

# Missing accounts

**8 March 2016**

Sometimes customers contact us because their bank is refusing to pay the credit balance on an old account the customer believes has never been closed or paid out.

Often the last known deposit to the account, or the last concrete evidence of its operation, dates back many years. In most cases, the bank says it does not have any record of the account or the claimed funds.

In some cases, a customer might locate an old passbook that appears to show funds that have never been withdrawn. In other cases, a customer might claim to have found evidence of a term deposit that was never paid out.

Whether we can help will depend on the time that has passed and the information we can establish about the account.

## Old passbook accounts

A passbook account is a type of account (most often for savings) where all credits and debits, including deposits, withdrawals, and interest are recorded on a passbook usually kept by the account holder. Passbook accounts are no longer in common use.

Unlike today, statements were not issued on passbook accounts, so customers had no other record of their account. When a customer lost their passbook, a replacement passbook would be issued.

## How do we approach complaints about old passbooks?

Passbook accounts are usually “on demand” accounts. This means that a bank must pay out the credit balance when the customer asks. Because of this, any complaint we receive that a bank is refusing to pay the balance on the passbook will come within our terms of reference, even if the last transaction on the passbook dates back many years.

However, even though a passbook tells us what was in the account as at the date of the last entry in the passbook, it does not necessarily tell us the current balance of the account.

Given the time that often has passed, it can be very difficult for us to find out much more. In many cases, our investigation is limited to checking whether a bank has carried out a proper search for the passbook account. Bank are legally required to hold transaction information for seven years.

## How to contact us

However, they often hold information beyond this period and we expect a search to cover all relevant records that it holds.

Where a bank claims it has no current record of an account, we consider a number of possibilities about what could have happened to the account, including whether:

- the bank may still hold the funds, but hasn't looked properly for the account
- the account may have been changed many years earlier into another type of account such as a statement account, and the passbook is no longer used to record transactions
- the account holder withdrew the funds and/or closed the account without presenting the passbook and, given the time that has passed, has forgotten that this happened
- the passbook was lost many years previously and a replacement passbook was issued
- the credit balance was used up by fees, and the account was closed by the bank as an inoperative or dormant account
- the account was wrongly closed by the bank and the funds retained
- the funds were paid to Inland Revenue's Unclaimed Money Fund. Money in bank accounts over \$100 becomes "unclaimed" and must be transferred to the IRD if the account holder has not operated the account for a period of time. Inland Revenue keeps a record of unclaimed monies at [www.ird.govt.nz/unclaimed-money/monies-m.html](http://www.ird.govt.nz/unclaimed-money/monies-m.html).

If we are satisfied that a bank has carried out all proper searches but holds no record of the passbook, and that its record-keeping complies with its own internal procedures and with legal obligations, we may not be able to take the complaint further.

## Old term deposit certificates

A term deposit is a type of savings account that pays a fixed interest rate until an agreed maturity date. When a customer opens a term deposit, they are typically given a term deposit certificate detailing the amount of money deposited, the investment term and applicable interest rate.

Sometimes people discover old term deposit certificates when going through old records when moving house, or sorting through the belongings of a deceased relative. They may have no recollection of receiving the funds at the maturity date.

## How do we approach complaints about old term deposit certificates?

If we receive a complaint that a bank is refusing to pay out on an old term deposit certificate, there are certain timeframes under our terms of reference that may affect our ability to investigate. We are unable to look at complaint that relates to something that occurred prior to a bank joining the Banking Ombudsman Scheme. Most of our participants joined the scheme on 1 January 1992. So, if the last record of the term deposit shows a maturity date prior to 1 January 1992, it is likely that any complaint about an old term deposit will be outside our terms of reference.

## How to contact us

Freephone 0800 805 950 Email [help@bankomb.org.nz](mailto:help@bankomb.org.nz)  
Web [www.bankomb.org.nz](http://www.bankomb.org.nz) Facebook [www.facebook.com/bankombnz](https://www.facebook.com/bankombnz)

If the term deposit matured after 1 January 1992, but it is more than six years since the complainant should reasonably have become aware of a problem with the term deposit, it is also likely it will fall outside our jurisdiction.

If neither of these timeframes apply, however, we can consider a complaint about missing term deposit funds. But how we approach a complaint differs from how we approach old passbook complaints.

While an old term deposit certificate shows that a bank held a customer's funds until the maturity date on the certificate, it does not show that a term deposit account remained with the bank after the maturity date. At maturity, we presume that the funds were paid out to the customer.

We still expect banking service providers to carry out the usual checks for evidence of a term deposit or what happened to it after maturity. It may be possible to establish whether the funds were paid to another account. However, if there is no evidence of what happened to the funds after maturity, and no evidence of the existence of the funds apart from the term deposit certificate, there may be little that we can do.

## Case note 1

### A missing passbook account

Mr G complained to us that his bank was refusing to pay the credit balance on a passbook account. The last entry on the passbook dated back 18 years. Mr G claimed that the bank had located the passbook account on its system. However the bank disputed this, noting the passbook account number was not compatible with its current account-numbering system. What it had found was a record in Mr G's name for a discharged mortgage. The bank said it had no record whatsoever of the passbook account.

Mr G had very limited recollection of the passbook account, and believed that he had not operated it after opening the account. He believed the funds had been deposited in a lump sum and was certain he had not withdrawn the funds or requested a replacement passbook.

The bank was able to satisfy us that it had done all proper checks as far as its records permitted. There was no evidence of the account in its current records, or its historical records, which went back 10 years.

We were unable to find that the account remained open with a credit balance, or that it had been improperly closed at some point by the bank.

## How to contact us

## Case note 2

### Passbook account closed many years earlier

Mr P discovered a passbook account with a credit balance. The last entry was 28 years ago. He presented the passbook to his bank and asked to be paid the credit balance. The bank said that the account had been closed 13 years ago, with an overdrawn balance. Mr P complained to us that the bank did not tell him when it was closing his account, and that the bank or some other party had misappropriated the funds between the last passbook entry and the account's closure.

As the closure of the account and the alleged misappropriation had taken place 13 years before Mr P made the complaint, we had to consider whether we had jurisdiction to investigate the complaint. Under our terms of reference we can't investigate a complaint where more than six years have passed since a complainant should reasonably have become aware of the problem. Mr P claimed he couldn't have known as he led a very busy life. As no statements were issued, he had no reason to believe the funds were no longer there or that the account had been closed.

We maintained that Mr P should reasonably have become aware of his account being closed. Consumers should take adequate steps to protect their own finances, especially where a substantial amount of money is involved. While we appreciated that the account was a passbook account, it was reasonable to expect Mr P to review his accounts from time to time.

We declined to investigate the complaint.

## Case note 3

### Old term deposit certificates

Mrs N found a term deposit certificate in a box belonging to her mother, who was in a rest home. Mrs N's mother had taken out the term deposit in Mrs N's name when Mrs N was a child. Mrs N complained to us that the bank had no record of the term deposit funds.

The term deposit certificate had a maturity date of June 1987. We can only consider complaints about something a bank did after it became a member of the Banking Ombudsman Scheme. The bank in this case joined the scheme in 1992.

As a result, we were unable to investigate the complaint.

## How to contact us