Te Whare Rama Tōkeke | Lighthouse of Fairness

Banking Ombudsman Scheme | Te Whare Rama Tōkeke

Annual report 2025-26

What we do

We work to resolve banking complaints and prevent problems to improve banking for our communities

Resolve complaints

Listen actively, objectively and empathetically to guide and help both sides

Facilitate early, mutually agreed solutions

Decide promptly and clearly, to ensure fair outcomes

Prevent complaints

Identify the root causes of complaints

Share insights to encourage best practice by banks and informed decisions by customers

Collaborate with stakeholders and other agencies to build financial capability and promote high standards of conduct

"It was a relief to have a resolution and to be heard and believed after so long being made to feel at fault."

"I felt empowered and supported to continue my complaint."

Our values guide everything we do

Manaakitanga: *Respect*

Ararau: *Understanding*

Kairangi: *Honesty*

Tauutuutu: *Collaboration*

Auahatanga: *Excellence*

Contents

From the chair

It has been a privilege to join the Banking Ombudsman Scheme as chair in 2026. As we enter the final year of our 2023-2026 strategic framework, our focus has shifted to consolidating recent changes and planning for the future following updates to our governance, staffing and rules.

Michael Heron KC

The scheme continues to be a highly responsive and respected dispute resolution service committed to both preventing and resolving banking problems. Demand for our services has remained high throughout the year, reflecting the financial pressures facing consumers and the increasing complexity of many complaints.

A key milestone was the independent case review conducted by Professor Ron Paterson. He found the quality of our dispute service to be exemplary. The review highlighted "clear and sensitive communications and correspondence, fair processes and timely outcomes". This provided strong assurance that the scheme continues to operate in accordance with its values.

The Ministry of Business, Innovation and Employment consumer survey 2026 also confirmed that we remain the most recognised financial dispute resolution scheme, with public awareness holding steady at 49 per cent.

We operate in a rapidly evolving environment, making it essential we continue to adapt and respond to the changing needs of consumers and banks. During the past year, we have reflected on our role within the wider financial services system and worked with stakeholders on initiatives aimed at improving outcomes across the sector.

The year brought several important developments for both the scheme and the banking sector. Enhanced scam protections were introduced through the Code of Banking Practice, and the scheme's jurisdiction was expanded to include complaints involving receiving banks.

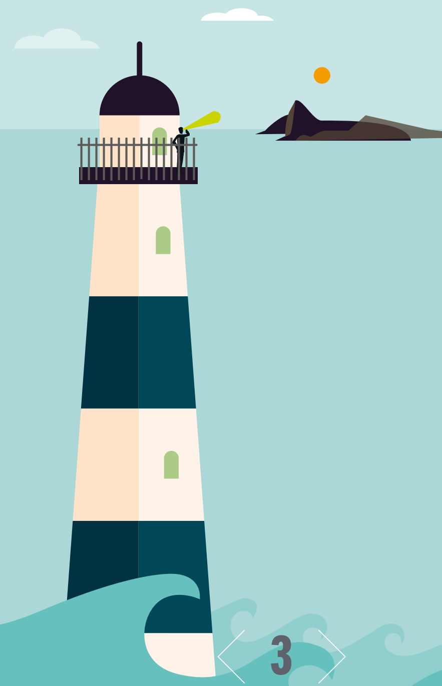
In June 2026, the Financial Service Providers (Registration and Dispute Resolution) Amendment Act came into force, giving the Minister the authority to initiate independent reviews of financial dispute resolution schemes and prescribe governance requirements.

We have also strengthened our engagement with consumer groups, regulators and industry participants to ensure a broad range of perspectives inform our decision-making and future direction. These discussions have helped shape the foundations of our 2027-2030 strategic framework.

While preparing for future change, our immediate priority remains unchanged: providing fair, timely and independent outcomes for banking consumers.

On behalf of the board, I thank the Banking Ombudsman and the team for their professionalism, dedication and commitment throughout the year. I also acknowledge the support of our stakeholders, including our consumer advisory group, whose collaboration contributes to the scheme's continued success.

While preparing for future change, our immediate priority remains unchanged: providing fair, timely and independent outcomes for banking consumers.



From the Banking Ombudsman

This year was transformative in many respects. We farewelled Miriam Dean CNZM KC, who retired as chair in December after 12 years of outstanding service and welcomed Michael Heron KC.

Nicola Sladden

Against a backdrop of record dispute volumes, we implemented our new jurisdiction for complaints about receiving banks, worked with stakeholders to strengthen scam prevention and compensation settings, and completed several technology projects, including installing a new telephony system and introducing further uses of artificial intelligence.

