



Compensation

How we look at compensation when we resolve complaints

We can recommend compensation as part of helping to resolve your complaint. Compensation is not about punishing your bank. It's about putting you back in the position you would have been in if the problem you complained about had not happened. We can also recommend the banks take non-monetary steps.

When will we recommend compensation?

We will recommend compensation if we conclude your bank has done something wrong and:

- you have suffered a loss as a direct result of the wrongdoing and/or
- you have experienced significant inconvenience as a result of the wrongdoing.

What types of compensation can we recommend?

We can recommend compensation for:

- direct loss
- inconvenience
- incidental expenses

Direct loss

Direct loss is a financial loss you have suffered as a direct result of something your bank has done or failed to do. If, for example, \$1,000 was withdrawn from your account through a banking error, you would have suffered what is known as a "quantifiable financial loss".

A quantifiable financial loss is different to a lost opportunity. If a banking error or delay meant you missed an opportunity to, say, buy a property or invest in shares at a good time, this is not a direct financial loss. We do not have the power to recommend compensation for a lost opportunity, but we may consider the effects of a lost opportunity as part of compensation for inconvenience.

We can recommend up to \$500,000 compensation to reimburse a direct loss. You do not have to put a dollar value on your loss, although you will need to identify the nature of your financial loss and explain how your bank's wrongdoing caused that loss.

If we consider you were partly responsible for the events that led to the financial loss, we may recommend you are reimbursed for only part of your loss.

Complaints about products that involve regular payments

There is a different limit for complaints about products that involve regular payments. This includes some types of insurance where the policy provides weekly or monthly payments rather than a lump sum. For complaints about these types of products, we can recommend up to \$2,600 per week in compensation.

Inconvenience

Compensation for inconvenience recognises the stress, anxiety and other less tangible effects you may have suffered as a result of your bank's wrongdoing.

We may recommend compensation for inconvenience even if you have not experienced a direct financial loss. However, we will recommend this type of compensation only if you have suffered a significant amount of inconvenience. We consider minor inconvenience part of everyday life.

When we consider the appropriate level of compensation for inconvenience, we take into account the specific facts of the complaint, see our [Operational guidelines](#).

The following factors are usually important:

- the amount of money involved



- the duration of the inconvenience
- the effect on your health
- the effect on your relationships with third parties.

We also consider whether any other factors contributed to the inconvenience, such as whether your deteriorating financial position also contributed to the stress you experienced. In these cases, we can award compensation only for inconvenience directly related to your bank's actions.

You will need to identify the nature of the inconvenience you have suffered. We may ask you to produce evidence, such as a medical certificate, to support your claim.

Irrespective of the number of instances of inconvenience or the extent of the inconvenience you have suffered, the maximum amount of compensation we can recommend is \$10,000. This limit applies even if more than one person – such as a husband and wife – complains of inconvenience.

A limited liability company can claim compensation for inconvenience, such as damage to its reputation. But individuals pursuing a complaint on behalf of a company and its directors and shareholders cannot also claim compensation for inconvenience they have personally experienced, such as stress.

Size of inconvenience payments

It is extremely rare for us to recommend payments of more than \$2,000. We will typically do this if:

- the inconvenience was prolonged or will continue for a long time
- your bank's wrongdoing will permanently affect you
- your health has suffered
- your relationships with third parties have suffered
- you went through a period of unnecessary financial hardship
- your physical safety was compromised (such as through a privacy breach that disclosed your address to a former partner against whom you had a restraining order).

Incidental expenses

You may be able to claim compensation for some of your expenses in bringing your complaint to us. However, we rarely recommend compensation for these expenses. Our services are free and easy to use, so if you hire a lawyer, accountant or any other professional to help you with your complaint once we begin looking at it, we are unlikely to reimburse you for those costs.

If you intend claiming for incidental expenses, you should keep all relevant receipts and supporting evidence.

Other ways to resolve your complaint

As well as recommending compensation, we may make non-monetary awards such as:

- forgiving or varying a debt, including varying the interest rate on a loan
- varying, rectifying, setting aside or reinstating a contract
- releasing a security for debt
- meeting a claim under an insurance policy by, for example repairing, reinstating or replacing items of property.

If there is anything else you think your bank could do to help resolve your complaint, please let us know. We may also be able to, for example, suggest your bank:

- acknowledges a mistake
- makes an apology
- reverses a decision
- removes an incorrect default listing
- considers a new repayment arrangement.

Note: we cannot ask your bank to discipline a particular staff member involved in your complaint because it is up to the bank to decide what action it takes towards its employees. If your bank does decide to discipline a

staff member, we cannot require it to tell you what action it has taken because this is personal information about the employee and disclosing it could be a breach of privacy.