



Banking Ombudsman

09
10



ANNUAL REPORT

SCHEME PARTICIPANTS

(As at 30 June 2010)

ANZ National Bank
ASB Bank
BNZ
Citi New Zealand
HSBC New Zealand
Kiwibank
Rabobank New Zealand
SBS Bank
TSB Bank
Westpac

This year has been unprecedented in the history of the Banking Ombudsman Scheme. We completed more than double the number of investigations than in any previous year and facilitated \$14.5 million in compensation to complainants. This extraordinary workload has stemmed from both the flow-on effects of the economic downturn and the ING investment failure. At the same time, we have been moving into a new regulatory environment that signals opportunities for the Scheme.

Definitions

An enquiry is a complaint that is outside the terms of reference or is not about a member of the Banking Ombudsman Scheme.

A complaint is a matter which appears to fall within the terms of reference but has not been considered by the bank's internal complaints process.

A complaint facilitation occurs when the Banking Ombudsman assists in the resolution of a complaint that is still under consideration in a bank's internal complaints process.

A dispute is a complaint that appears to fall within the terms of reference and has been considered by the bank's internal complaints process without reaching a resolution that is satisfactory to the complainant. Some disputes are later found to fall outside the terms of reference.

A dispute facilitation is a dispute that is resolved at an early stage without the need for a formal investigation and assessment.

A case is any complaint or dispute, or any enquiry that could potentially lead to a complaint or a dispute.

An investigation is any case that requires the Banking Ombudsman to undertake either informal or formal investigative work.

Annual statistics by number of cases 1999-2010

Activity	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
Received	1113	1112	1102	1220	997	766	774	913	949	1888	1924
Completed	1093	1118	1103	1250	1080	799	780	906	913	1590	1974
Carried Over	240	234	233	211	128	95	89	96	132	430	370

Telephone enquiries 1999-2010

99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
3091	3079	2920	2720	2173	1884	1918	1963	1773	3248	2249

Cases received

	08/09				09/10			
	*Enquiry	Complaint	Dispute	TOTAL	Enquiry	Complaint	Dispute	TOTAL
ANZ - Non ING	27	148	44	219	46	169	45	260
ANZ - ING Only	13	153	255	421	7	112	361	480
ASB Bank	13	138	52	203	22	135	38	195
BNZ	14	120	54	188	31	139	58	228
Citi NZ	-	-	-	-	-	-	-	-
HSBC NZ	-	15	7	22	2	5	6	13
Kiwibank	24	89	23	136	25	96	6	127
National Bank	14	161	69	244	24	162	55	241
Rabobank NZ	1	3	3	7	1	4	3	8
SBS Bank	-	-	-	-	-	3	2	5
TSB Bank	2	7	3	12	2	7	3	12
Westpac	46	245	97	388	32	189	80	301
**Non-Bank Enquiry	48	-	-	48	54	-	-	54
TOTAL	202	1079	607	1888	246	1021	657	1924

* Excludes telephone enquiries.

** Enquiries about financial institutions that are not members of the Banking Ombudsman Scheme.

Investigations completed

	Jurisdiction Declined		Abandoned		Withdrawn		Settled Complaint		Settled Dispute		Not Upheld		Partially Upheld		Upheld		TOTAL BY BANK	
	08/09	09/10	08/09	09/10	08/09	09/10	08/09	09/10	08/09	09/10	08/09	09/10	08/09	09/10	08/09	09/10	08/09	09/10
ANZ - Non ING	6	11	-	8	4	4	3	8	10	15	3	7	1	1	1	-	28	54
ANZ - ING Only	-	2	2	16	7	29	4	4	98	268	7	12	2	12	-	6	120	349
ASB Bank	9	4	4	7	2	4	4	2	11	16	3	4	3	3	-	1	36	41
BNZ	4	5	6	22	2	9	4	2	13	21	3	7	3	4	-	4	35	74
Citi NZ	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HSBC NZ	-	3	2	1	-	-	-	-	1	3	1	1	-	-	-	1	4	9
Kiwibank	5	2	2	1	1	-	1	-	8	7	1	-	-	-	-	18	10	
National Bank	9	12	5	15	1	5	5	1	13	17	3	7	3	7	-	1	39	65
Rabobank NZ	-	1	-	1	-	-	-	-	-	-	-	2	-	1	-	-	-	5
SBS Bank	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1
TSB Bank	1	2	-	1	-	-	-	-	-	1	-	-	-	-	-	-	1	4
Westpac	9	11	13	18	3	10	15	2	13	43	4	15	-	3	-	1	57	103
TOTAL	43	54	34	91	20	61	36	19	167	390	25	55	12	31	1	14	338	715

Comparison of banks

Bank	Share of Total Assets ¹	Share of Cases Received ⁴	Share of Investigations Completed
ANZ National Bank ²	32.7%	36.0%	32.9%
ASB Bank ³	19.1%	14.0%	11.1%
BNZ	18.6%	16.4%	20.1%
Citi NZ	0.9%	0.0%	0.0%
HSBC NZ	1.3%	0.9%	2.4%
Kiwibank	2.8%	9.1%	2.7%
Rabobank NZ	2.4%	0.6%	1.4%
SBS Bank	0.7%	0.4%	0.3%
TSB Bank	1.0%	0.9%	1.1%
Westpac	19.4%	21.7%	28.0%

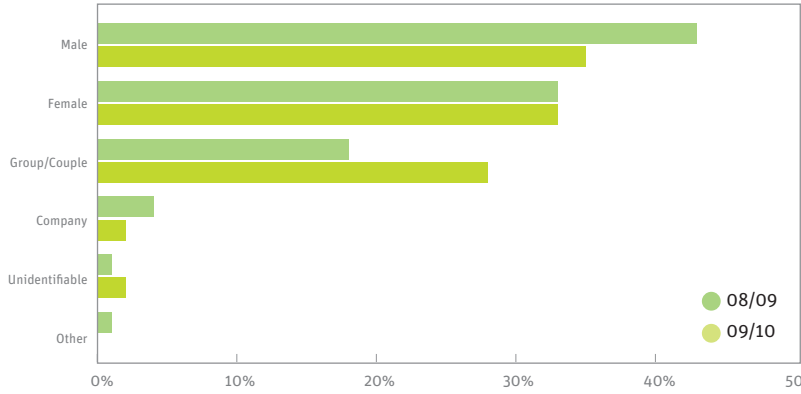
¹ Based on KPMG FIPS Review 2009

² Excludes ANZ/ING cases

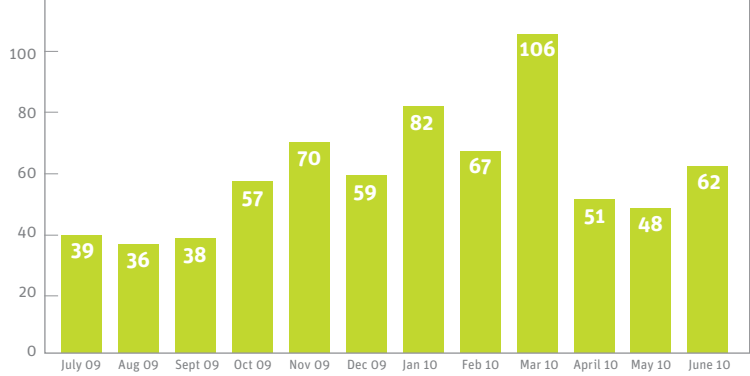
³ Asset share is based on total assets for the Commonwealth Bank of Australia New Zealand Banking Group

⁴ Excludes non-bank enquiries

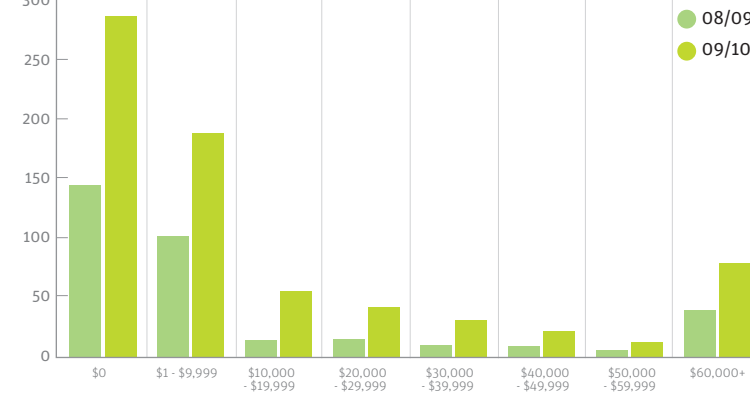
Type of complainant



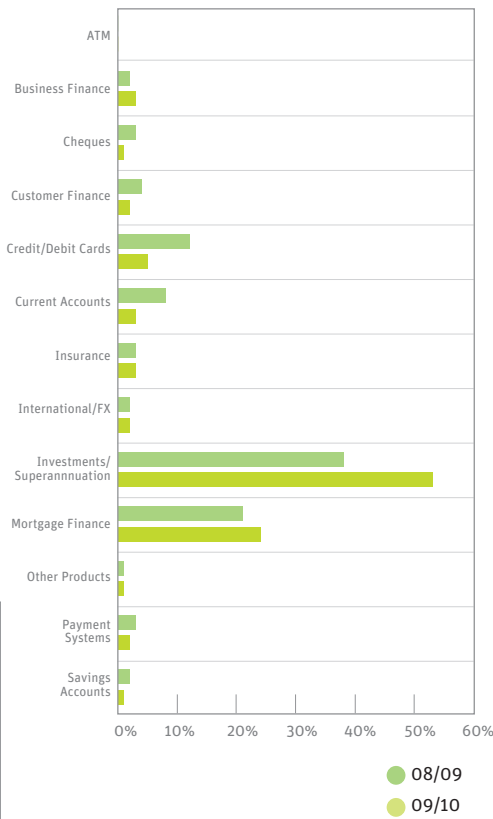
Investigations completed per month



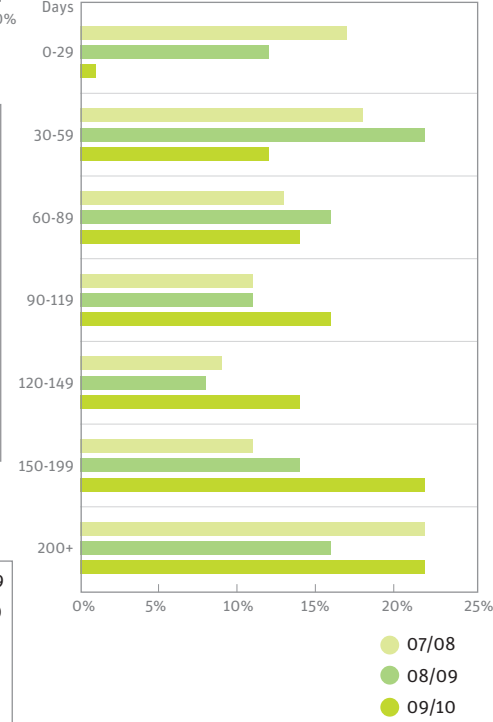
Compensation awarded to complainants



Completed investigations by area of business



Time taken in days to complete investigations



112%

INCREASE IN
COMPLETED
INVESTIGATIONS

\$14.5m

COMPENSATION
FACILITATED

282

SUCCESSFUL
FACILITATIONS &
CONCILIATIONS

36%

REDUCTION IN
WAITING LIST SINCE
MARCH PEAK

49%

OF COMPLETED
INVESTIGATIONS
RELATED TO ANZ/ING

14%

REDUCTION IN CASES
CARRIED FORWARD
AT YEAR END

OUR CORE VALUES

Accessibility
Independence
Fairness
Accountability
Effectiveness
Efficiency

CONTENTS

4 From the Chair	10 Community and industry outreach	22 Typical complaints
6 The Board of the Banking Ombudsman Scheme	11 Scheme accessibility	27 Financial statements
8 From the Banking Ombudsman	12 Complaints to the Banking Ombudsman 2009/10	37 Directory
10 Our people	15 Systemic issues	

OUR SERVICES

We:

- Investigate and resolve disputes between customers and their banks at no cost to complainants.
- Provide information to participating banks and customers on ways of reducing complaints.
- Provide submissions to government to help inform policy and contribute to effective legislation.

