

# Submission template

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## Effective financial dispute resolution

*This is the submission template for the discussion document, Effective financial dispute resolution. The Ministry of Business, Innovation and Employment (MBIE) seeks written submissions on the issues raised in the discussion document by **5pm on 19 June 2024**. Please make your submission as follows:*

1. Fill out your name, organisation and contact details in the table: “Your name and organisation”.
2. Fill out your responses to the consultation document questions in the table, “Responses to discussion document questions”. Your submission may respond to any or all of the questions in the discussion document. Where possible, please include evidence to support your views, for example references to independent research, facts and figures, or relevant examples.
3. If you would like to make any other comments that are not covered by any of the questions, please provide these in the “Other comments” section.
4. When sending your submission:
  - a. Delete this page of instructions.
  - b. Please clearly indicate in the cover letter or email accompanying your submission if you do not wish for your name, or any other personal information, to be disclosed in any summary of submissions or external disclosures.
  - c. Note that, except for material that may be defamatory, MBIE intends to upload PDF copies of submissions received to MBIE’s website. MBIE will consider you to have consented to uploading by making a submission, unless you clearly specify otherwise in your submission. If your submission contains any confidential information:
    - i. Please state this in the cover page or in the e-mail accompanying your submission, and set out clearly which parts you consider should be withheld and the grounds under the Official Information Act 1982 that you believe apply. MBIE will take such objections into account and will consult with submitters when responding to requests under the Official Information Act 1982.
    - ii. Indicate this on the front of your submission (eg the first page header may state “In Confidence”). Any confidential information should be clearly marked within the text of your submission (preferably as Microsoft Word comments).
  - d. Note that submissions are subject to the Official Information Act 1982 and may, therefore, be released in part or full. The Privacy Act 2020 also applies.
5. Send your submission:
  - as a Microsoft Word document to [FinancialMarkets@mbie.govt.nz](mailto:FinancialMarkets@mbie.govt.nz) (preferred), or
  - by mailing your submission to:

*Financial Markets  
Small Business, Commerce and Consumer Policy  
Ministry of Business, Innovation & Employment  
PO Box 1473  
Wellington 6140  
New Zealand*
6. Please direct any questions to [FinancialMarkets@mbie.govt.nz](mailto:FinancialMarkets@mbie.govt.nz)

# Submission on discussion document: *Effective financial dispute resolution*

## Your name and organisation

Name	Privacy of natural persons
Organisation (if applicable)	Milford Asset Management
Contact details	Privacy of natural persons

[Double click on check boxes, then select 'checked' if you wish to select any of the following.]

The Privacy Act 2020 applies to submissions. Please check the box if you do not wish your name or other personal information to be included in any information about submissions that MBIE may publish.

MBIE intends to upload submissions received to MBIE's website at [www.mbie.govt.nz](http://www.mbie.govt.nz). If you do not want your submission to be placed on our website, please check the box and type an explanation below.

I do not want my submission placed on MBIE's website because... [Insert text]

## Please check if your submission contains confidential information:

I would like my submission (or identified parts of my submission) to be kept confidential, and **have stated below** my reasons and grounds under the Official Information Act that I believe apply, for consideration by MBIE.

I would like my submission (or identified parts of my submission) to be kept confidential because... [Insert text]

## Responses to discussion document questions

### Issue 1: Consumer awareness of and access to dispute resolution

- 1 *Do you think there is a problem with low consumer awareness and access to dispute resolution?*
- Yes, re awareness vis a vis FSCL and FDRS. No – re The Banking and Insurance and Financial Services Ombudsmen (the former in particular). We think this is because of the Ombudsmen’s’ much higher profile in the media. Our other observation is that low awareness does not necessarily mean there is a problem with the provided service. In the absence of proof to the contrary it may be that consumers are satisfied with the services they receive. If consumers complain to us, we make them aware of the Scheme(s) and the fact that access to them is free but very few elect to use the Scheme(s), typically because we satisfactorily resolve the issues with our customers.
- 2 *Do you think the recent increase in the volume of disputes indicates better awareness and access to the schemes?*
- No – nothing has changed to increase awareness so it must be that complaints to financial services providers has increased, with a corresponding uptick in the use of the schemes - we think this probably relates to the tough financial markets and economic situation.
- 3 *What are the barriers for consumers in accessing financial service providers’ internal complaints processes?*
- Awareness, resource and time constraints – it takes time, effort and access to a computer or phone, a lack of awareness of the process and for some, language difficulties.
- 4 *What are the barriers for consumers in accessing dispute resolution schemes?*
- Same as 3
- 5 *Do you have any specific examples or case studies of situations where consumers have experienced issues accessing a financial dispute resolution scheme?*
- No. Notwithstanding the scheme availability (which we make our clients aware of) very few of our complaints are escalated (see our answer to 1 above).

