.

When do we recommend significant inconvenience?

We can recommend up to \$9,000 as compensation for inconvenience. However, it is only in extremely rare circumstances that we recommend more than \$1,000. For example, if:

- the inconvenience was prolonged or will continue for a long time
- your bank's wrongdoing will permanently affect you
- your health has suffered
- relationships with third parties have suffered
- you went through a period of unnecessary financial hardship
- your safety was compromised.

An example of a type of case where we may recommend compensation at the higher end of the scale is a ruined holiday. This type of complaint typically arises when the customer goes on an overseas holiday only to find something wrong with their arrangements for access to funds. They may have to borrow money from friends, and be unable to eat out, buy souvenirs and gifts, or generally do much on their itinerary. If they have experienced substantial inconvenience, a significant payment of compensation may be appropriate.

Incidental expenses

You may be able to claim compensation for some of your expenses in bringing your complaint to us. However, we rarely recommend compensation for these expenses. Since our services are free and are designed to be easy to use, if you hire a lawyer, accountant, or any other professional to assist you with your complaint once we are looking at it, we are unlikely to reimburse you for those costs. If you intend to claim for incidental expenses, please keep all relevant receipts and supporting evidence.

How else could your complaint be resolved?

If there is anything else your bank could do to help resolve your complaint, please let us know.

For example, we may also be able to suggest that your bank acknowledges a mistake, provides an apology, reverses a decision or considers a new repayment arrangement. However, it should be noted that we cannot require your bank to do any of these things.

When a particular bank officer is involved we are not able to ask your bank to discipline that person. This is because it is up to the bank to decide what action it will take in relation to its employees.

If your bank does decide to discipline a staff member in the circumstances, we cannot require it to tell you what action was taken as this is personal information about the employee and could be a breach of their privacy. See our [Quick Guide on Privacy and Confidentiality](#) for more about this.

For more information about compensation, see our [Operational guidelines](#).