In providing these services we aim to:

- Improve the banking experience for customers and Scheme participants.
- Stimulate improvements in the provision of banking services.
- Maintain consumer confidence in the banking system.

FROM THE CHAIR

THIS IS MY LAST WORD AS CHAIR OF THE BANKING OMBUDSMAN SCHEME AFTER 13 YEARS IN THE ROLE. THIS PAST YEAR, LIKE THE ONE PREVIOUS, HAS BEEN FILLED WITH CHALLENGES – FOR THE BOARD, FOR OUR NEW BANKING OMBUDSMAN, DEBORAH BATTELL, AND FOR ALL OUR STAFF.



It is a year where we have seen many records broken – in terms of complaints received, investigations completed, compensation paid out and productivity levels achieved. Heavy, complex case loads and long waiting lists have tested our processes and, notably, our people, whose unending commitment and fortitude I readily acknowledge.

When I joined as Chair in 1997, the Scheme was comparatively low-key: our staff was small, we did not have the volume of complaints, nor the same complexity of complaints.

Thirteen years on, as we face a new regulatory environment, the Banking Ombudsman Scheme has been used as the model for developing new dispute resolution services in the financial services sector.

Looking back, I must pay tribute to those who took the first steps towards founding the Banking Ombudsman Scheme in 1992: Sir Gordon Bisson, Sir John Anderson and David Russell. Their foresight in seeing the need for such a service and their persuasion of possible reluctant starters led to a scheme which is not only well-regarded but is considered a benchmark.

The first Ombudsman, Nadja Tollemache, set a high standard which helped create public acceptance of the Scheme, followed by Liz Brown who was Banking Ombudsman for 12 of my 13 years in the job and who cemented its enviable position in the industry. Deborah Battell, now at the end of her first year, has already demonstrated huge energy and efficiency which will help lead the Scheme forward in what could be difficult and challenging times.

The Board has always strived to improve the Banking Ombudsman Scheme and not be complacent about it. Importantly, the review conducted by the Rt Hon Sir Anand Satyanand (as he now is), led to various reforms in 2007, including the incorporation of a company as a signal of greater independence for the Scheme.

One of the most positive changes I have noticed in my time in the role of Chair is the improvement in banks' ability to deal with complaints so that they never reach the Banking Ombudsman. This is largely due, I think, to banks realising they should have a discrete complaints department operated by somebody with some status in the organisation and that the legal department is not necessarily the best arm of the

bank to deal with complainants. The Scheme calls for a broad and equitable treatment of complaints. Not one based solely on legal rights.

May I thank my fellow directors over the years, both banking and consumer representatives. The Scheme has been fortunate to have had outstanding consumer representatives. In my time, the legendary David Russell, who served for many years, was replaced by Sue Chetwin, both in their ex-officio capacity as Chief Executive of the Consumers' Institute – now Consumer New Zealand. The Minister's appointees have also been huge contributors to Board deliberations: Margy-Jean Malcolm, followed by Helen Walch, and now Mary Holm. Whilst fearless in their advocacy for consumers, they have exercised common sense and exhibited a desire to make the Scheme viable, efficient and more widely-known.

In thanking the banking members, I think particularly of Sir John Anderson, formerly Chief Executive of ANZ National Bank, who assisted the Scheme through difficult times. Although banking representatives change far more frequently

than consumer representatives, outstanding ones have served over the years, to whom I am most grateful. I praise the banking representatives in particular for their sensible approaches; while all banks are fiercely competitive, their representatives have always been focused on the bigger picture and have wanted the Scheme to prosper.

In handing over to my successor, Professor Ron Paterson, there is pleasure in knowing that I am leaving the Scheme in good shape and in good hands. Ron's immense skills, both as a lawyer and as a dispute resolver, will see the Scheme through an undoubtedly testing period of change ahead.

He will be ably assisted by an extremely talented and dedicated team.

SIR IAN BARKER QC | CHAIR



Incoming Chair Professor Ron Paterson with outgoing Chair Sir Ian Barker QC

THE BOARD OF THE BANKING OMBUDSMAN SCHEME

The Banking Ombudsman Scheme is a company, Banking Ombudsman Scheme Limited, governed by a Board on which banks and consumers are represented with neither having a majority. The Chair of the Board is independent of banks and consumers.

The main function of the Board is to ensure the independence of the Banking Ombudsman and to make sure that the Scheme is well-run and effective.

Chair

Incoming: Prof Ron Paterson (from 1 July 2010)
Sir Ian Barker QC (to 30 June 2010)

Bank representatives

Sam Knowles

Andrew Thorburn

Consumer representatives

Suzanne Chetwin

Mary Holm (from February 2010)

Helen Walch (to February 2010)

Alternates

Kevin Murphy
(TSB, for Sam Knowles, from January 2010)

David Naulls
(for Suzanne Chetwin)

Charles Pink
(ASB, for Andrew Thorburn, to June 2010)

Kevin Rimmington
(TSB, for Sam Knowles, to December 2009)

Helen Walch
(for Mary Holm, from February 2010)



INCOMING CHAIR

Prof Ron Paterson

LLB (Hons), BCL (Oxon)

Chair from July 2010

- Professor of Law, University of Auckland
- International Research Fellow, New Zealand Law Foundation
- Board Member, Royal Australasian College of Physicians

Formerly

- Health and Disability Commissioner
- Deputy Director-General, Safety and Regulation, Ministry of Health
- Fulbright Visiting Professor, Case Western Reserve University
- Harkness Fellow, Georgetown University
- Visiting Law Professor, Universities of Ottawa and British Columbia



OUTGOING CHAIR

Sir Ian Barker QC

BA, LLB, Honorary LLD

Chair from September 1997 to June 2010

- International Arbitrator and Mediator
- New Zealand Member, International Chamber of Commerce Commission on Arbitration
- Member, several Pacific Courts of Appeal
- New Zealand Government Nominee, ICSID Panel of Arbitrators
- Domain Name Panellist, World Intellectual Property Organisation and Internet NZ

Formerly

- Senior High Court Judge
- Chancellor, University of Auckland
- Reviewer of the Press Council, 2007



CONSUMER REPRESENTATIVE

Suzanne Chetwin

Member since November 2007

- Chief Executive, Consumer New Zealand
 - Alternate Board Member, Electricity and Gas Complaints Commission
 - Member, Electricity Commission's Market Development Advisory Group
 - Member, Department of Building and Housing's Sector Advisory Group on the Building Act Review
 - Member, Advisory Panel for Landcare's CarboNZero programme
 - Law student, Victoria University of Wellington
- Formerly**
- Editor, Sunday News, Sunday Star Times and Herald on Sunday
 - Editorial Business Manager, New Zealand Magazines Limited



CONSUMER REPRESENTATIVE

Mary Holm

MA, MBA

Member since February 2010

- Senior Lecturer in Financial Literacy, University of Auckland (part-time)
 - Award-winning personal finance columnist and author
 - Member, independent Savings Working Group
 - Seminar presenter
- Formerly**
- Member, Capital Market Development Taskforce
 - Business Editor, Auckland Sun and Auckland Star



BANKING REPRESENTATIVE

Sam Knowles

MSC (Hons)

Member since November 2002

- Chief Executive Officer, Kiwibank
 - Member, New Zealand Institute of Directors
 - Director, Trustpower
- Formerly**
- Acting Chief Executive, New Zealand Post Group
 - Chief Executive Officer, @Work Insurance Limited
 - Senior management roles, National Australia Bank and BNZ



BANKING REPRESENTATIVE

Andrew Thorburn

MBA

Member since May 2009

- Managing Director and Chief Executive Officer, BNZ
 - Member, National Australia Bank Group Executive Committee as Group Executive, New Zealand, United States and Asia
- Formerly**
- Executive General Manager, Retail Banking, National Australia Bank
 - Director, MLC, the Wealth Management Division of National Australia Bank



CONSUMER REPRESENTATIVE

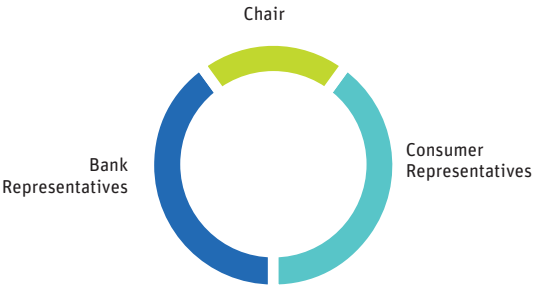
Helen Walch

QSM

Member from June 2003 to February 2010, Alternate for Mary Holm from February 2010

- Community Member, Mental Health Review Tribunal
 - Voluntary work with new settlers to New Zealand, people with disabilities
- Formerly**
- 35 years in management and governance roles with community organisations that provide support to and advocacy on behalf of people on low incomes
 - Instrumental in establishing Vincents Arts Workshop, the Wellington People's Resource Centre and enterprises to assist people with mental health problems gain employment
 - Member, 2003 Review Committee of the Insurance and Savings Ombudsman Scheme
 - Consumer Representative, Chartered Professional Engineers Council

Make up of the Board



FROM THE BANKING OMBUDSMAN

SINCE I TOOK ON THE ROLE OF BANKING OMBUDSMAN A YEAR AGO, IT HAS BEEN A TIME OF BOTH UNPRECEDENTED WORKLOAD AND CHANGE IN THE INDUSTRY.



In the last year, we completed more than twice as many investigations as in any previous year. This has been a result of the flow-on effects of the economic downturn and, most notably, the ING investment failure, which constituted nearly half of all investigations completed during the year.

