



Te Whare  
Rama  
Tōkeke

# Annual Report 23-24



## From the chair

We believe there is an urgent need for comprehensive, mandatory codes of practice.

Miriam Dean CNZM KC  
INDEPENDENT CHAIR

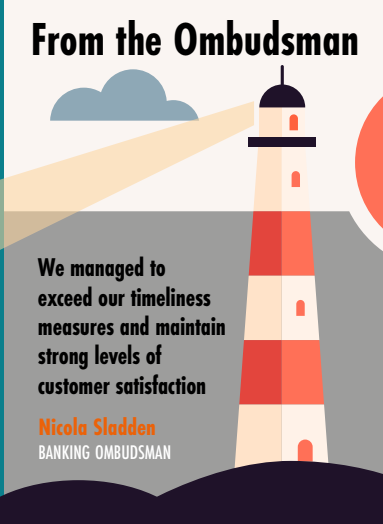


We're always going to be there to help when things go wrong: a light in a storm.

## From the Ombudsman

We managed to exceed our timeliness measures and maintain strong levels of customer satisfaction

Nicola Sladden  
BANKING OMBUDSMAN



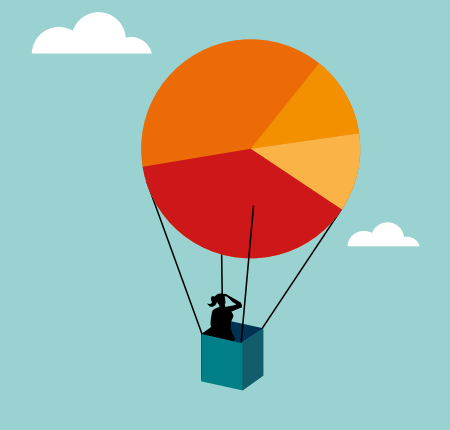
## Sharing our experience



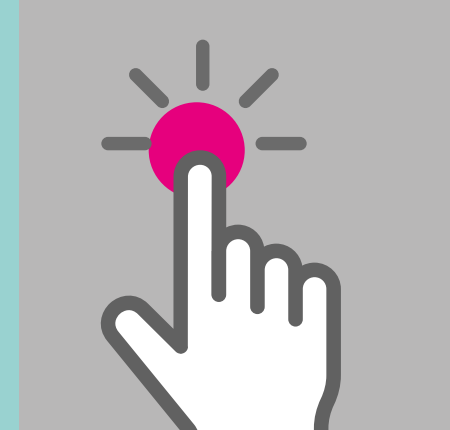
## Whistleblowing



## Seeing the big picture



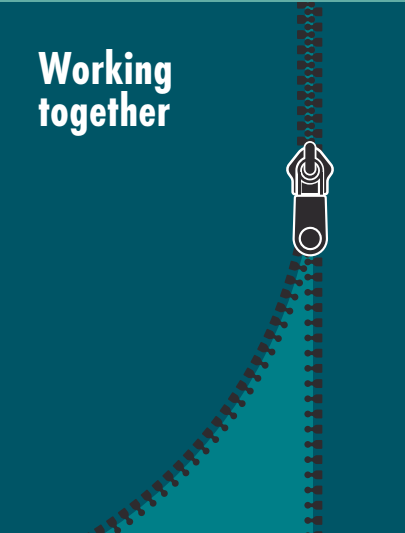
## Cases by bank



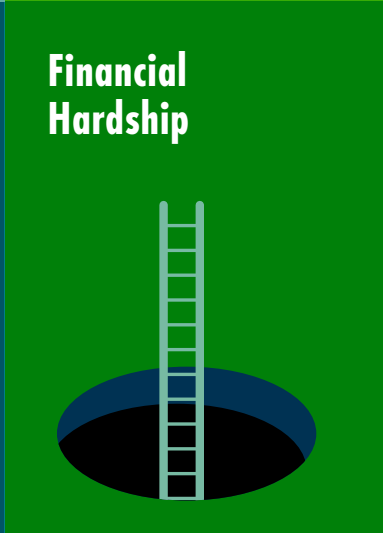
# 94%

of complaints were resolved through our early resolution service.

