

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

## Your name and organisation

Name	Baden Martin
Organisation (if applicable)	NZFSG
Contact details	Privacy of natural persons

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## 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?*

2 *Do you think the recent increase in the volume of disputes indicates better awareness and access to the schemes?*

3 *What are the barriers for consumers in accessing financial service providers' internal complaints processes?*

4 *What are the barriers for consumers in accessing dispute resolution schemes?*

5 *Do you have any specific examples or case studies of situations where consumers have experienced issues accessing a financial dispute resolution scheme?*

### 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?*

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

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

*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?*

*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?
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- 11 What are the likely costs of implementing these options?
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- 12 Should these options be led by government, or the schemes themselves?
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- 13 Are there any other approaches that would improve consumer access to and awareness of dispute resolution options?
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*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?
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- 15 Do you think there are issues with the performance or effectiveness of the schemes?
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- 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?
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- 17 Do you think government should set further scheme rules? If yes, what areas of the scheme rules should be set by government?
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- 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?
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- 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?
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20 *Are there any risks or unintended consequences associated with the options we are considering?*

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.*

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

#### *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?*

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

### **Other comments**

I member of our group has requested the following issue to be raised:

"As an example, a client files a complaint with no substantial basis. Currently, the Financial Services Complaints Limited (FSCL) investigates such complaints, often finding in favour of the adviser. However, FSCL then charges the adviser between \$600 and \$3200 for this service, which seems entirely unfair. All the risk and liability rests squarely with the adviser.

To address this issue, FSCL should consider shifting the fee liability to the losing party—either the client or the adviser. By doing so, we can reduce the number of baseless complaints."