Fraud and scams complaints fell 40 per cent this year, although they were still a major source of complaints. More than 12 per cent of our complaints related to fraud and scams, often involving unauthorised transactions. We also saw more complaints related to financial difficulty, reflecting the wider economic environment.

One of our key priorities has been improving our operational efficiency while ensuring we continue to meet our standards of fairness and quality, and provide a supportive and productive workplace for our team.

We delivered strong results on all fronts. The results of the independent case review conducted by Professor Ron Paterson is evidence of our commitment to fairness and continuous improvement.

Despite higher dispute volumes, we shortened resolution timeframes. Complaints that escalated to formal investigation — disputes — were resolved in an average of 49 working days, down from 63 working days last year, a drop of 22 per cent.

We contributed to a wide range of policy and regulatory issues, including submissions on the Financial Service Providers (Registration and Dispute Resolution) Amendment Act. We were involved in the New Zealand Banking Association's review of its Code of Banking Practice, which forms a crucial backdrop to how we consider complaints about scams.

During the year, it has been a privilege to work with so many of the scheme's stakeholders. We were pleased to co-host the International Network of Financial Services Ombudsman Schemes conference in New Zealand. We have valued the opportunity to take part in educational and outreach initiatives with many organisations. These partnerships are essential to delivering an effective and accessible service.

I thank our staff for their extraordinary efforts throughout the year. Their professionalism, resilience and commitment to fairness are central to everything we do. I also thank our board members for their continuing guidance and support.

We have valued the opportunity to take part in educational and outreach initiatives with many organisations. These partnerships are essential to delivering an effective and accessible service.

What happened in 2025-26

Overall case volumes fell 13 per cent in 2025-26 compared with the previous year, but dispute volumes reached their highest level in a decade. Despite the higher volumes, we resolved disputes on average 14 days faster than last financial year, the average resolution time dropping from 63 to 49 working days.

Cases received

5,171 ↓

Overall caseload

13% ↓

Disputes

26% ↑

Enquiries

10% ↓

Complaints

14% ↓

92% Disputes resolved within 90 working days

Early resolution remains one of our key strengths. By giving timely information, guidance and support, we can usually help customers and banks resolve differences before they escalate. In all, 91 per cent of cases were resolved through our early resolution service, and 99.5 per cent of complaints received a response within two working days.

"I spent three weeks getting nowhere with the bank. I emailed the Ombudsman on Thursday. The bank phoned me on Friday and by Monday the issue was resolved."

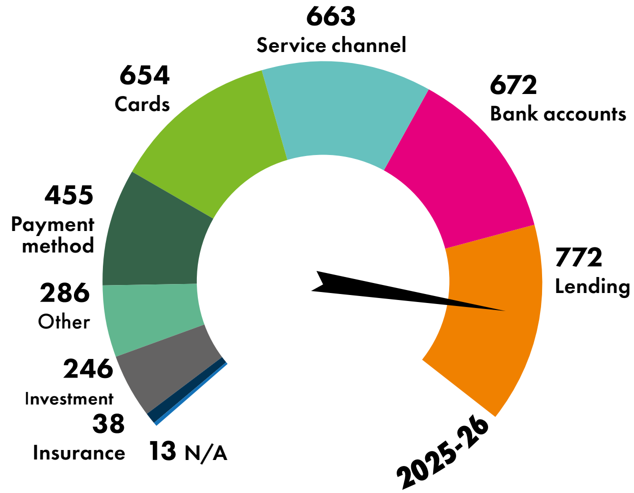
91% Cases resolved through our early resolution service

99.5% Complaints responded to within two working days

83% Calls answered

Lending, banking accounts and service channels were the most common complaint categories. Lending complaints decreased by 20 per cent while scam and fraud-related complaints fell by 40 per cent compared with a year ago.

Complaint gauge



Insurance
Life insurance
House/building insurance
Debt protection insurance

Investment
KiwiSaver
Term deposits

Payment method
Internet banking payments
Overseas transfers
ATMs
Merchant services
Direct debits

Cards
Credit cards
Debit cards
EFTPOS cards

Service channel
Contact centres
Branch services
Internet banking

Bank accounts
Transactional accounts
Savings accounts

Lending
Home loans
Overdrafts
Personal loans
Investment property lending
Business loans

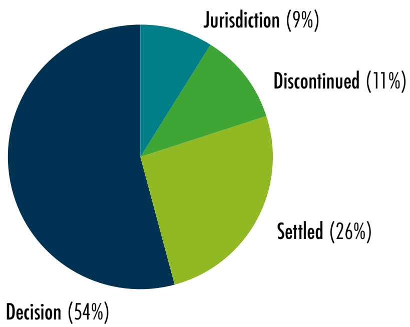
Outcomes

This data shows how we resolved cases this year, the outcomes for complainants and feedback on our service.

