Banking Ombudsman Scheme | Te Whare Rama Tōkeke

Guide on our expanded jurisdiction to consider complaints about receiving banks

We are beginning to receive complaints about the actions of banks to which complainants have made disputed payments (that is, receiving banks), making it timely to provide further guidance about our expanded jurisdiction, process and approach to such complaints.

30 June 2026

Our jurisdiction

We consider complaints in accordance with our terms of reference, which set out the scheme's role and powers.

Our terms of reference allow us to consider complaints about a receiving bank from a complainant who made a disputed payment on or after 30 November 2025 to that bank.

As with before this change, we must accept a complaint if it meets the relevant criteria set out in our terms of reference (which are independent of the Code of Banking Practice). This means complaints made to us about the actions of a receiving bank may fall within our jurisdiction despite the circumstances of a complaint being such that the matter is outside the scope of the updated Code of Banking Practice scam commitments.

Our process

Banks have agreed to a protocol to manage complaints between sending and receiving banks in relation to the updated Code of Banking Practice commitments. The protocol says the sending bank will respond to complaints, including any claims against the receiving bank.

We are willing to set up a similar protocol in relation to complaints we receive about receiving banks that fall outside the scope of the updated Code. In the meantime, however, we will refer a complaint about a bank that has sent or received a disputed payment to the bank that is the subject of the complaint.

It is then up to that bank to consider and respond to the complaint in accordance with its own complaint-handling process. The receiving bank can communicate with the complainant directly, and we expect it to do so to investigate and resolve their complaint. It is up to each receiving bank to determine what other steps to take once it receives a complaint from a non-customer, such as reporting the scam to the sending bank or advising the complainant to also report the scam to their own bank.

A sending and receiving bank may agree that the sending bank will respond to all aspects of a complaint. If the complaint about the bank remains unresolved, the complainant may ask the scheme to formally consider the complaint against the sending bank, the receiving bank or both.

Sharing information

During a bank's complaint-handling process (whether sending or receiving bank), it is up to both banks to determine how much information they can share with each other while meeting their privacy and any other legal obligations.

When we formally consider a complaint, we expect information to be given to us on request, subject to any other legal obligations, and we handle the information in accordance with our rules and legal obligations.

Where third-party information is necessary for us to determine if the receiving bank has acted appropriately in the circumstances, we may request this information from the bank for dispute resolution purposes.

Information given to us by a bank that has received a disputed payment will generally be supplied with all third-party personal information redacted. We will accept such information in confidence and will not share it with the complainant. We will take this information into account when considering the complaint, and we may outline a summary of the information we have relied on.

As with any other complaint we consider, we will make inquiries and request information to assess the actions of the receiving bank in the circumstances of the complaint. Each case will be assessed on its merits.

Our approach

Our terms of reference set out our decision-making criteria – that we must be fair in all the circumstances, having regard to the law, any relevant code of practice and principles of good industry practice.

Therefore, when considering complaints about the actions of a receiving bank, we will consider whether the receiving bank has met its obligations (be those legal or code-based obligations) and otherwise acted in accordance with principles of good industry practice.

If the circumstances of a complaint are such that it falls within the scope of the new Code of Banking practice commitments, we will consider the specific code commitments, and whether a receiving bank has met those commitments. We will also consider the principles of good industry practice in the circumstances of the complaint.

If the circumstances of a complaint are such that it falls outside of the scope of the new Code of Banking practice commitments, we will not assess whether the receiving bank has met those specific code commitments. However, we will nonetheless have regard to the principles of good industry practice in the circumstances of that complaint. For example, it may be good industry practice that a receiving bank take appropriate action (for example, by restricting or freezing an account) when it is clearly on notice that a bank account is a mule account (regardless of whether the circumstances of any disputed payment into that account fall within the new Code of Banking Practice commitments).

In these cases, we may consider it to be fair in all the circumstances that the receiving bank compensate a complainant for some or all of the losses he or she has suffered as a direct result of that bank’s error or failure.

Our expanded jurisdiction does not create new legal obligations or duties of care for banks to individuals who are not their customers. We acknowledge that the legal obligations banks owe to non-customers are currently limited.

Examples

Scenario 1: Failure to freeze available funds following a fraud report

The complainant fell victim to a Facebook marketplace scam. A scammer tricked the complainant into transferring $50,000 from his personal account into a transaction account at another bank (receiving bank) but never supplied the items "sold" to him via Facebook marketplace. The complainant contacted his bank to say he had been scammed. That bank immediately raised a fraud report and recall request for the $50,000 with the receiving bank.

The receiving bank acknowledged the scam report within an hour and immediately froze the available funds in the recipient account.

Due to human error, the restriction was lifted the next day before the receiving bank completed its fraud investigation. As a result, the scammer was able to transfer the complainant's funds to various cryptocurrency wallets and the funds could not be recovered.

At the end of its investigation, the receiving bank acknowledged it was a scam and said it would have returned the complainant's funds but for its mistake in removing the restriction.

Outcome

In this case, we may recommend that the receiving bank compensate the complainant for some or all of his financial loss because it was directly caused by the bank's error in lifting the restriction. We would also consider whether the complainant suffered any stress and inconvenience as a result of the bank's error.

Scenario 2: Failure to respond when put on notice of mule activity

The complainant, a director of a company, had found what he believed was an investment opportunity online for his business that involved transferring $20,000 a month into an account held by a third-party "broker" (scammer), who said he would invest the money on the company's behalf. After a year, the complainant discovered it was a scam when he came across a media article quoting several other companies that had reported being scammed by the same broker.

The complainant (the company) lodged a complaint with the scammer's bank (receiving bank), saying it should reasonably have been aware the scammer was operating a mule account and restricted the recipient account once the first fraud report was made.

The receiving bank had received numerous confirmed fraud reports from different banks via the data exchange about transactions their customers had made into the recipient account more than three months before the complainant first fell victim to the scam.

The bank's fraud policy at the time required it to immediately restrict the account upon acknowledgement of a confirmed fraud report and undertake an investigation. However, the bank did not follow its processes or take any action. Had it done so, it could have closed the recipient account (or taken other appropriate action) in accordance with the account terms and conditions before the complainant transferred money into the recipient account.

Outcome

In this case, we may recommend that the bank compensate the company for some or all of the financial loss it suffered as a direct result of the bank's failure to follow its fraud policies and processes, and also its failure to respond appropriately to scam intelligence and known mule activity.