To 30 June 2010, we had facilitated payment of compensation totalling \$23.5 million to customers who complained to us about ING investment funds sold through ANZ's branch network. Of this, \$13.7 million was facilitated for ANZ customers during the 2009/10 financial year. This is in addition to the \$45 million in compensation resulting from the Commerce Commission settlement, some of which will go to Banking Ombudsman complainants.

Complainants compensated for matters other than ANZ/ING received more than \$800,000 during the 2009/10 year.

Looking beneath the effect of the ANZ/ING cases, however, I am pleased to note a 16 percent reduction in the number of disputes referred to our Office for investigation. This means that once the ANZ/ING investigations are completed, we are likely to return to investigation levels similar to those experienced before the global financial crisis.

I knew that the Banking Ombudsman Scheme faced big challenges when I took over from my predecessor Liz Brown last year. At the time, the pressures facing the Scheme were themselves unparalleled, with complaints at an all time high. Over the ensuing 12 months, this workload has continued

unabated and we have shouldered a waiting list of disputes that, at its worst in March, hit 239, putting considerable demands on our staff and requiring an additional levy on banks.

This was the operational challenge. Against this backdrop, we have been moving into a new environment under the Financial Service Providers (Registration and Dispute Resolution) Act 2008. This Act is designed to promote consumer confidence in financial service providers. Of greatest relevance to us is that most financial service providers are required to be members of an approved dispute resolution service by 1 December 2010.

The legislative changes have also led us to question the future direction of the Banking Ombudsman Scheme: should it expand to admit a wider set of members? And if so, who should be admitted and on what basis?

The Board is continuing to work through these questions and will have made decisions by 1 September 2010. In the meantime, we have updated our Terms of Reference and Participation Agreement to ensure they comply with the requirements for approved dispute resolution schemes.

Fundamentally, we intend to remain the pre-eminent investigation and dispute resolution scheme in the financial services sector, giving high quality service to organisations that provide banking or bank-like services and their customers.

We have also focused intently on improving efficiency while maintaining our quality standards. The fact that our output increased by 112% while costs only increased by 35%, including the cost of moving to new, open-plan offices, shows that we made considerable progress.

We introduced a leadership team to help provide better support and direction to staff.

We developed our in-house facilitation and conciliation skills by training a range of staff in these areas, and encouraging the use of these informal means of resolution, bringing cost and time advantages for all parties concerned.

We changed our processes and procedures, primarily to enable staff to resolve cases as early as possible and thus lighten caseloads and waiting lists.

Key to the early resolution of complaints has been our new prioritisation criteria which determine the cases that need urgent attention. New 'triage' processes have also been developed which are aimed at identifying:

- whether we need more information from complainants to establish the nature of the dispute and whether it is within jurisdiction;
- how best to resolve a dispute – whether by facilitation, conciliation or full investigation;
- the priority the complaint should be accorded; and
- which investigator is likely to be best placed to resolve the dispute.

Improving the banking experience for banks and their customers is critically important to us. We play a role in



promoting consumer confidence in the banking system. This entails helping banks and their customers find workable and fair solutions, as well as working with banks to identify and address systemic issues. As our strategy succeeds we expect to see a reduction in the number of complaints we receive.

The new financial year brings with it changes at our helm. We farewell our retiring Chair Sir Ian Barker QC, after 13 years guiding the Scheme wisely and pragmatically, and welcome our new Chair, Professor Ron Paterson.

We will also be without Susan Taylor, our Deputy Ombudsman, who has been with the Scheme since its inception. I have appreciated the support and advice Susan has given me in my first year as Banking Ombudsman and the leadership role she has played within the organisation.

As we move into a new operating environment, we face new challenges and opportunities, but our core values of accessibility, independence, fairness, accountability, effectiveness and efficiency remain as relevant as ever.

I am indebted to my Chair and Board Members for their support. I am also grateful to staff for their willingness to adapt to a new leader, and for their dedication and skill. We will continue to set the bar high.

Deb Battell

DEBORAH BATTELL | BANKING OMBUDSMAN



OUR PEOPLE

Over the last year, the team has worked to capacity under very heavy caseloads and waiting lists.

Staff have risen to these challenges and carried out their responsibilities in a fair, professional and principled manner.

Early in 2010, we reorganised and formed a new leadership team to better position us for the future – streamlining operations and enabling a greater strategic focus at management level. This reorganisation involved some significant enhancements to our structure, including the appointment of a Researcher/Analyst to help better utilise our existing information. We also increased the enquiries resource to help manage the increased demands and expectations of staff, particularly with respect to improving the quality of information provided about complaints at the early stages of a dispute, and to assist with early jurisdictional decisions.

At 30 June 2010, the Banking Ombudsman Scheme employed the equivalent of 14.6 full-time staff and five contractors.

“Our service goes beyond investigating and resolving individual complaints.”

COMMUNITY AND INDUSTRY OUTREACH

Our service goes beyond investigating and resolving individual complaints. We are well placed to look across all the issues we hear about from complainants, and across all participating banks, to offer our insights and expertise to our bank participants, government and the wider community about how to reduce complaints and improve the banking experience.

Due to our heavy caseload, we have been stretched to provide a full community and industry outreach programme this last year. Nonetheless, we have provided information for banks at two forums for complaints-handling staff, presented at industry conferences and community seminars, issued various communications to media, industry and the wider community, and been rewarded for our commitment to accessibility through our Plain English award.

Over the next year, as we reduce our waiting lists, we aim to build on our outreach programme. Areas we are looking to develop include the increased use of electronic communications, using our Current Account newsletter to raise awareness of the Scheme and banking issues, producing fact sheets on key issues of public interest and translating key documents into other languages. We will also continue to assist participants' complaints-handling staff to develop their ability to resolve complaints.



Plain English award

In September 2009, we won the Supreme Award at the WriteMark New Zealand Plain English Awards, a significant achievement given one of the Scheme's core values is accessibility.

Plain English is a style of writing in which the language, structure, and presentation of a document all work together to help the reader. A document written in plain English is easy to read, understand and act upon after just one reading.

In awarding us 'Plain English Champion – Best Organisation', the judges commented that staff had shown clear evidence that we were serious about a broad plain English culture change. They noted that we had support from the top, driving the process and commitment to a diversity of measures across training, templates, and documentation. This had already seen some results and was likely to bring lasting change.

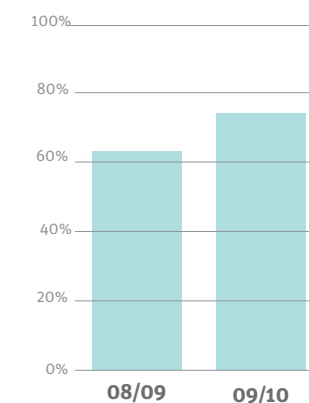
SCHEME ACCESSIBILITY

Front-line bank staff are the most important means of informing customers about our services. Our mystery shopper survey, now in its tenth year, is conducted annually to determine how well banks are fulfilling their obligations to provide information to customers about the complaints process.

The latest survey was carried out in January 2010 with 30 students visiting 247 branches in over 50 locations, making this the most extensive survey conducted to date.



% Banks displaying complaints information



The survey found:

- 74 percent of bank branches displayed information leaflets about their own complaints process and/or the Banking Ombudsman Scheme, an improvement on 63 percent the previous year;
- mystery shoppers graded staff, on average, 9/10 on their willingness to help them resolve their complaint, an improvement on 8/10 the previous year;
- over 80 percent of branch staff were aware of the Banking Ombudsman, an increase from 68 percent the previous year.

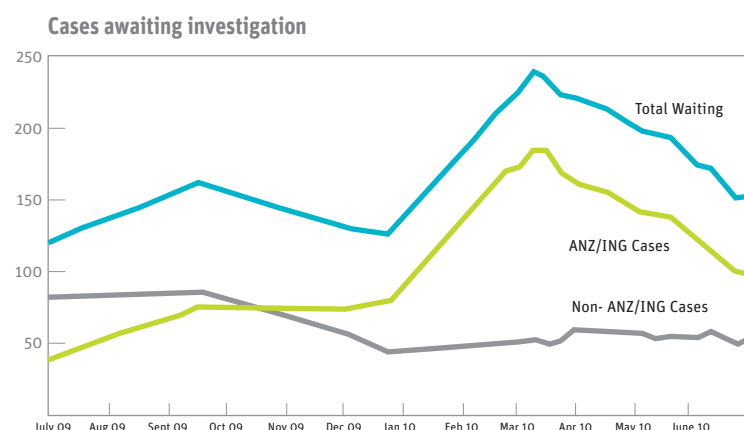
But,

- only 18 percent of bank staff surveyed had a comprehensive understanding of their bank's internal complaints procedures, a drop from 29 percent the previous year.

Branch staff should, at the very least, be able to advise a customer that there is a complaints process, refer them to the relevant leaflets, and inform them of the bank's own complaints handling procedures, as well as their right to go to the Banking Ombudsman.

While the Code of Banking Practice does not require banks to have a copy of the Code on display, it is good practice to do so and disappointing that it was not displayed in 43 percent of branches.

“Branch staff should, at the very least, be able to advise a customer that there is a complaints process...”



COMPLAINTS TO THE BANKING OMBUDSMAN 2009/10

The complaints we received

In 2009/10 we received 1,924 new cases, and inherited 430 from the 2008/09 financial year. This high number of cases caused an increase in the waiting list, introduced for the first time in the previous year, from 123 at the start of the year to a peak of 239 in mid-March 2010. By the end of the year, the total number of cases awaiting investigation had fallen by 36 percent to 153.

If the effect of the ANZ/ING cases is removed, the number of new cases received actually dropped by 16 percent, suggesting that our caseload arising from the global financial recession has passed its peak. As we work through the last of the ANZ/ING investigations, and with no other large systemic issues on the horizon, we are likely to see a return to some sense of normality. We are, however, expecting a continued increase in complaints concerning loan defaults and other hardship-related issues.

“We resolved 282 investigations using facilitation or conciliation in 2009/10, a 109 percent increase on 2008/09.”

Resolving complaints

The number of investigations (disputes and complaint facilitations) we resolved more than doubled (112 percent) this year compared with the previous financial year.

Despite the best efforts of investigators, cases have typically taken considerably longer to complete this year than during the previous two years. This reflects the length of time cases spent on the waiting list rather than the amount of time taken to investigate once assigned.