## Working together



## Financial Hardship



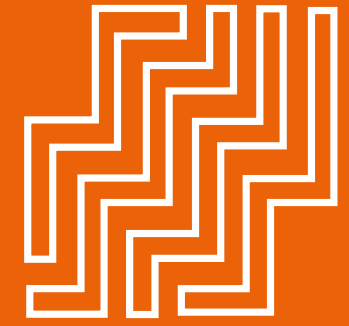
# SCAMS 27%↑



“The person I spoke to was warm and understanding at a very difficult time.”



## Prevention



Ararau: Understanding

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The financial statements are available on our website.

# Strategic framework 2023–2026



# What happened in 2023-24

## Cases received

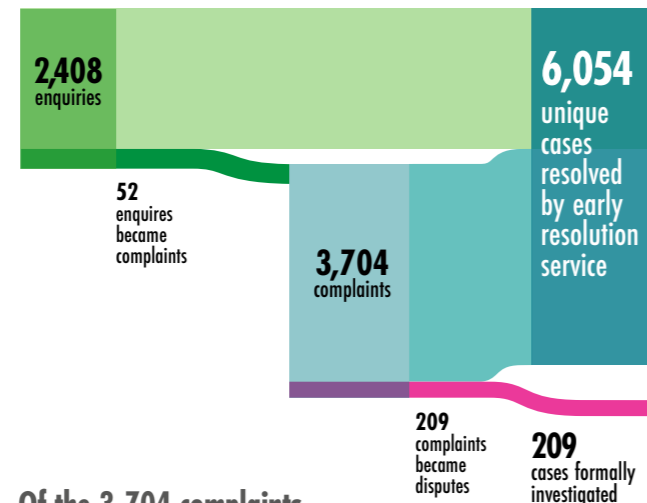
6,054

## Overall caseload

↑ 8%

Enquiries 11.4% ↑  
Complaints 5.4% ↑  
Disputes 31% ↑

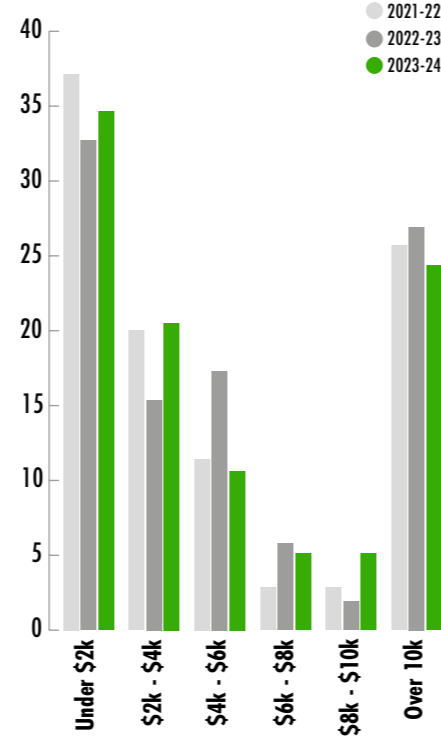
94% of complaints were resolved through our early resolution service.



Of the 3,704 complaints received, we needed to formally consider only 5.6%.