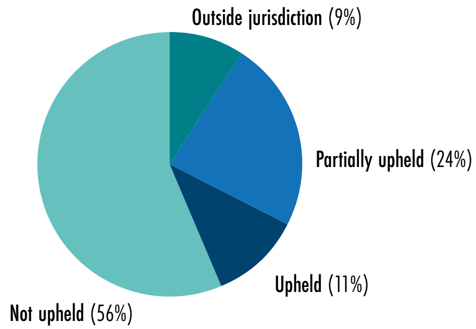
Financial compensation awarded

$1.3M

Resolution methods



Dispute outcomes



The independent review found that the scheme is handling complaints effectively, delivering fair and well-reasoned decisions.

Independent review confirms quality of service

Professor Ron Paterson's independent review found that the scheme is handling complaints effectively, delivering fair and well-reasoned decisions, and meeting the benchmark principles expected of an approved dispute resolution scheme. The review also identified a small number of opportunities for continuous improvement.

Feedback from scheme users

75% were satisfied overall with our service

56% say we have a fair process

66% say we have a timely service

Net Promoter Score (NPS) measures how likely people are to recommend our service to others: Consumers with complaints: 36 Consumers with disputes: 5 Participants: 63 Financial mentors: 30

Fraud and scams

Scam-related complaints made up a significant part of our work this year – just as they have in previous years. Overall, volumes were lower than last year. More than half of the cases involved unauthorised transactions. Phishing and information harvesting were the most common types of scam.

This year, banks strengthened scam protections under the Code of Banking Practice, which changed the nature of the cases we see. Alongside this change was an expansion of our jurisdiction, which enabled us to consider complaints involving receiving banks. The introduction of these changes was a recognition of the fact that scams increasingly involve more than one financial service provider.

Phishing and information harvesting were the most common types of scam.

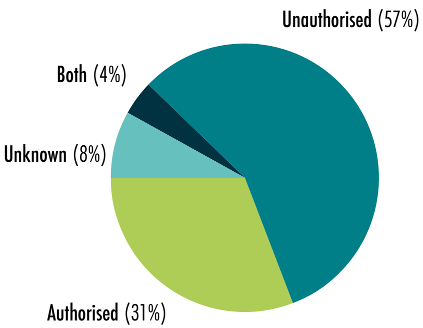
Complaints

40% ↓

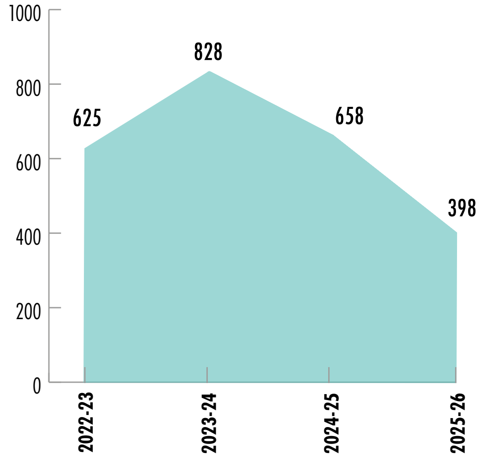
Disputes

36% ↓

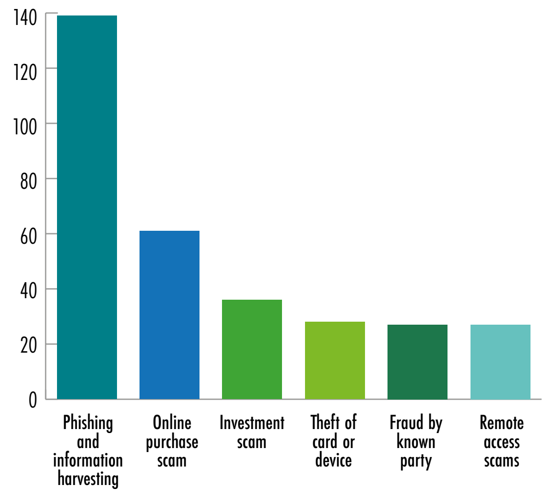
Transaction type



Fraud and scam complaints



Types of fraud



Clear, timely warnings help prevent loss - but only if they are understood and acted on

Many phishing scam complaints follow a similar pattern. Customers are contacted by someone they believe is legitimate and are tricked into sharing banking details. This allows scammers to set up banking, payments or e-wallets without their knowledge.