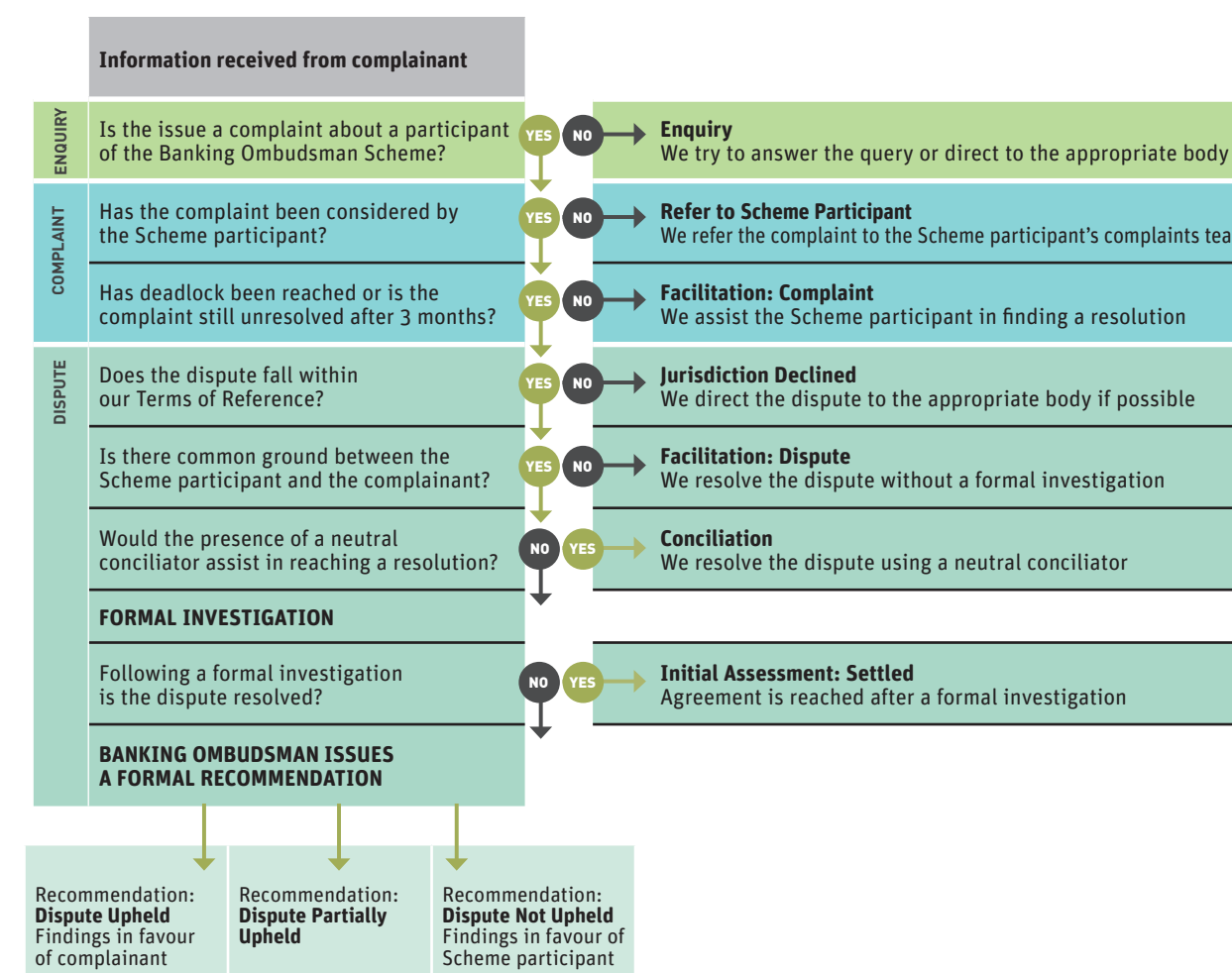
In view of heavy caseloads and long waiting lists, investigators focused on resolving cases as early as possible. The prioritisation criteria we introduced allowed us to better identify cases needing quick resolution. Cases were assessed according to whether there was evidence of a deteriorating position (for both banks and customers), a genuine reason for speed and/or whether delay would undermine confidence in the Banking Ombudsman Scheme.

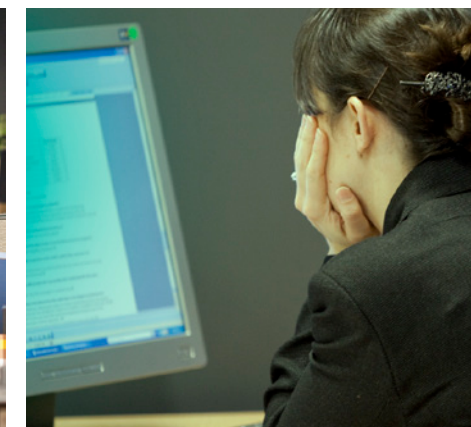
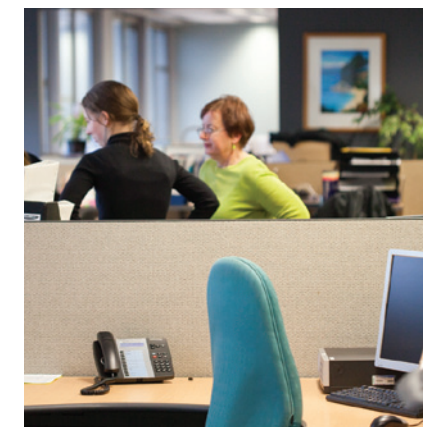
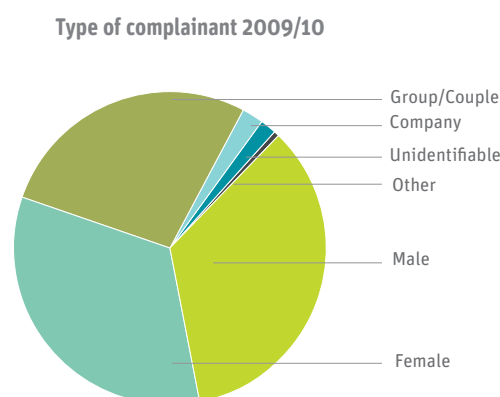
In addition, we were able to improve productivity through the more regular use of informal methods of resolution such as:

- **facilitation**, where the case is discussed with each party in turn in order to reach an early resolution; and
- **conciliation**, where both parties are brought together (in person or on the telephone) and the case is resolved with the assistance of a neutral conciliator.

We resolved 282 investigations using facilitation or conciliation in 2009/10, a 109 percent increase on 2008/09.

HOW DO WE HANDLE A COMPLAINT?





CASE STUDY

The value of conciliation as a method of dispute resolution

Mr and Mrs Q, for whom English was a second language, wished to purchase a property. They made an unconditional offer and paid a deposit of \$50,000 by cheque to their real estate agent. When the real estate agent deposited the cheque, he requested a 'special answer' (early clearance) on it. The bank contacted Mr and Mrs Q to verify that they had signed the cheque, but did not draw their attention to the request for a special answer or the repercussions of this.

After paying the deposit, Mr and Mrs Q discovered that there was a problem with the property's Code of Compliance Certificate. They decided not to proceed with the purchase and asked the bank to stop the cheque. Bank staff incorrectly advised Mr and Mrs Q that the cheque had been stopped, when in fact this was not possible due to the special answer request.

To ensure that the money was not taken for the deposit, Mrs Q transferred it out of their cheque account. When the cheque cleared, the cheque account had insufficient funds. The bank then withdrew the funds from Mr and Mrs Q's savings account without prior notification. It also charged them a dishonour fee.

Having paid the deposit, Mr and Mrs Q decided to proceed with purchasing the property.

When we received the complaint, it appeared that Mr and Mrs Q were seeking to have the \$50,000 taken from their savings account reinstated. The bank had refused. Conciliation appeared to be a suitable way of reaching a resolution.

Mr and Mrs Q attended the conciliation along with a translator. Half an hour into the conciliation, Mrs Q explained that they understood they needed to pay the \$50,000. Their real concern was the security of their money as they now felt that the bank could take their money as it pleased. They were so concerned about this that they had been transferring money out of their accounts to different banks each night. They were also very distressed about their loss of face within the community. This was because they had been charged a dishonour fee, and they had interpreted the dishonour fee as a 'dishonesty' fee.

At the end of the process, Mr and Mrs Q received \$500 towards their legal costs and \$1,000 compensation for inconvenience. Perhaps more importantly, they also received a written apology from the bank.

Conciliations can be effective in flushing out the real cause of a dispute. They can also enable faster resolution.

What the complaints were about

Over three quarters of completed investigations in 2009/10 related to investments/superannuation (largely ANZ/ING) or to mortgage finance (mainly early repayment fees), with the share of these areas increasing by 18 percent on 2008/09.

Although cases involving mortgage finance increased, the nature of the complaints changed during the year. At the start of the year, the majority of complainants alleged either that they were unaware that they might be liable to pay a fee if they broke their fixed term mortgages early, or that they were unaware that the fee could be substantial if mortgage interest rates fell. By the end of the year, complaints were more likely to have originated from customers who had fallen into arrears, sold their homes (sometimes by forced sale), and been required to pay an early repayment cost, adding to losses already sustained on the sale of the property.

The only other area to increase was business finance. As these cases related to various problem areas and various banks, however, there were no discernable trends.

Who complained to us

Although the proportion of female complainants remained the same (at 33 percent) this year, the proportion of male complainants dropped to 35 percent from 43 percent in 2008/09. At the same time, the proportion of groups/couples grew from 18 to 28 percent. This shift reflects the nature of cases involving the ANZ/ING issue and early repayment fees, which typically involved large financial commitments made by couples or families.

Investigation outcomes

Some 50 percent of non-ANZ/ING disputes that we investigated and that fell within our terms of reference led to a finding, either in part or entirely, in complainants' favour.

In ANZ/ING cases, approximately 81 percent of complainants received a finding in their favour, resulting in compensation.

We facilitated a record \$14.5 million in compensation for direct losses and inconvenience in 2009/10, up from \$7.1 million in 2008/09. Cases relating to ANZ/ING accounted for 94 percent of compensation.

SYSTEMIC ISSUES

We define systemic issues as matters which have the potential to affect more than one individual complainant.

We always seek to identify systemic issues early and alert the relevant bank or banks so that they can be resolved in a timely manner and further complaints can be prevented.

Under the new legislation, the Banking Ombudsman Scheme will be obliged to refer any series of material complaints to the Reserve Bank. This requires an assessment of whether there is, in fact, a genuine issue affecting customers and whether the issue is material enough to refer.

We have been involved in the assessment of a number of systemic issues in the past year. The most significant of these was the ING investment failure.

ANZ/ING

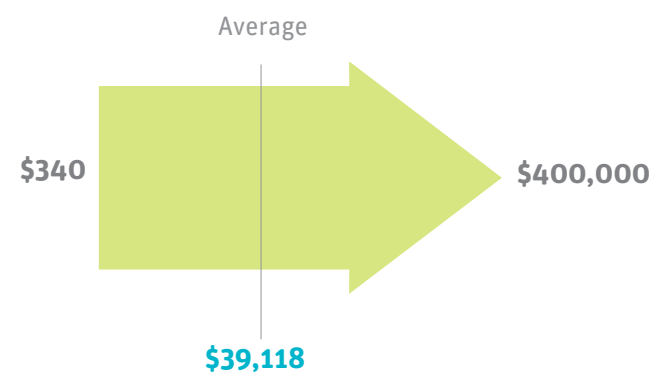
The investigation of complaints arising from the failure of the ING Diversified Yield Fund (DYF) and Regular Income Fund (RIF) marketed by ANZ began in 2007 and continued to dominate our case load this year.