### Issue 2: Enhancing scheme effectiveness through improved oversight and accountability

- 6 *Do you think that current oversight and accountability mechanisms are sufficient to ensure schemes’ effectiveness? Why/why not?*
- There should be more oversight. The schemes are an important resource for consumers and receive significant funding from the underlying financial institutions. It is important that there is confidence in the Schemes and improved oversight and accountability are consistent with achieving this.

7 *Do you think that the schemes are as effective as they could be? Why/why not?*

In relation to non-bank and insurance company's they are clearly not able to be effective as there is a very limited awareness of them, although please see our comments in 1 and 5 above. Insofar as performance is concerned, we have found the scheme we use to provide a good service. Unless your data shows a level of satisfaction or dissatisfaction with the service that schemes have actually provided it is impossible to judge them on this basis.

8 *Do you agree with these criteria for assessing the options? Why/why not?*

Yes.

*Status quo: Retain existing model and monitor the impact of aligning the schemes' rules*

9 *Do you think that the new regulations will be sufficient to achieve the objectives set out above?*

No. These address only the timeliness component of sub-paragraph 34( C)

*Option to address issue 1: Supporting consumer access and awareness of schemes*

10 *Which of the options we have described above would be most effective to support consumers to resolve issues with their financial service provider?*

Awareness campaigns and oversight. In our experience the schemes are working well but need to be held accountable and as your research shows there needs to be increased awareness. We note that requiring more prominent information about the schemes on advertising (including the fact the service is free to consumers) seems a sensible idea. We do not agree with an 0800 number as in our experience many customers will ring without knowing details of even who their provider is.

11 *What are the likely costs of implementing these options?*

Sorry, outside of our expertise.

12 *Should these options be led by government, or the schemes themselves?*

By the schemes but with a clear mandate from government.

13 *Are there any other approaches that would improve consumer access to and awareness of dispute resolution options?*

*Option to address issue 2: Enhancing scheme effectiveness through improved oversight and accountability*

14 *Do you think that there is a need for dispute resolution schemes to be more accountable?*

Yes. See answer to question 6.

15 *Do you think there are issues with the performance or effectiveness of the schemes?*

We can only comment on the scheme we use (see answer to question 7).

16 *Do you think there should be consistency in how the schemes carry out independent reviews? What would be the best approach for achieving this consistency?*

To some extent yes (e.g. re timings of responses), but it is important that they have sufficient flexibility to adapt to the specific circumstances.

17 *Do you think government should set further scheme rules? If yes, what areas of the scheme rules should be set by government?*

We think the government should be ultimately responsible, presumably via a regulatory body in prescribing accountability and governance standards and in setting expectations for increasing awareness of schemes services.

18 *Do you think it is necessary for government to make changes to ensure effective and impartial governance of the schemes? If yes, what changes would best meet this aim?*

It should be no different to any other similar body.

19 *Do you think the schemes should have to report against performance targets or standards? If yes, how should these standards be reported and what metrics should be used?*

Yes, but there needs to be sufficient flexibility to ensure that the quality of the reviews does not suffer at the expense of, for example, meeting a prescribed time frame.

20 *Are there any risks or unintended consequences associated with the options we are considering?*

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21 *Will any of these proposals result in significant additional costs for the schemes, scheme participants and/or consumers? If yes, please describe the magnitude of these costs.*

It depends on what is required but yes, presumably this would result in increased costs. For standard services scheme participants should have to pay but for anything else (e.g. for expedited services it is not unreasonable that consumers should have to contribute, however then the issue is, what if the consumer is not able to?).

22 *Are there any other ways to improve schemes' accountability and effectiveness?*

Publicly available reporting.

#### *Other options*

23 *Do you agree that the impact of regulations to align scheme rules, along with any other improvements proposed in this document, should be assessed before considering changes to the current scheme model? Why/why not?*

No. It seems to make more sense to determine the scheme model and then to align scheme rules etc, as more/different requirements may be desirable depending on the new scheme structure.

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*Are there any other areas and options for change that we should consider that have not been addressed in this discussion document?*

No

## Other comments