In many of these cases, banks sent customers messages at key points in the payment process, including messages saying codes should be entered only into the bank's website or app. Whether a bank must reimburse the customer under the Code of Banking Practice depends on the circumstances of the case, including how the scam occurred and the actions taken by the customer.

Case example

A customer clicked a phishing link while selling items online and entered his banking details into a fraudulent website. He then received email and text messages containing codes to set up a banking app on a new device. The messages said he should contact the bank if he was not the person setting up the app. He entered the codes into the website and the scammer later transferred more than $16,000 from his account. We found the bank did not have to reimburse the loss because it had given clear warnings and the customer had not taken reasonable care to protect his banking information. Link to full case

Recovering fraud and scam losses

Acting fast in response to a report of a scam is critical. Banks should – and usually do – act quickly to try to recover lost funds. Clear communication about recovery steps, likely outcomes and timeframes helps manage customers' expectations and reduce the likelihood of escalation, even when banks cannot recover losses. Conversely, delays in attempting to recover funds or poor communication add to customers' distress and increase the risk that the stolen funds will not be retrieved.

Case example

In one case, the bank delayed recovery action because it sent the request to the wrong receiving bank, missing an opportunity to stop a later payment. The bank compensated the customer for shortcomings in its response. Link to full case

In another case, the bank acted quickly to a request to recall funds and followed up numerous times, but without success. Clear communication throughout the process helped resolve the complaint, despite the outcome. Link to full case

Clear, timely warnings help prevent loss – but only if they are understood and acted on.

Financial hardship

Financial hardship complaints remained steady compared with the last financial year, but the number of such cases resulting in a mortgagee sale increased. These cases have significant consequences for customers, making timely, clear communication and realistic discussions about available options particularly important.

Hardship support works best when expectations are clear

Managing expectations is an important part of supporting customers in financial difficulty. Even when the available options are unlikely to give the customer the outcome he or she is hoping for, being upfront and realistic can reduce uncertainty and help prevent complaints from escalating.

Complaints are more likely to escalate when customers believe further assistance may be available, despite affordability, risk or regulatory factors making this unlikely. When banks fail to clearly manage expectations, customers are often left uncertain about their position and focus on outcomes that were never realistically possible.

Clear explanations matter when the stakes are high

Many hardship complaints arise after customers are told they are not eligible for assistance or that the solution they seek is not available. Explaining the reasons for a decision forms part of a fair and transparent process, helps customers understand their position, and enables them to make informed decisions about what to do next. When banks clearly explain the information they considered, the reasons for their decision, and the options still available, complaints are less likely to escalate. When customers are in financial difficulty, bank decisions should be based on a prompt and thorough assessment of their circumstances and communicated clearly to them.

20%

of disputes involved financial hardship

Case example

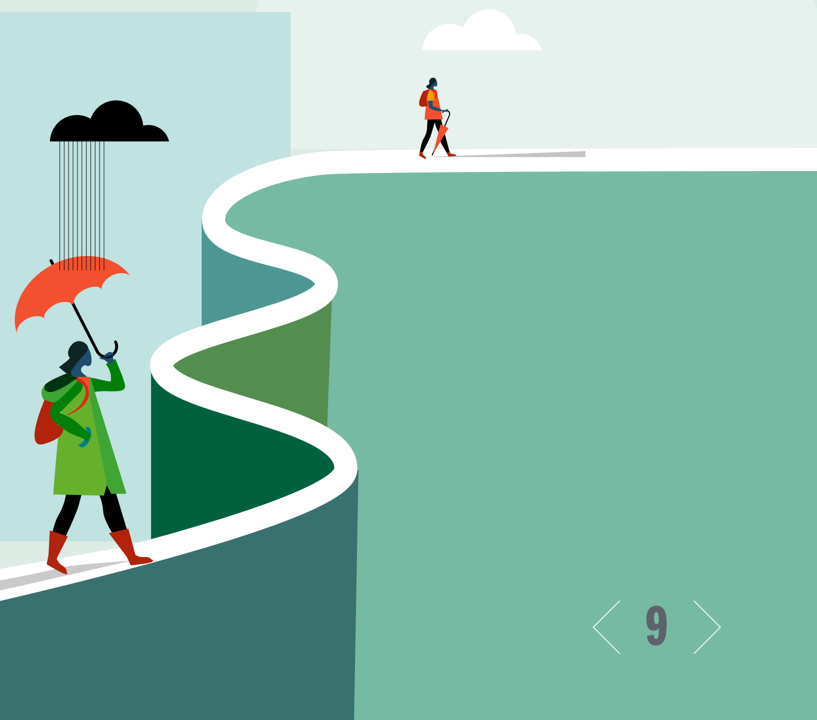
Two customers in financial hardship agreed to a 12-week repayment plan with their bank. At the end of the 12 weeks, they asked the bank to add more than $30,000 of arrears to their home loans. The bank rejected the request after conducting a lending assessment.