In mid to late 2007 and early 2008, the values of investments in both funds fell dramatically and the funds were frozen in March 2008, preventing around 15,000 investors from withdrawing their money.

In July 2009, ANZ and ING facilitated an offer to buy frozen investor units at 60c per DYF unit and 62c per RIF unit.



ANZ/ING investor compensation range 2009/10



This offer was conditional on investors not taking any legal action in relation to their investment in the funds. However, those who invested through ANZ had the option of filing a 'Notice Seeking Additional Compensation' (NSAC) with the bank and a complaint with us.

ANZ made offers to about two thirds of the customers who filed an NSAC, and a large number of those customers accepted the bank's offer. Those customers who did not wish to accept the bank's offer, or who did not receive any offer of additional compensation, could refer their complaint back to us. As a result, we accepted a further 350 cases for investigation between November 2009 and March 2010, causing our overall case load to peak at 520, an unprecedented total.

By 30 June 2010, we had completed 470 investigations. A further 217 cases were under investigation or awaiting allocation to an investigator. Also by 30 June 2010, we had facilitated additional returns to ANZ customers of more than \$23.5 million.

Compensation to investors ranged from \$340 through to \$400,000, with the average being \$39,118. Some investors have received more than 100 percent of their original investment because they also received interest payments and were reimbursed fees.

Of those ANZ/ING cases settled through our Office to 30 June 2010, 94 percent of complainants have received a payment of compensation from the bank. The high rate of compensation reflects the fact that many of the investors:

- were elderly and had invested a large proportion of their life savings in the funds;
- were led to believe that investing in the funds was as safe as putting the money into a term deposit; and/or
- were persuaded to put a substantial portion of their investment portfolio (more than 20 percent) into the funds.

On 22 June 2010, the Commerce Commission announced that it had completed its investigation into alleged breaches of the Fair Trading Act 1986 relating to the marketing and promotion of the DYF and RIF by ANZ and ING. It had entered into out of court settlements with both companies that would see a further \$45 million in compensation paid to eligible investors.

Although the Commission concluded that there was sufficient evidence for it to commence a legal proceeding against ANZ and ING, it agreed to out of court settlements as it felt this was in the best interest of investors.

Because the Commission was the more appropriate agency to investigate the representations in the investment statements for the DYF and RIF, our decisions did not address this matter.

The Commission's ultimate conclusions and its settlements with ANZ and ING did not enable us to change our approach. Without a court ruling or an admission by ANZ or ING, we could not rule that the representations were misleading. Moreover, the compensation negotiated by the Commission, in which all eligible investors will share, was intended to compensate investors for the alleged misrepresentations in the investment statements.

We continue to investigate whether:

- there were any other direct misrepresentations by the bank's financial advisers to customers, apart from the representations contained in the investment statements;
- the investment was reasonably fit for the purpose the customer made known to the bank at the time the investment was made; and
- the bank took reasonable care and skill when giving investment advice to the customer.

Where we find that there has been a misrepresentation by the bank's financial adviser, we are likely to require the bank to reimburse the customer for the full amount of the customer's loss. In cases where there is no evidence of a misrepresentation, we consider whether or not it was appropriate for the customer to have had some part of their investment portfolio invested in the DYF and/or RIF.

It is too early to draw all the lessons from what is clearly the most serious investment product failure the Banking

Ombudsman has ever dealt with. But, the failure of ING products certainly reinforces the need for banks and their staff to fully understand the nature and risks of the products they sell.

Customers invest through banks because they trust them. Banks must hold themselves to the highest standards if they wish to maintain confidence in the industry.

We aim to complete our investigation of all remaining ANZ/ING cases by the end of 2010.

CASE STUDY

ANZ/ING settlement favouring complainant

Mr D complained to us about advice ANZ gave him, as a trustee, to invest \$100,000 in the Regular Income Fund (RIF). He believed the bank's advice to invest in the RIF was not compatible with his request for a low risk investment.

The investigation focused on whether:

- the bank had misled Mr D about the level of risk associated with the RIF (in breach of s9 of the Fair Trading Act);
- the bank's advice to invest \$100,000 in the RIF was reasonably fit for the trust's investment purpose (as required by s29 of the Consumer Guarantees Act).

Although there was no conclusive evidence, we found on the balance of probabilities that the bank had misled Mr D about the level of risk associated with the RIF.

In forming this view, we took into account clear evidence that Mr D had requested a low risk product as well as a contemporaneous diary note that indicated that the bank's adviser had represented the RIF as being low risk.

We also considered that it was reasonable for the trustees to have assumed the RIF was low risk given Mr D's specific request for a low risk product and given the absence of any written advice to the contrary.

With our finding that the bank had misled Mr D, it was not necessary to make a finding on whether the bank's advice to invest in the RIF was suitable for the trust.

We proposed that the bank should pay compensation to the trust. The compensation aimed to restore the trust to the position it would have been in, or as close to that as possible, had it invested in a bank term deposit instead of the RIF. Both parties agreed to this proposal.



CASE STUDY

ANZ/ING settlement favouring both parties

Mr J complained to us in May 2009 about ANZ's advice to invest in the Diversified Yield Fund (DYF).

In June 2005, the bank contacted Mr J about his savings. Mr J said the bank advised him to transfer his retirement fund, together with additional savings, into an investment with a better return, the DYF. Mr J also said he was advised that the DYF was 'as safe as the bank'.

Mr J invested \$110,000 in the DYF, which equated to 35 percent of his portfolio. When making his investment, he signed an Execution Only Order. This document contained an acknowledgement that he had neither sought nor required investment advice from the bank. By the time Mr J realised the DYF was in trouble, his investment was frozen.

Mr J complained to the bank about the advice that he had received. The bank's response to his complaint left him feeling dissatisfied so he lodged a complaint with us.

During the course of our investigation, Mr J received an offer from ING to buy back his frozen units at 60 cents per unit. Mr J accepted this offer and received \$70,640 which he elected to deposit in an ANZ account earning interest at 8.3 percent per annum for up to five years. Mr J also filed a Notice Seeking Additional Compensation (NSAC) with the bank at which point we had to suspend our investigation.

In response to his NSAC, the bank offered Mr J additional compensation of \$20,600 on the basis the DYF was an appropriate product for him, but not the actual amount invested. This, together with the ING offer and the cash distributions he had received, would have amounted to a return of 89 percent of the capital he invested. However, Mr J did not accept the bank's offer so we reopened our

investigation.

We found there was insufficient evidence to conclude that the bank had misled Mr J about the risks involved. However, we also found that the use of the Execution Only Order was not appropriate and that the bank officer did in fact advise Mr J to invest in the DYF. We also found that it was more probable than not that Mr J would have agreed to invest some money in the DYF if a more appropriate process had been followed, but he would have been more cautious about the amount he invested in the fund. Given his conservative attitude, it was unlikely Mr J would have agreed to invest more than \$50,000 in the fund.

We concluded that the bank should compensate Mr J for the loss he incurred as a direct result of its wrongdoing. The compensation was assessed by considering how to restore Mr J to the position he would have been in had he only invested \$50,000 in the DYF. It was also deemed appropriate for the bank to pay the implementation fee he had paid to invest in the DYF. We proposed to recommend that the bank should pay Mr J \$31,500 plus daily interest until the settlement sum was paid.

Mr J was disappointed with the proposed recommendation, but accepted it. The bank did not initially accept the proposed recommendation because it believed a 20 percent allocation to the DYF would have been suitable and made an alternate settlement suggestion, which Mr J rejected.

After discussions with the bank, it ultimately agreed to settle the complaint in accordance with our proposed recommendation.

The compensation the bank paid, together with the ING offer and cash distributions, equated to a return of 98.5 percent of the capital Mr J invested.

CASE STUDY

ANZ/ING settlement favouring bank

On selling one of their properties, Mr and Mrs M sought investment advice from ANZ, looking to invest approximately \$650,000 over the medium to long term and achieve growth in their investment portfolio.

The bank assessed Mr and Mrs M to be conservative investors and recommended a range of asset classes and investment products, including the Diversified Yield Fund (DYF). In the investment statement received by Mr and Mrs M, the DYF was set out as being of moderate risk. At the time of their investment, the DYF had been performing well and had been achieving its objective of returning two percent above the 90 day bank bill rate over a 12 month period. Mr and Mrs M invested \$100,000 in the DYF, which represented 15 percent of their total investment portfolio.

Following the freezing of the DYF, Mr and Mrs M complained to the bank that it had misrepresented the risks associated with the fund. The bank could not find any evidence of this, so Mr and Mrs M lodged their complaint with us. ING had already returned over \$67,800 of their original investment, but Mr and Mrs M sought reimbursement for the capital loss (over \$37,100) sustained in their investment in the DYF.

When we assessed the complaint, we did so on the basis that the DYF was, in fact, a moderate risk investment. While we appreciated that Mr and Mrs M felt misled about the risks involved with the fund, we found that there was insufficient evidence to make a finding that the bank had engaged in misleading conduct. This was because we could not find any evidence that the bank had represented the fund as being low risk.

We also found that the bank's advice, at the time it was given, was not inappropriate. In making this assessment, we took into account whether some investment in the fund was appropriate in light of the DYF's moderate risk profile and Mr and Mrs M's personal circumstances, such as their tolerance for risk, investment time frame, and specific goals and objectives. We concluded that some investment in the fund was appropriate, so we then considered whether the amount invested in the fund, 15 percent of the portfolio, was appropriate. We concluded that that allocation was not necessarily inappropriate. This was in accordance with our general approach that no more than 20 percent of a portfolio should have been invested in the DYF and/or RIF.

Given we found no wrongdoing by the bank in relation to the advice it gave Mr and Mrs M, we recommended that they should withdraw their complaint.



Credit card terms and conditions

We decided to review banks’ practices in relation to credit card interest charges after receiving a complaint questioning how accurately a bank’s terms and conditions reflected actual practice.

In the initial investigation, we found the wording in the terms and conditions to be at best ambiguous and at worst misleading.

At our suggestion, the bank re-worded the relevant paragraph of their credit card terms and conditions to eliminate the ambiguity. The bank also took the opportunity to put its full terms and conditions into plain English.