## Disputes financial compensation

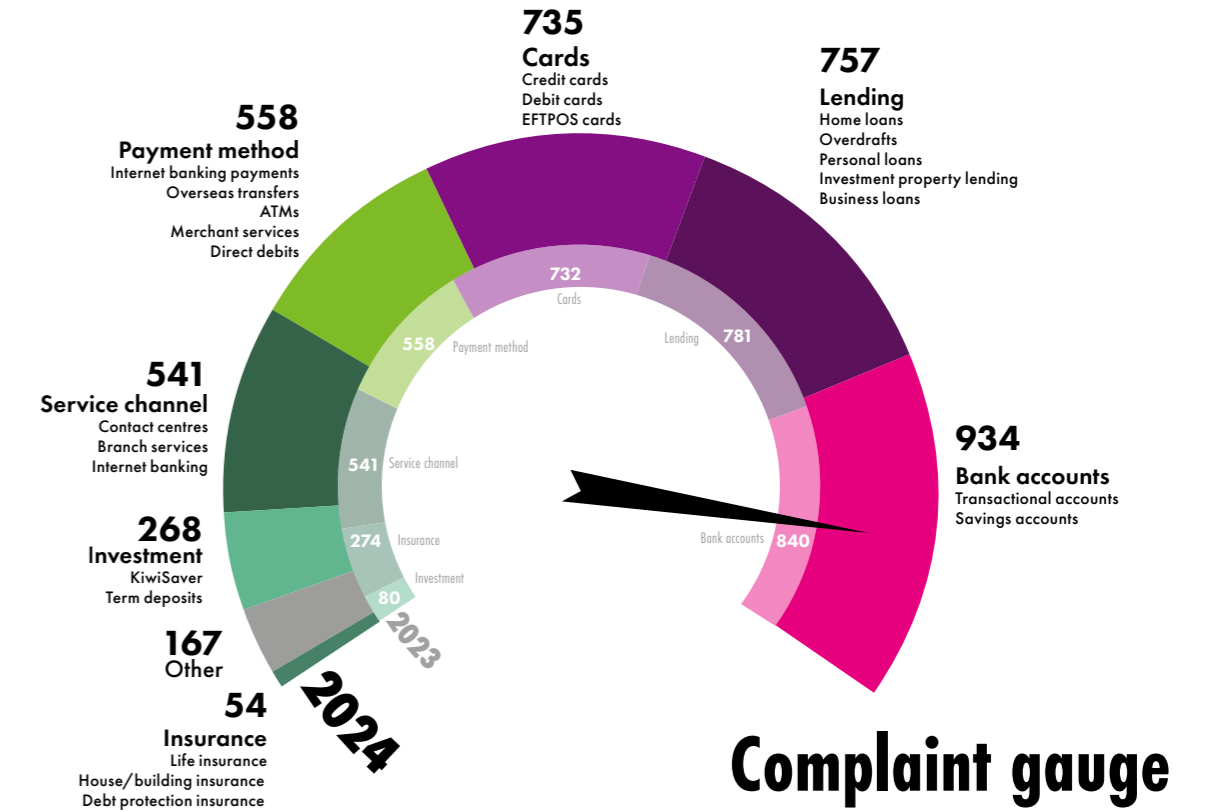
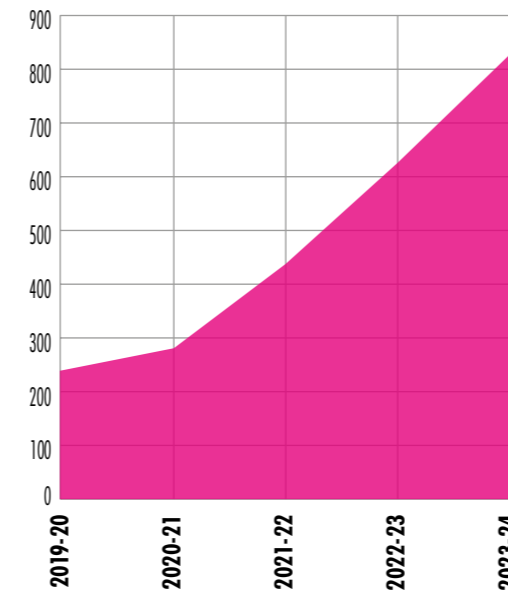
Allocation of awards (%)



\$935,870\* in compensation

\* This figure does not include compensation paid by banks through our early resolution service.