The customers believed the repayment plan would lead to approval of further lending. However, the bank had repeatedly explained that any lending decision would depend on a separate assessment of affordability, account conduct and equity. We found the bank's assessment and decision were reasonable, although we also found communication shortcomings, including confusion about which team was managing the case. The bank had already acknowledged these failings and taken steps to correct them. Link to full case

Case example

After losing his job, a customer got into financial hardship and did not make his home loan repayments.

He sought hardship assistance. We found the bank had largely met its obligations, but on two occasions it failed to respond when he sought assistance. We recommended compensation to recognise the impact on him. Link to full case



Working together for better outcomes

The complaints we investigate can help identify opportunities to improve outcomes for a wider group of customers. When we identify failings that extend beyond an individual dispute, we share them, and the corresponding corrective measures, with banks and regulators.

Removing barriers to access

Banks should design systems and processes that make it easy for customers and their representatives to do banking. An enduring power of attorney allows someone to act on behalf of a customer. We received a complaint from a son who had an enduring power of attorney for his mother. The bank gave him access to her accounts through phone banking, paper statements and at branches, but not through internet banking.

We surveyed banks about how customers and their representatives access banking services under authority arrangements such as an enduring power of attorney. We found differences in processes, access arrangements and online functionality among banks. By sharing our findings and highlighting good practice, we encouraged banks to make online banking services easier to access and navigate for customers who rely on support from others.

Strengthening lending practices

In another case, we uncovered shortcomings about the way one bank was calculating fixed-term lending terms. We recommended the bank amend its calculation and, given the potential impact on other customers, we also reported the matter to the regulator.

Balancing fraud prevention with fair treatment

During the year, banks introduced an information-sharing exchange to pass on information about suspected money mule activity, making it harder for scammers to move stolen funds through the banking system. This can help prevent fraud, although it can also have serious consequences for people who are incorrectly identified as money mules, including having their accounts closed and having difficulty opening new accounts. We highlighted the importance of a fair process, including giving customers a meaningful opportunity to explain their circumstances and carefully considering whether they were knowingly involved or were themselves victims of a scam.

Making customer protection tools more effective

A complaint about a feature designed to help customers block online gambling transactions prompted us to encourage the bank concerned to review both the effectiveness of the feature and the way it was explained to customers. The bank came back to us saying it had made the recommended changes. Although the complaint was made by a single customer, the improvements stemming from that complaint will benefit others using the tool.

33

prevention insights shared with banks

7

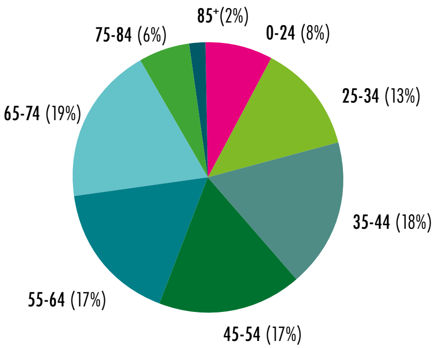
systemic issues identified, resulting in three bank improvements and three reports to regulators

Access and awareness

We collect demographic information about complainants so we get a clearer picture of who uses our services. The information we gather is also useful in getting a better understanding of the types of people who do not use our services. These results show the scheme is accessible to a range of customers, although there are opportunities for us to raise awareness among specific communities, such as youth and Pasifika peoples.