Concerned that the issue might be more widespread, we undertook a survey across the industry. Five banks responded to the survey, which raised the following issues:

- In general, credit card terms and conditions are exceptionally dense, complex and difficult to understand.
- Temporal references are often used, such as ‘current’, which can be confusing.
- Greater care needs to be taken regarding the terminology that is used to explain when interest will be charged and on what amounts.
- Banks need to ensure that if the interest-charging method is described in more than one place it is described consistently.

The results of the survey were presented to the New Zealand Bankers’ Association. The Association, in turn, made the results known to its members.

CASE STUDY

Interest charged on credit card

Mr C had a credit card account with his bank. He normally repaid the total amount of the closing balance on the due date to avoid any interest charges.

Mr C’s statement for the period 14 January 2009 to 15 February 2009 had a closing balance of over \$8,400, which was due for payment by 12 March 2009. Mr C made a part payment of \$7,000 on 12 March, leaving a balance of over \$1,400. Mr C expected to pay interest on the outstanding balance. However, in his following statement, he was charged \$215 in interest.

The bank explained to Mr C that because the full balance was not paid on the due date, interest was payable on the entire amount, even though \$7,000 of this was paid by the due date. Mr C did not contend that the bank had incorrectly calculated the interest that it had charged. He was concerned that the bank had not acted in accordance with its credit card terms and conditions, which he had interpreted to mean that interest would only be charged on the outstanding balance. As the bank was unable to satisfactorily resolve Mr C’s complaint, he lodged a complaint with us.

We shared Mr C’s concerns about the wording of the bank’s credit card terms and conditions and were able to facilitate a settlement between Mr C and the bank. The bank offered, on an ex-gratia basis and without admitting liability, to refund Mr C the interest charge of \$215. It also reworded its terms and conditions to avoid future confusion.

Withdrawal of discounts on mortgages

We received a number of complaints about a bank’s removal of a discount on floating interest rate home loans when interest rates began to fall, and investigated further to uncover a systemic issue.

Bank customers who had a discount applied to their floating interest rate home loan usually had agreements which contained the following wording:

“For 24 months from the Date of Advance of the loan, the Bank will deduct a margin of 0.50 percent from the Bank’s floating interest rate applicable to you (as determined by the Bank) in relation to the loan. At the end of that period the Bank may terminate or vary the margin from time to time.”

Following falls in wholesale rates, the bank reduced its interest rates. Customers with the discounted interest rate expected that the interest rate cut would apply equally to their rates. However, customers were informed by the bank in October 2009 that the discount no longer applied to their interest rate. These customers felt that the removal of this discount broke agreements with the bank. The bank’s letter to customers simply stated:

“Due to the current financial climate the Bank has had to remove discounts in order to offer lower overall variable interest rates.”

After receiving a number of complaints, we raised the issue with the bank. Following our investigation, we found that in removing the discount, the bank had acted within the terms and conditions of the home loan agreement, which stated that the bank reserved the right to adjust its variable interest rates.

However, we considered that the removal of the discount was liable to breach the Fair Trading Act, as the agreements

contained representations that the discounts would have applied until the end of a specified period. Many customers had, in fact, taken out the home loan agreement within weeks of the discount being removed. The discounted interest rate was likely to have created a competitive advantage for the bank.

On raising the matter with the bank, we learnt that it had made a genuine mistake, was aware of the issue and was already taking steps to resolve the matter. Our intervention meant, however, that the matter was given greater priority.

Due to the bank’s swift attention to this issue, complaints about the withdrawal of discounts on mortgages were resolved through its internal complaints process. We closed the investigation after the bank provided assurances that all affected customers’ discounts had been reinstated for the remainder of the period that was originally stated in their loan agreement.

Unsolicited credit cards

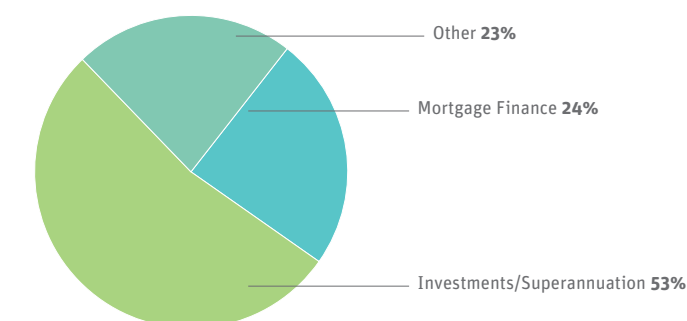
A number of bank customers complained to us about being sent a credit card without asking for one.

The bank, in conjunction with a credit card supplier, had been sending out additional ‘companion’ credit cards to its credit card account holders. Customers were given forewarning that they would receive the additional card, and were given a number to ring if they did not want to receive it.

If customers did not ring to cancel the card, they were considered to have accepted it. Bank customers considered that the onus should not be put on them to cancel the card as they had not requested it and they did not want to keep it.



Investigations completed by business area 2009/10



Due to the number of complaints received, we raised the issue with the bank.

The bank argued that the companion card did not increase the customer's credit card limit, there were no additional fees associated with the companion card and the combined spending was recorded on the one statement. Moreover, customers would benefit from receiving additional loyalty benefits and could choose to opt out of the companion card if they wished to.

We concluded that although it was not best practice to send out unsolicited cards, the bank had done nothing wrong. All complaints were resolved through the bank's internal complaints process.

TYPICAL COMPLAINTS

Helping customers avoid problems with their banks is an important part of our role. In this section we have focused on cautionary tales.

The fallout from the economic recession has led to a wide variety of complaints and disputes often stemming from financial difficulties. Complaints about lending featured highly. In particular, complaints related to the cost of breaking fixed term mortgages, irresponsible lending, mortgagee sales and failing to honour a verbal offer to lend.

We also received complaints about banks refusing to lend or changing their lending criteria either after a customer first made a verbal enquiry about lending, or when customers – including businesses – need to refinance.

In addition to lending-related matters, we discuss two issues typical of the difficulties that customers can encounter.

Lending

Early repayment charges (break costs)

Complaints about break costs were a particular feature in late 2008 when mortgage rates began to fall dramatically, but the number of complaints declined rapidly through 2009/10 as interest rates stabilised and customers became more familiar with the way that these costs were applied. Break cost complaints nevertheless constituted a large proportion of our non investment-related disputes.

When interest rates fall, break costs increase. This is because banks receive lower interest when they relend the money. They are entitled, under the Credit Contracts and Consumer Finance Act 2003, to recoup the costs of relending. But the Act, which is enforced by the Commerce Commission, also requires these costs to be 'reasonable'.

The former Banking Ombudsman outlined this issue in detail in her 2008/09 report. Since that time, the Commerce Commission has investigated the formulae banks use to calculate break fees, and apart from two banks making minor adjustments, the Commission has decided that there is no basis for challenging these formulae under the Act.

Because the quantum of break costs is regulated by the Commission, we declined to investigate these particular allegations. We were, however, able to investigate allegations that banks had failed to inform customers about break costs, misrepresented the likely amount of break costs, or failed to warn that a fixed term loan was unsuitable for the customer's purposes.

In the majority of cases, we found that customers had been adequately informed about break costs. The fact that customers could be liable for a cost was clearly and prominently disclosed in all bank contracts.

Many customers did not, however, understand the potential size of break costs. This fact alone was not sufficient for us to find that customers had been misled, but we did find, in a small number of cases, clear evidence that customers had been misinformed.

In one case, there was a written representation that the break costs would be limited to a small amount. In this particular case, we did not consider that the bank was saved by the disclosure in its contract. Formulae used to calculate break fees are complex and customers need to speak to their banks to find out exactly what the cost will be on a specific date. Even if it is clearly disclosed in a contract that a customer has to pay an early repayment fee, simply including the formula may not remedy an earlier specific representation about the likely size of that break fee.

In other cases, we found that banks had failed to warn customers that entering into a fixed term loan would be unsuitable. In these cases there was evidence that customers had informed bank staff of a clear intention to sell their property before the end of the fixed term period.

Mortgagee sales

In the current environment many people have found it harder to afford repayments on debts such as mortgages, and there has been a corresponding increase in loan defaults.

When a bank customer falls into arrears with their mortgage payments, a bank is entitled to recoup its money.

A mortgage is secured against a property and, as a last resort, a bank may sell that property to recover its costs. This is known as a mortgagee sale.

The mortgagee sale process is prescribed by statute and is generally lengthy. We cannot interfere with a bank's right to recover its money, but we can investigate allegations that a bank has not followed the appropriate process.

Our experience over the last year has shown that banks have made considerable efforts to assist customers to work through hardship and keep their properties. There is every incentive for banks to do so as they also lose money on mortgagee sales. This assistance is not always possible, however, as some cases are irretrievable. Our advice to customers is to talk to their banks at the first indication that their position has changed and is likely to deteriorate. The earlier banks are advised, the more likely it is that they can rearrange customers' finances to avoid a mortgagee sale.

We received 27 complaints or disputes concerning mortgagee sales, nine of which went through to formal investigation and were completed in the past year. Of these nine cases, two resulted in settlements with complainants.

Customers usually understand that houses sold by mortgagee sale may not sell for their full value, meaning they can be left with a residual debt. But it was clear that some customers did not understand that this debt could be increased by an early repayment fee which is payable if they have a fixed term loan agreement.



CASE STUDY

Dispute about the mortgagee sale process

Mrs M received a \$213,000 loan from the bank to buy an investment property, but fell into arrears with her mortgage repayments in June 2008. Despite demands from the bank, Mrs M did not repay the amount owed (\$7,900 plus rates and legal fees). In February 2009, the bank served Mrs M with a notice of default so that it could recoup the money. Mrs M was given until April 2009 to sell the property or to refinance.

In March, Mrs M advised the bank that the property had been listed for sale, but did not provide any evidence of this. In April, Mrs M confirmed that no offers had been received, so the property was listed for mortgagee sale. The auction was scheduled for one month later. In May, Mrs M advised that she had accepted an offer of \$220,000, but her lawyer was unable to confirm that he had received the sale and purchase agreement, or the deposit. The property was subsequently auctioned and sold for \$182,000. Mrs M was left with a residual debt of almost \$65,400, which included a break fee, agent and legal fees, mortgage and current account arrears and interest.

Mrs M lodged a complaint with us about the mortgagee sale process. Mrs M complained that:

- the bank proceeded with the auction even though she had received an offer;
- it would have taken more than one month to market a property for auction;
- the sale price was less than the offer she received and less than the valuation; and
- she was charged \$10,000 to break her mortgage agreement early.

Mrs M's case was fast tracked due to her deteriorating financial position. After investigating, we found that the bank's decision to proceed was a decision it was entitled to make in view of the complainant's borrowing history and defaults. After the Property Law Act notice had expired, the bank was legally entitled to sell the property by mortgagee sale.

Irresponsible lending

We received more than 23 complaints alleging that banks had engaged in irresponsible lending, particularly with respect to lending on property.

Under the Code of Banking Practice, banks will provide or increase credit only when the information available suggests the customer will be able to meet the repayment terms.