## Scam complaints on the rise



80% of disputes closed within 90 working days.

45% of disputes were scam-related (and involved an average loss of \$80,174).

92% of complaints responded to within one working day.

67 complaints were fast-tracked because customers were in financial difficulty.

81% customer satisfaction with our service.

# From the chair

**It was a busy and demanding year for the scheme, fuelled by a record number of cases that were mainly about service issues, scams or the consequences of mounting financial pressures on consumers. I am pleased to report we rose to the challenge and performed extremely well, particularly in light of the heavier caseload we faced.**

This year's workload – 6,054 cases – was our highest to date. On average, we received more than 500 cases a month. In addition, disputes, were up 31 per cent on the previous year. We resolved 209 disputes (almost half related to scams). We resolved 94 per cent of complaints through our early resolution service, and recorded a customer satisfaction level of 81 per cent.

Scam cases set a record, too, this year. We had more cases about this scourge than ever before, averaging nearly 80 a month to bring

the total to 949 – a 27 per cent increase on the previous year. The financial and personal toll of these cases is something we witness every day. Banks have begun taking positive steps to protect consumers, but more remains to be done. The sophistication and complexity of scams make it increasingly difficult for consumers to protect themselves.

For some time, we have called for greater consumer protection against scams and the establishment of a national anti-scam centre. We support the Government's directive to banks earlier this year to establish a confirmation of payee system and to explore a best-practice reimbursement regime. We believe there is an urgent need for comprehensive, mandatory codes of practice for banks, telecommunication companies and digital platforms governing their responsibilities in preventing scams and the scope of their liability.

Rising interest rates and cost of living pressures continued to make themselves felt in our workload as financial stress on households led to a greater likelihood that they would complain about lack of financial assistance. Consumer advocacy representatives continue to report tough times, and we urged banks to remain alert to customers in financial difficulty and offer suitable assistance.

Overall, we made excellent progress during the year in all of our strategic priority areas. I want to thank board members and staff for all their efforts throughout the year, and I am confident we will see the same high levels of resilience and innovation in 2024-25.



**Miriam Dean** CNZM KC  
Independent chair

**We believe there is an urgent need for comprehensive, mandatory codes of practice for banks, telecommunication companies and digital platforms governing their responsibilities in preventing scams and the scope of their liability.**



# From the Banking Ombudsman

**I am proud to say we achieved a great deal this year in advancing our objectives of helping to resolve and prevent banking complaints.**

Our caseload was up 8 per cent on last year, and scam-related cases were up 27 per cent, making up one in five cases. The growing sophistication of scams and the resulting losses are matters of continuing concern to us.

Scams made up 827 of the 3,704 complaints received this year. More scam-related complaints escalated to disputes this year. Indeed, the proportion was up 80 per cent on last year, and they made up almost half of all disputes we considered. The average loss reported was \$80,000, up from \$57,000 last year. Phishing and information harvesting scams continued to predominate by volume, followed by online purchase scams. Investment scams involved the greatest loss reported by customers. Many resulted in life-changing losses for the victims. For this reason alone, our higher financial limit of \$500,000 is a welcome change to our terms of reference. To prevent scams, we collaborated with a wide range of stakeholders, including government agencies, banks, consumer groups, regulators and the media.

Property lending-related cases continued to be a feature of our caseload. Most were about interest rate increases, and service and communication problems.

We continued to work on building strong relationships with stakeholders, including community groups, our consumer advisory group, other dispute resolution schemes, and various government bodies and regulatory agencies. Part of that work included increasing access to our service and how we can support vulnerable consumers. Submissions on proposed law reform made up a vital part of this work.

We also continued to help banks understand their obligations to customers through regular guidance, sharing observations and running workshops for complaint staff. We provided dedicated training and guidance on our approach to scams, including through a successful fraud workshop.