Who uses our scheme

Age of complainants



Women
41%

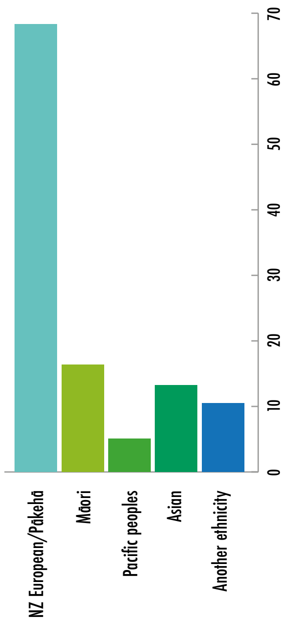
Men
58%

Self-described
1%

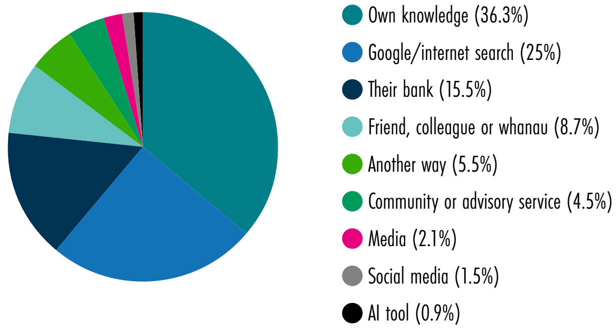
Languages we helped people in

- Mandarin
- Spanish
- Hindi
- Korean
- Vietnamese
- Fijian
- Cantonese
- Filipino (Tagalog)

Ethnicity of complainants



How users found our scheme



497,000
Social media impressions

180
Social media posts published

178
Media stories

10
Media releases

137
Case notes published

49%
of consumers know about us*

*Source: Ministry of Business, Innovation and Employment 2026 NZ Consumer Survey

Community partnerships help people access support sooner

We work with consumer advocates, government agencies and other dispute resolution schemes to identify and fix banking problems affecting vulnerable customers. We publish cases and guidance on our website, and send monthly prevention insights to banks so they can improve their systems and services.

We continue to support our consumer advisory group, which meets at least three times a year to bring wider consumer perspectives to banking matters. Its insights inform our work and deepen our understanding of customer experiences. Members of the group include FinCap, The Salvation Army, Consumer NZ, Citizens Advice Bureau, DebtFix and Christians Against Poverty.

Making complaint information easier to find and understand

This year, we updated our complaint process information to improve accessibility and visibility. We translated our updated complaints information into te reo Māori, New Zealand Sign Language, simplified and traditional Chinese, Hindi, Punjabi, Korean, Samoan and Tongan. We worked with Make it Easy to develop and publish an Easy Read version of our complaints process.

We also reviewed how banks explain complaint options and access to our scheme. We identified ways to make this information easier to find and use, including clearer homepage links, more language options and better guidance on available customer support. Several banks have since introduced improvements to make the process of making a complaint more accessible.

Our outreach year at a glance

2025

July 2025
- Presentation at the Resolution Institute
- NZBA Older and Disabled People Focus Group

August 2025
- Debtfix / FinCap Conference
- Community bring a bill or bank issue

September 2025
- South Island community outreach with UDL

October 2025
- Thriving Aotearoa cross-sector workshop
- Mortgages and home loan complaints webinar

November 2025
- Telecommunication Forum (TCF)
- Community Outreach Group complaints hui - Porirua

December 2025
- Consumer Advisory Group - Auckland

2026

March 2026
- Mana Probus presentation
- Consumer Advisory Group - Online
- Community Outreach Group complaints hui - Christchurch

April 2026
- Kōrero for Change - Access Matters webinar
- Lets talk about debt webinar

June 2026
- Consumer Advisory Group - Wellington
- Presentation at Grey Power

Dashboard changes improve quality of data

We continued to publish complaint data from banks through our banking dashboard each quarter, providing a sector-wide view of the issues customers are raising with their banks.

This year, we worked with banks to make the data published on our complaints dashboard each quarter more detailed, so we – and banks and website visitors – can get a clearer picture of what is causing problems and why.

Changes in categorisation practices during the year contributed to some shifts between categories, resulting in more accurate reporting of what is causing complaints. By improving the quality and consistency of complaint-reporting, we ensure the dashboard offers a more accurate view of customer experiences and allows more meaningful comparisons between banks.

Banks reported 93,159 complaints in 2025-26, down 7 per cent on the previous year. Customer satisfaction with banks' complaint-handling also increased from 88 per cent to 91 per cent.

Service-related complaints remained the biggest category, accounting for 38 per cent of all complaints. Complaints relating to deposit-taking products fell 17 per cent, largely due to a 20 per cent reduction in complaints about personal transaction accounts. Forty-two per cent of complaints about personal transaction accounts related to fees, charges and rates, although these complaints were down 28 per cent compared with the previous year.

Credit complaints increased by 3 per cent, making them one of the few product categories to record growth during the year. Credit card-related complaints were a key contributor in both consumer and business banking. Common factors were banks' decision-making and advice or information given to customers.

The dashboard lets us see deeper trends.

Changes in bank complaints

↓7% Overall complaints reported by banks

↓17% Deposit-taking products

↑3% Credit complaints

Whistleblowing service

Established in 2021, our whistleblowing service provides an alternative method for bank staff to raise allegations of wrongdoing without communicating with their bank directly.