In cases of irresponsible lending, we may recommend that a bank writes off all interest and charges, with the customer liable for the principal amount of the loan.

If there is little prospect of the borrower making any repayment, however, we may suggest that the residual debt be written off, with the bank making an adverse credit listing, if appropriate, to prevent the borrower gaining future access to credit.

Lending decisions are usually a matter of a bank's commercial judgment, and therefore outside our terms of reference. Typically other, unpredictable, factors have been responsible for a customer's plight, such as loss of employment, a cut-back in hours, inability to sell investment properties or loss of rental income.

A number of cases have involved allegations that banks have been provided with false information by third parties upon whom they could normally rely. Banks cannot be held responsible for lending decisions when they have received false information, but they can be expected to undertake reasonable checks to verify information provided by customers, for example about their income, expenditure and securities.

There have, however, been some cases where we have concluded that a bank has breached the Code of Banking Practice. Of the 13 irresponsible lending cases that we fully investigated during the last year, we found three cases in the complainant's favour, and awarded some compensation.

We note that in the post 2008 environment, most banks have considerably tightened their lending criteria and stopped the practice of 'low doc' loans, where less rigorous documentation is required. They are also requiring much more scrutiny of income and estimated expenditure and are more closely examining expenses.

CASE STUDY

Irresponsible lending leading to financial hardship

Mr B received a loan of \$285,300 and an overdraft of \$10,000 in December 2007 to finance the purchase of a section. The overdraft was subsequently doubled to \$20,000. Three months later, Mr B needed to pay for another section which he had been unable to sell. Mr B successfully applied for a \$165,000 loan from the bank.

By May 2008, Mr B was struggling to service his debts and eventually had to sell both sections. He avoided a mortgagee sale, but was left with a shortfall of over \$210,000 and a credit card debt of over \$21,700. In May 2009, Mr B was declared bankrupt.

Mr B felt that the bank had been negligent in lending to him when he was unable to repay so he sought assistance from us. We found that the bank did not verify information provided by Mr B in support of his loan application. If it had done so, the bank would not have allowed the loan, which contributed to Mr B's bankruptcy.

Following a full investigation, we upheld the complaint that the bank had been irresponsible. However, we also found Mr B was partly at fault because he had given the information to the bank and signed the loan application. No compensation was awarded as the bank wrote off the debt when the complainant was bankrupted.

Written offers

Bank lending criteria can change within a short space of time. This was particularly evident at the start of the economic downturn when interest rates fell sharply. It also brought forward another common issue – that a bank offer is not guaranteed until it is in writing and agreed.

To avoid misunderstandings, bank customers should wait until they receive written confirmation of the bank's offer to lend before committing themselves to a purchase. Bank staff should also ensure that customers understand the approval process and the steps that need to be taken before a final decision can be made.

CASE STUDY

Committing to borrowing without a written offer or pre-approval

Mr and Mrs P purchased a property with 100 percent finance from their bank. Fifteen months later, they approached the bank to discuss the possibility of additional funds to finance renovations. According to Mr and Mrs P, the bank officer told them their figures looked reasonable and 'encouraged' them to obtain builders' quotes and apply for building consent. According to the bank, the bank officer told Mr and Mrs P that before the bank could consider any application for additional funds, it would need to see an updated valuation of the property and a valuation taking into account the proposed renovations.

Once the bank had all the information it needed, including the valuation of the property after completion of all the work, it was clear that to complete the renovations to the required standard, Mr and Mrs P needed to borrow 100 percent of the cost of those renovations. The bank was only prepared to approve lending of up to 90 percent of the revised valuation and turned down the loan application. Mr and Mrs P managed to make alternative arrangements for finance but complained that they had been misled by the bank officer and had suffered financial loss and inconvenience as a result.

A bank's decision on whether to approve a loan application is an exercise of its commercial judgment that we are not able to investigate. However, we were able to consider Mr and Mrs P's contention that the bank had encouraged them to proceed on the basis that it would agree to advance them the additional funds they required.

There was nothing to indicate that the bank officer had made any commitment that the bank would approve their application for further funds; in fact there was evidence to show that she had told them that the bank would need to have specific information, including revised valuations, before it could make a decision. Once the bank had received that information it was clear that the proposed new lending exceeded the bank's lending criteria.

Other typical complaints

Internet banking transactions

The use of online banking has increased exponentially in recent years. Despite ever-improving security measures, some internet transactions, particularly one-off payments, still require some manual input and are therefore open to human error.

This ‘slip of the mouse’ phenomenon, where a bank customer mistakenly enters an incorrect account number when making an electronic bill payment and has their money paid into the wrong bank account, has been noted both here and internationally.

Unfortunately it may not be possible for a bank to stop or reverse an electronic payment once it has been made. Payments made in error can only be recovered from the account they have been paid into with the consent of the account holder.

Banks will usually try and assist customers to retrieve the payment by requesting a refund from the payee. But, as a general rule, they are not obligated to refund customers for entering incorrect account details if the payee refuses to co-operate.

It therefore pays for bank customers to double check account numbers before submitting the information for processing.

Relationship disputes

Problems may arise over the management of jointly operated accounts when personal or business relationships break down.

Funds in a joint account are generally owned ‘jointly and severally’. This means that any party to the account is entitled to all of the funds in the account. If the bank is advised of a relationship breakdown and that the funds in a joint account are in dispute, the bank may decide to place a hold on the account. This protects the funds until the relationship issues are settled and agreement has been reached on how the funds in the account are to be split.

However, in some circumstances, when a joint account is being used to fund regular payments, including loan repayments, the bank may agree to certain transactions taking place. Banks need to take care to ensure that each of the joint account holders is treated in the same way, to avoid any claims that one party to the account has been favoured by the bank to the detriment of the other.

When a bank receives an application for credit from one party to a joint account, it is good practice to consult the other party to the account unless the account mandate specifically allows for either party to make credit arrangements without consultation with the other joint account holder.

CASE STUDY

Relationship issue

Mr and Mrs G had a joint home loan facility secured over a property in the name of their family trust and supported by a guarantee from the trustees. The guarantee secured all advances to either Mr G or Mrs G, jointly and severally.

When they separated, Mrs G asked the bank to freeze all joint accounts pending settlement of their relationship property issues. A few months later, Mrs G discovered that the bank had allowed Mr G to withdraw \$25,000 from the joint loan facility.

Following our intervention, the bank acknowledged that it had made a mistake and apologised to Mrs G. It agreed that she would not be held personally responsible for the \$25,000 advanced to Mr G and confirmed it had made separate arrangements with Mr G and had re-documented the loan into his sole name, but still using the trust property as security. Mrs G was not satisfied with the action taken and wanted the bank to release the trust property as security for the advance.

The bank was not prepared to release the security over the trust property but did agree to limit the security for the loan to Mr G’s share in the trust property. In addition, the bank offered \$1,000 to acknowledge the inconvenience Mrs G had suffered and to meet the additional legal costs incurred. Mrs G accepted the bank’s offer.

Financial Statements

For the year ended 30 June 2010

29

Audit Report

30

Statement of Financial Position

31

Statement of Comprehensive Income

32

Statement of Movements in Equity

33

Notes to the Financial Statements



Statutory Information

For the year ended 30 June 2010

The Board of Directors present their Annual Report including the financial statements of the Company for the year ended 30 June 2010 and the auditor’s report thereon.

The shareholder of the Company has exercised his right under section 211 (3) of the Companies Act 1993 and agreed that this Annual Report need not comply with paragraph (a) and (e) to (j) of section 211 (1) of the Act.

For and on behalf of the Board:

Ron Paterson
Prof Ron Paterson Chair

23 September 2010

Independent Auditor’s Report

To the Shareholder of Banking Ombudsman Scheme Limited

Report on the Financial Statements

We have audited the financial statements of Banking Ombudsman Scheme Limited (“the Company”) on pages 30 to 36, which comprise the statement of financial position of the Company as at 30 June 2010, the statement of comprehensive income and statement of movements in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company’s shareholder, as a body, in accordance with section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the company’s shareholder those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s shareholder for our audit work, for this report, or for the opinions we have formed.

Directors’ Responsibility for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected, depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the entity’s preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interest in the Company.

Partners and employees of our firm may deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company.

Opinion

In our opinion, the financial statements on pages 30 to 36:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the financial position of the Company as at 30 June 2010 and its financial performance for the year then ended.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations we have required.

In our opinion proper accounting records have been kept by the Company as far as appears from our examination of those records.

Ernst & Young
23 September 2010
Wellington

Statement of Financial Position

As at 30 June 2010

	NOTE	09/10	08/09
Current Assets			
Bank - Cheque Account		14,793	115,465
Bank - On Call Account		23,399	157,503
Accounts Receivable	9	219,430	445,992
Prepayments	10	13,697	10,323
Tax Refundable		10,410	21,601
GST Receivable		8,770	-
		290,499	750,884
Property, Plant and Equipment	5	116,362	64,563
Intangibles	6	34,878	43,881
Total Assets		\$441,739	\$859,328
Current Liabilities			
Sundry Payables and Accruals	8	316,160	199,724
Levies in Advance		883	500,000
GST Payable		-	24,615
Banking Ombudsman Commission		196,815	196,815
Total Liabilities		\$513,858	\$921,154
Net Liabilities		\$(72,119)	\$(61,826)
Equity			
Contributed Equity	1	1	1
Accumulated Losses		(72,120)	(61,827)
Shareholder's deficit		\$(72,119)	\$(61,826)

For and on behalf of the Banking Ombudsman Scheme Limited which approved the issue of these financial statements on 23 September 2010



Chair Prof Ron Paterson
Date 23 September 2010



Director Sam Knowles
Date 23 September 2010

The accompanying notes form part of and should be read in conjunction with these financial statements.

