



Banking Ombudsman Scheme

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Financial Markets policy
Building, Resources and Markets
Ministry of Business Innovation & Employment

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To the Finance Markets policy team

Financial services conduct regulation

We welcome the opportunity to respond to the above discussion document.

We support the intention of Financial Markets (Conduct of Institutions) Amendment Act 2022 to support good conduct by financial institutions and the fair treatment of customers. This is consistent with our aim of ensuring fair outcomes for complainants and banks. We also support the objectives of the reform, in particular removing any duplication in regulation, reducing undue compliance costs and improving outcomes for consumers.

This submission concentrates on section A of the discussion document concerning options for amending the minimum requirements for fair conduct programmes, particularly in relation to complaints.

We would be happy to explain any aspect in detail if required.

About us

Our scheme was established in 1992 as an independent service for customers to resolve problems with their bank. We are an approved dispute resolution scheme under the Financial Service Providers (Registration and Dispute Resolution) Act 2008.



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We perform two distinct but connected roles. One is to resolve customers' problems fairly and quickly, and the other is to prevent them from happening in the first place. Appendix A provides further background about the scheme.

Banking sector complaints dashboard

We operate a dashboard accessible via our website showing a range of data about complaints to banks. Launched in August 2020, it gives an overview of the nature and extent of complaints about banks and how banks respond to them. We use the results to identify trends and help improve banking practices.

The dashboard breaks down complaints by product and service type (such as credit cards, investments, insurance and processing methods) and the underlying problem (such as transaction error, faulty advice or information and unwarranted or excessive fees). It also shows how long each type of complaint takes to resolve and the outcome. Complainants are profiled by age, gender, location and whether an individual, business or trust. It is updated quarterly to show trends and cumulative totals. Banks have supported this initiative because they recognise that gathering industry-wide information offers a wealth of insights into how to improve customer service and customer outcomes.

We consider the dashboard to be vital in monitoring how banks capture, respond to, and learn from, complaints. Being available to the public, the dashboard offers a unique view into complaint trends, and this increases banks' accountability for their performance in dealing with dissatisfied customers. Crucially, it also enables dashboard users to compare the performance of banks. The New Zealand Bankers' Association, the Financial Markets Authority and the Reserve Bank of New Zealand all supported the establishment of the dashboard.

Requirements that must be met in relation to fair conduct programmes

The consultation document examines concerns that some requirements of the Financial Markets (Conduct of Institutions) Amendment Act 2022 are unnecessary or unduly prescriptive, and may create unnecessary duplication with other regulatory regimes.

We recommend that any fair conduct minimum requirements about complaints are aligned with existing complaints processes and systems to minimise duplication. For example, we recommend the Financial Markets Authority uses data from our complaints dashboard as and when it is required.

Conclusion

We support the objectives of the fit for purpose financial services reform to reduce duplication and unnecessary compliance costs. As part of the proposed reform, we encourage consideration of existing industry complaint systems and processes – notably our own

complaints dashboard – as a valuable way of ensuring better banking and better customer outcomes.

Yours sincerely

A handwritten signature in black ink, appearing to read 'N. Sladden', with a long horizontal flourish extending to the right.

Nicola Sladden
Banking Ombudsman

Appendix A: Details of our work

Our scheme was established more than 30 years ago as an independent service for bank customers to use to resolve problems with their bank. We are an approved dispute resolution scheme under the Financial Service Providers (Registration and Dispute Resolution) Act 2008. Our 2022-23 summary annual report can be found [here](#).

We have two distinct but connected roles. One is to resolve customers' problems fairly and quickly, and the other is to prevent them from happening in the first place.

Resolving problems

We try and sort out most problems immediately and refer the rest to the bank concerned. If the customer is not happy with the bank's response, we investigate and try to facilitate a solution or, failing that, make a formal decision. When considering complaints, we apply the relevant laws and industry standards in force at the time of the complaint.

We can award compensation for direct financial loss, and inconvenience, stress or other intangible impacts. Banks are bound by our decisions, but customers can choose whether to accept them. Customer satisfaction with our service has averaged at least 80 per cent over the past five years.

This approach to dispute resolution is used successfully in many other industries and jurisdictions. It provides consumers with a free, fair, simple and speedy alternative to court action.

Preventing problems

We share lessons from our cases in a variety of ways. We publish cases and guidance on our website and send insights to banks monthly so they can improve their systems and services. We also share insights through presentations to consumer and community groups, at industry and consumer forums, via the news and social media, and through submissions on policy matters. We have also begun publishing detailed information about all complaints received by banks on a [dashboard](#) accessible via our website.

We actively monitor our cases to identify issues that could have a wider impact for other bank customers. We share complaints data with regulators so they can maintain an industry-wide view of complaint trends. We also meet regularly to discuss emerging trends.

Our [systemic issues protocol](#) outlines our approach to identifying, resolving and reporting systemic issues. Outcomes from our systemic issues investigations include, among others, monetary refunds for other customers, amendment of standard letters, improvements to

processes and procedures, better communications to customers, improved staff training, and improved complaints management.