In 2025-26, our whistleblowing service received one report and four enquiries about instances of alleged wrongdoing by banks. This compares with two reports and three enquiries last year.

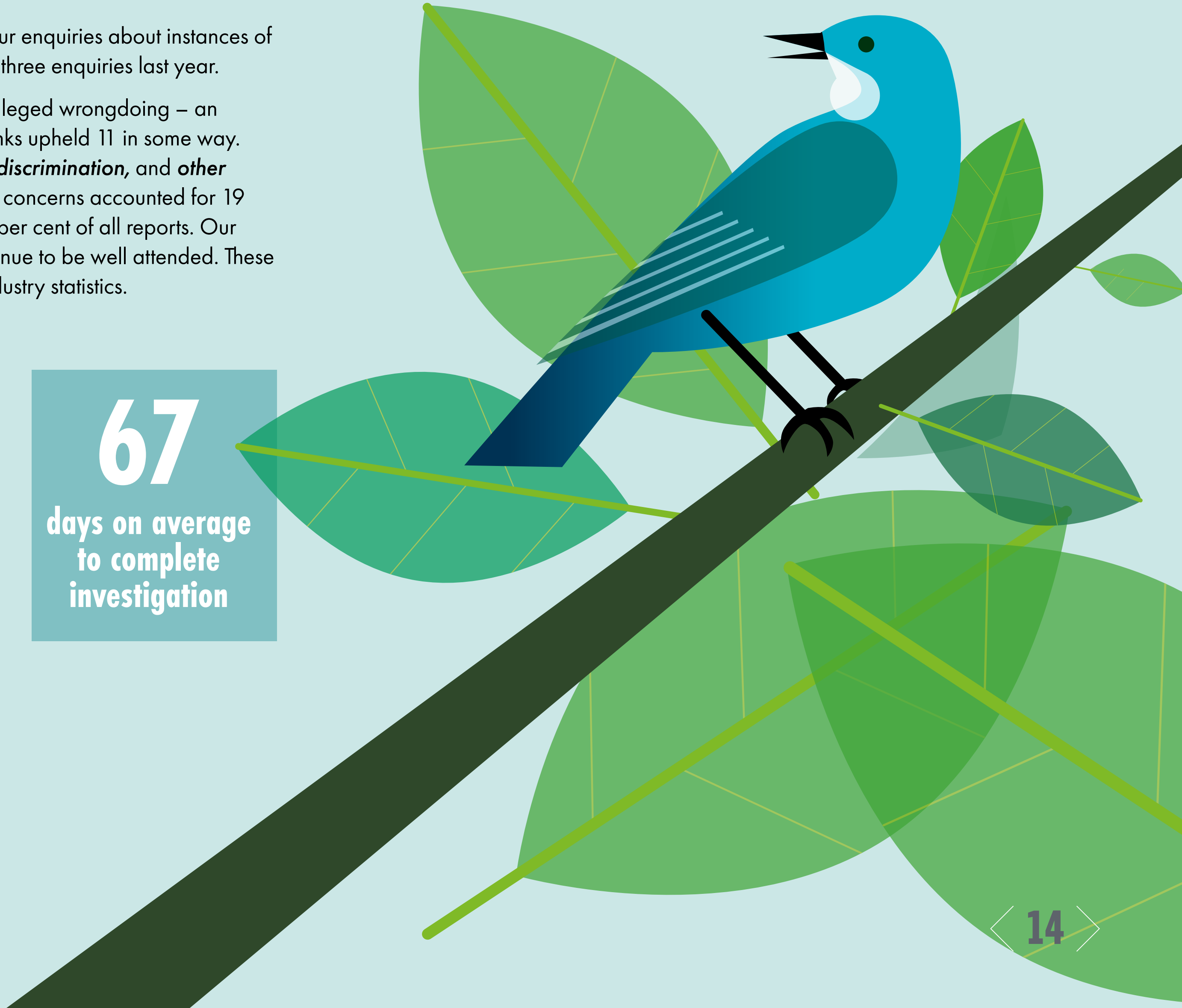
During the same period, banks themselves received 90 reports of alleged wrongdoing – an increase of 27 per cent on the previous year. Of the 90 reports, banks upheld 11 in some way. The most commonly raised matters were ***bullying, harassment and discrimination,*** and ***other misconduct,*** each accounting for 25 reports. ***Policy and procedure*** concerns accounted for 19 reports. Collectively, these three issue categories accounted for 77 per cent of all reports. Our regular meetings with representatives from participating banks continue to be well attended. These sessions focus on sharing best practices and insights drawn from industry statistics.