Statement of Comprehensive Income

For the year ended 30 June 2010

	NOTE	09/10	08/09
Income			
Levies		2,697,000	1,960,000
Interest		12,719	22,373
Other income		-	10,044
Total Operating Income		\$ 2,709,719	\$1,992,417
Expenses			
Accident Compensation		6,381	3,940
Audit Fees		14,445	13,230
Bank Fees		486	303
Board Expenses		30,172	64,501
Cleaning		19,213	13,300
Chair's Expenses		1,300	1,300
Conference Expenses		4,903	27,770
Consulting		13,833	22,223
Depreciation	5	34,993	28,976
Amortisation of Intangibles	6	25,424	15,639
Directors' Remuneration	12	92,240	92,240
Dispute Resolution		67,786	-
Electricity		5,577	5,054
Entertainment		5,678	4,248
Fringe Benefit Tax		4,029	5,817
General Expenses		12,731	7,451
Healthcare		8,384	9,656
Insurance		953	921
Office Relocation		81,234	-
Office Supplies		17,042	14,421
Loss on Disposals		35,765	-
Photocopying		4,174	2,668
Postage		8,634	7,228
Printing		51,842	49,569
Professional Expenses and Subscriptions		5,218	8,879
Promotions and Publicity		31,305	29,542
Publications and Periodicals		29,240	22,159
Recruitment Costs		1,780	1,638
Rent		184,507	147,427
Repairs and Maintenance		2,878	3,569
Salaries		1,509,728	1,176,581
Salaries-Contractors		145,909	-
Scheme Approval		5,175	-
Structure Implementation		31,327	-
Superannuation		49,298	42,441
Technology		36,978	31,567
Telephone and Tolls		21,040	21,053
Temporary Office Staff		30,494	57,836
Training		50,391	22,548
Translation		-	494
Travel		35,357	43,068
Website Review		1,488	19,718
Total Expenses		\$2,719,332	\$2,018,975
Operating Deficit Before Taxation		(9,613)	(26,558)
Taxation	11	680	17,301
Net Loss after Taxation		\$(10,293)	\$(43,859)
Total comprehensive income for the year is wholly attributable to owners of the company		\$(10,293)	\$(43,859)

The accompanying notes form part of and should be read in conjunction with these financial statements.

Statement of Movements in Equity

For the year ended 30 June 2010		Shareholders Capital	Accumulated Losses	Total
	As at 1 July 2008	1	(17,968)	\$(17,967)
	Loss for the period	-	(43,859)	\$(43,859)
	As at 30 June 2009	1	\$(61,827)	\$(61,826)
	As at 1 July 2009	1	(61,827)	\$(61,826)
	Loss for the period	-	(10,293)	\$(10,293)
	As at 30 June 2010	1	\$(72,120)	\$(72,119)

Notes to the Financial Statements

For the year ended 30 June 2010

1. Corporate information

The financial statements of the Company for the year ended 30 June 2010 were authorised for issue in accordance with a resolution of the directors on 23 September 2010.

The Company was incorporated on 19 June 2007 and is incorporated and domiciled in New Zealand.

The Company provides a free, independent and impartial dispute mechanism for those receiving “banking services” from the participating banks in New Zealand.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Companies Act 1993 and the Financial Reporting Act 1993.

The financial statements are presented in New Zealand dollars (\$).

Differential reporting

The Company qualifies for Differential Reporting exemptions as it has no public accountability, and its shareholder is a director of the Company. All available reporting exemptions allowed under the framework for Differential Reporting have been adopted.

(b) Statement of compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards, and other applicable Financial Reporting Standards, as appropriate for profit oriented entities that qualify for and apply differential reporting concessions.

(c) Basis of measurement

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the Company.

3. Accounting policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied;

(a) Cash and cash equivalents in the statement of financial position comprise cash at the bank and in hand.

(b) Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in

an active market. Such assets are carried at amortised cost. Gains or losses are recognised in profit or loss when the receivables are derecognised or impaired. They are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

(c) Property, plant and equipment are stated at cost less accumulated depreciation. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation has been calculated on plant, property and equipment on a diminishing value basis using the rates permitted for income tax purposes. Depreciation rates are as follows:

Furniture, Fixtures and Fittings	7.5%-28.0%
Office Equipment	18.0%-60.0%
Hardware	33.0%-48.0%
Other Property, Plant & Equipment	9.5%-48.0%

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. Theses are included in the statement of comprehensive income.

(d) Intangibles –

(1) Computer Software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Amortisation rates for software are 40% to 48%.

(2) Website

Following initial recognition website developments costs are carried at cost less accumulated amortisation. Amortisation rates for the website are 40%.

(e) Sundry payables and accruals are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(f) Leases

The Company leases its office premises. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term.

(g) The financial statements have been prepared on a GST exclusive basis except for receivables and payables which are shown gross when billed.

(h) Provisions and employee benefits

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(1) Wages, salaries, annual leave and sick leave.

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulated sick leave expected to be settled within 12 months of the reporting date are recognised in respect of the employees' service up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(2) Defined contribution pension plans.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income Statement when they are due.

(i) Revenue recognition

(1) Levy revenue

Revenue from members of the Scheme is recognised on an accrual basis. Levies are paid on a quarterly basis.

(2) Interest revenue

Revenue is recognised as interest accrues during the life of the investment.

(j) Income tax and other taxes

Income tax is accounted for using the taxes payable method. The income tax expense recorded in the statement of comprehensive income for the year represents the income tax payable for the year.

The current income tax asset or liability recognised in the balance sheet represents the current income tax balance due from or obligation to the Inland Revenue Department at balance date.

(k) Other taxes

Revenues, expenses and assets are recognised net of the amount GST except:

When the GST incurred on the purchases of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the acquisition of the asset or part of the expense item as applicable; and Receivables and Payables, which are stated with the amount of GST inclusive.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the balance sheet.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

4. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The company adopted the following new and amended New Zealand Equivalents to International Financial Reporting Standards and IFRIC interpretations as of 1 January 2009.

- NZ IAS 1 Presentation of Financial Statements (revised 2007) effective 1 January 2009
- Improvements to NZ IFRSs June 2008 effective 1 January 2009

NZ IAS 1 Presentation of Financial Statements (Revised)

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense either in one single statement, or in two linked statements. The Company has elected to present one statement.

Improvements to NZ IRFSs

In 2008 and 2009 various amendments to NZ IFRS were issued as part of the Annual Improvements Project, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions and application dates for each amendment.

The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

5. Property, Plant and Equipment

	Cost	2010 Accumulated Depreciation	Book Value
Fittings	5,554	1,125	4,429
Furniture	22,225	2,758	19,467
Office Equipment	57,961	26,336	31,625
Hardware	33,271	20,606	12,665
Other Property, Plant and Equipment	52,008	3,832	48,176
	\$171,019	\$54,657	\$116,362

	2010 Depreciation
Fittings	442
Furniture	2,062
Office Equipment	13,526
Hardware	15,569
Other Property, Plant and Equipment	3,394
	\$34,993

	Cost	2009 Accumulated Depreciation	Book Value
Fittings	19,335	5,141	14,194
Furniture	20,465	5,639	14,826
Office Equipment	27,861	16,026	11,835
Hardware	38,613	20,584	18,029
Other Property, Plant and Equipment	8,918	3,239	5,679
	\$115,192	\$50,629	\$64,563

	2009 Depreciation
Fittings	2,278
Furniture	2,729
Office Equipment	10,624
Hardware	12,231
Other Property, Plant and Equipment	1,114
	\$28,976

6. Intangibles

	Cost	2010 Accumulated Amortisation	Book Value
Computer Software	45,343	40,011	5,332
Website	52,242	22,696	29,546
	\$97,585	\$62,707	\$34,878

	2010 Amortisation
Computer Software	5,859
Website	19,565
	\$25,424

	Cost	2009 Accumulated Amortisation	Book Value
Computer Software	45,343	34,151	11,192
Website	35,820	3,131	32,689
	\$81,163	\$37,282	\$43,881

	2009 Amortisation
Computer Software	12,508
Website	3,131
	\$15,639

7. Lease Commitments

Lease commitments under non-cancellable operating leases:

	2010	2009
Not later than one year	180,100	61,427
Later than one year, not later than five years	720,398	-
Later than five years	75,041	-
	\$975,539	\$61,427

8. Sundry Payables and Accruals

	2010	2009
Sundry Payables	83,872	29,018
Accruals	136,785	90,371
Provision for Holiday Pay	95,503	80,335
	\$316,160	\$199,724

9. Accounts Receivable

	2010	2009
Levy Funding Receivable	\$219,430	\$445,992

10. Prepayments

	2010	2009
Travel Expenses	1,154	764
Conference Expenses	9,068	-
Healthcare	3,363	2,862
Staff Salaries	-	5,797
Other	112	900
	\$13,697	10,323

11. Income Tax Expense

	2010	2009
Operating Surplus/Deficit Before Tax	(9,613)	(26,558)
Tax at Statutory Income Tax Rate of 30% (2009: 30%)	(2,884)	(7,967)
Adjustment in Respect of Current Income Tax of Previous Years	-	7,070
Add Tax Effect of Non Deductible Expenditure	3,564	18,198
Current Year Taxation as per Income Statement	\$680	\$17,301

12. Directors' Remuneration

The directors had remuneration due or paid during the year of \$92,240 (2009: \$92,240).

13. Contingent Assets and Liabilities

There are no contingent assets or liabilities at year end.

14. Transactions with Related Parties

There have been no transactions other than those disclosed in the financial statements with related parties during the year.

15. Financial Instruments

The carrying amounts of categories of financial assets and liabilities are as follows:-

Loans and Receivables

	2010	2009
Accounts Receivables	219,430	445,992
Bank	38,192	272,968
	\$257,622	\$718,960

Financial Liabilities Measured at Amortised Cost

	2010	2009
Sundry Payables	83,872	29,018
Banking Ombudsman Commission Payable	196,815	196,815
	\$280,687	\$225,833

DIRECTORY

Directors

Prof Ron Paterson (from 1 July 2010)
Sir Ian Barker QC (to 30 June 2010)
Suzanne Chetwin
Mary Holm (from February 2010)
Sam Knowles
Andrew Thorburn
Helen Walch (to February 2010)

Alternates

Kevin Murphy (from January 2010)
David Naulls
Charles Pink (to June 2010)
Kevin Rimmington (to December 2009)
Helen Walch (from February 2010)

Banking Ombudsman

Deborah Battell (from 1 August 2009)
Liz Brown (to 31 July 2009)

Registered office

Level 11, BP House
20 Customhouse Quay
Wellington 6011

Contact Details

Freepost 218002
PO Box 10573
The Terrace
Wellington 6143
Telephone: 04 471 0006
Freephone: 0800 805 950
Facsimile: 04 471 0548
Email: help@bankomb.org.nz
Website: www.bankomb.org.nz

Banker

The National Bank of New Zealand Limited
Wellington

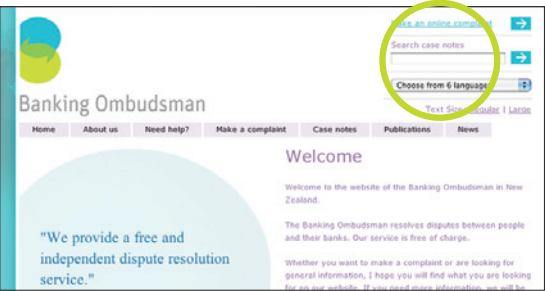
Auditor

Ernst & Young

SEARCH OUR CASE NOTES ONLINE

All our case notes from 2000/01 onwards are available – and fully searchable – on our website www.bankomb.org.nz.

A useful resource for both banks and customers, our case notes provide a concise and easy to understand description of cases we have investigated and resolved, providing an insight into how the Banking Ombudsman might approach a particular type of complaint.





Banking Ombudsman

Freephone 0800 805 950

www.bankomb.org.nz