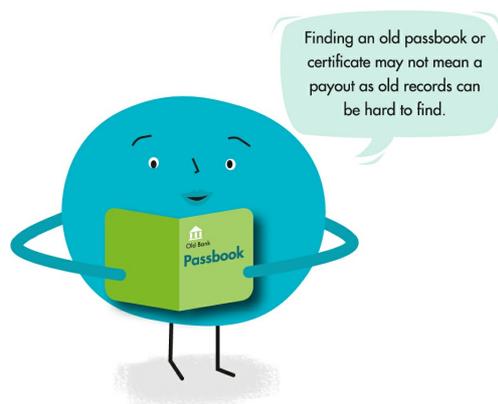


Old passbooks and certificates

The discovery of an old passbook with a credit balance doesn't necessarily mean a windfall because corroborating records can be hard to find. The same goes for old term deposit certificates.



Customers sometimes complain to us that their bank refuses to release money in an old passbook account they believe has never been closed or paid out. The same goes for paying out funds on old term deposit certificates (see below).

Such passbooks are rarely used today, but were once common. Account holders would present their passport-like booklet at a branch to make deposits and withdrawals. These transactions, plus interest earned, were recorded in the passbook, kept by the account holder. Banks didn't issue statements for such accounts, so the passbook was the customer's sole record. A replacement would be issued if the customer lost the passbook.

When we get passbook complaints, the last known deposit in the account, or the last evidence of its operation, usually dates back many years. In most cases, the bank says it has no record of the account or the claimed funds. Sometimes, a customer may locate an old passbook that appears to show unwithdrawn funds, or a customer may claim to have found evidence of a term deposit that has never been paid out.

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

Our approach

As an "on demand" account, the balance must be paid out by a bank whenever a customer asks. We can

investigate complaints about a bank's refusal to pay out the balance, even if the last transaction in the passbook dates back many years. Crucially, however, that last entry is not necessarily the current balance, but rather the balance on that particular date. The reasons are explained below.

Given the time that has often elapsed, we can find it very difficult to establish much more. Mostly, our investigation is limited to checking whether a bank has carried out a proper search for the passbook account. Banks are legally required to hold transaction information for seven years, although they often hold it longer. We expect a search to cover all relevant records it holds.

When a bank claims to have no record of an account, we consider various possibilities, 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 the Inland Revenue Department's unclaimed money fund. Money in bank accounts over \$100 becomes "unclaimed" and must be transferred to this fund if the account holder has not operated the account for a certain period of time. Inland Revenue keeps a **record of such funds**.

Most of these possibilities can explain why a final entry in a passbook does not represent a current balance available for withdrawal.

We are unlikely to be able to help a complainant if we are satisfied the bank has carried out a proper search and holds no record of the passbook, and its record-keeping complies with its internal procedures and legal obligations.

Old term deposit certificates

These are a type of savings account that pays a fixed interest rate until an agreed maturity date. When a customer opens a term deposit, he or she typically receives a term deposit certificate specifying the amount deposited, interest rate and investment term.

Sometimes people uncover old term deposit certificates when moving house or sorting through a deceased relative's belongings. They have no recollection of receiving the funds at the maturity date, and the bank refuses to pay out on the certificate when they present it.

Limitations

We have certain limitations on our ability to investigate complaints about distant matters.

We cannot look at complaints relating to something that happened before a bank joined our scheme. Most banks joined on 1 January 1992. If the term deposit shows a maturity date before that date, it's unlikely we can help.

If the maturity date is after that date, 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 unlikely we can help. If neither of these exclusions applies, we can consider the complaint.

Approach

Our approach, however, is different to the one we apply to old passbook complaints. We assume the bank paid the funds to the customer on the date of maturity because there is ordinarily nothing to assume to the contrary.

Even so, we still ask a bank to conduct the usual checks for evidence of a term deposit or what happened to it on maturity. It may be possible to establish whether the bank put the money in another account. We can do little, however, if no evidence emerges of what happened to the funds after maturity, and no evidence exists of the funds beyond the certificate.



The last entry in the passbook is the balance of the account on that particular date and not necessarily the current balance.