bankwb.org.nz

90
Reports of alleged wrongdoing

25
Reports of alleged bullying, harassment, and discrimination

67
days on average to complete investigation



Whistleblowing SERVICE

Cases by bank

	Enquiries received	Complaints received	Disputes received	Total	% of our cases	% Adjusted market share^
Large^						
ANZ	154	786	55	**947**	**18.3**	**28.0**
ASB	293	672	54	**973**	**18.8**	**18.0**
BNZ	75	451	42	**533**	**10.3**	**18.0**
Kiwibank	86	540	52	**629**	**12.2**	**9.0**
Westpac	94	526	39	**626**	**12.1**	**18.6**
Medium^						
Heartland	142	125	24	**270**	**5.20**	**0.80**
Rabobank	12	15	0	**27**	**0.50**	**2.80**
SBS	12	29	3	**41**	**0.80**	**0.90**
The Co-operative Bank	16	81	6	**99**	**1.90**	**0.50**
TSB	59	72	4	**132**	**2.60**	**1.30**
Small^						
Bank of Baroda	2	3	1	**6**	**0.10**	**<0.5**
Bank of China	3	1	2	**5**	**0.10**	**0.60**
Bank of India	0	3	0	**3**	**0.10**	**<0.5**
China Construction Bank	3	0	0	**3**	**0.10**	**0.70**
ICBC	18	0	0	**18**	**0.40**	**0.60**
Nelson Building Society	1	6	1	**7**	**0.10**	**<0.5**
Bank not specified*	852	0	0	852	**16.70**	**<0.5**
Overall total	**1822**	**3310**	**283**	**5171**		

^Banks are classified according to total assets at 31 December 2025 as verified by banks in May 2026. A bank's share of total assets is not the same as its share of customer numbers.
Kiwibank's market share has been increased because, uniquely, Kiwibank has so many customers, relative to its assets.

*Includes calls about organisations that do not belong to the scheme.

Disputes outcomes

	Outside jurisdiction		Result for both parties		Result for customers		Result for banks*		**Total by bank**	
	24-25	**25-26**	24-25	**25-26**	24-25	**25-26**	24-25	**25-26**	24-25	**25-26**
Large^										
ANZ	4	**7**	19	**11**	4	**2**	29	**32**	56	**52**
ASB	5	**3**	8	**8**	1	**4**	23	**28**	37	**43**
BNZ	3	**5**	2	**9**	2	**1**	16	**23**	23	**38**
Kiwibank	0	**2**	14	**12**	23	**15**	9	**18**	46	**47**
Westpac	3	**1**	9	**10**	1	**0**	16	**26**	29	**37**
Medium^										
Heartland	0	**2**	5	**6**	5	**3**	4	**9**	14	**20**
Rabobank	0	**0**	0	**0**	0	**0**	0	**0**	0	**0**
SBS	1	**0**	0	**1**	1	**2**	1	**1**	3	**4**
The Co-operative Bank	0	**1**	0	**1**	1	**0**	2	**4**	3	**6**
TSB	2	**2**	8	**3**	7	**1**	5	**2**	22	**8**
Small^										
Bank of Baroda	0	**0**	0	**0**	0	**0**	0	**1**	0	**1**
Bank of China	0	**1**	0	**0**	0	**0**	0	**1**	0	**2**
Bank of India	0	**0**	0	**0**	0	**0**	0	**0**	0	**0**
China Construction Bank	0	**0**	0	**0**	0	**0**	1	**1**	1	**1**
ICBC	0	**0**	0	**0**	0	**0**	0	**0**	0	**0**
Nelson Building Society	0	**0**	0	**0**	0	**1**	0	**0**	0	**1**
Total	**18**	**24**	**65**	**61**	**45**	**29**	**106**	**146**	**234**	**260**

Why some cases were outside our jurisdiction

In 2025/26, 24 disputes were outside our jurisdiction. The reasons were:

- Reasonable offer: 6
- Other jurisdiction: 5
- Time-barred after six years: 3
- Practice and policy: 3
- Complaint not about financial services: 2
- No banking service: 1
- Subject to court proceedings: 1
- No reasonable prospect of success: 1
- No direct loss or significant inconvenience: 1
- Time-barred after 12 months: 1

^Banks are classified according to total assets at 31 December 2025 as verified by banks in May 2026. A bank's share of total assets is not the same as its share of customer numbers.

*Includes abandoned and withdrawn disputes.