This year, we put considerable effort into improving the range and depth of our case data analysis, the results of which we shared with banks and government agencies.

Our complaints dashboard continued to be a valuable source of information for consumers.

Looking internally, we embedded our refreshed values, expanded our team to manage the increasing volume and complexity of our caseload, further developed our insight reporting, and commissioned a five-yearly independent review of our scheme.

Finally, we also connected with ombudsman schemes in other countries to gain insights into best practices we could apply here. Scams dominated many of these discussions, particularly how to develop a co-ordinated response to what is an international problem.

Throughout all this, we still managed to exceed our timeliness measures and maintain strong levels of customer satisfaction.

I wish to thank our chair and board members for their guidance and support. I also wish to thank all staff for their skilled efforts and unwavering dedication, without which we would not have made such significant progress this year.



**Nicola Sladden**  
Banking Ombudsman

**I wish to thank our chair and board members for their guidance and support. I also wish to thank all staff for their skilled efforts and unwavering dedication, without which we would not have made such significant progress this year.**



# Regulations standardised

With new regulations governing the country's four financial dispute resolution schemes coming into force, we prepared amendments to our terms of reference to allow for compensation of up to \$500,000 for direct loss and up to \$10,000 for stress and inconvenience.

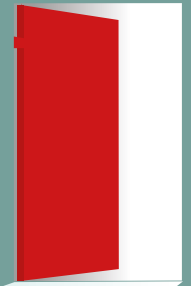
From 18 July 2024, all four schemes – the Insurance & Financial Services Ombudsman Scheme, Financial Services Complaints Ltd, the Financial Dispute Resolution Service and ourselves – will share the same financial and non-financial limits. The Financial Service Providers (Rules for Approved Dispute Resolution Schemes) Regulations 2024 are intended to standardise key elements of the schemes' rules. Another change allows customers to bring a complaint to one of the schemes if the scheme member has not issued a final position within two months. If a member has issued a final position, customers have three months to refer the complaint. In exceptional circumstances, all schemes will be able to consider complaints received up to 12 months after the final position.

Compensation		
Previous rules	New rules	
<ul style="list-style-type: none"> <li>• <b>Direct loss:</b> \$350,000 limit</li> <li>• <b>Inconvenience:</b> \$9,000 limit</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Direct loss:</b> \$500,000 limit</li> <li>• <b>Inconvenience:</b> \$10,000 limit</li> </ul>	<p>A new separate limit of \$2,600 per week where a "complaint relates to a regular payment under a financial advice product" – e.g. income protection insurance</p>

Timeframes		
Previous rules	New rules	
<ul style="list-style-type: none"> <li>• Scheme can consider a complaint where the bank has not issued a final position within three months</li> <li>• Scheme cannot consider a complaint referred more than three months after a final position – extended to six months in exceptional circumstances</li> </ul>	<ul style="list-style-type: none"> <li>• Scheme can consider a complaint where the bank has not issued a final position within two months</li> <li>• Scheme cannot consider a complaint referred more than three months after a final position – extended to 12 months in exceptional circumstances</li> </ul>	



# Sharing our experience



<b>Promoting awareness for our younger customers</b>	<b>Supporting vulnerable customers</b>	<b>Effective complaint-handling</b>
<p><i>Research showed younger customers were less aware of banking problems and how to make a complaint.</i></p> <p>We launched a TikTok channel and increased our social media activity to communicate more effectively with younger bank customers.</p>	<p><i>We received an increase in complaints involving vulnerable customers. We encouraged banks to implement pragmatic solutions for vulnerable customers that suited their individual needs and train staff in how to support such customers.</i></p> <p>In response to feedback from consumer advocates, we encouraged banks to improve engagement and communication with customers when a debt was sold to a third party.</p> <p>We heard from customers suffering relationship breakdowns who had difficulties regarding joint banking facilities. We released guidance on relationship breakdowns and banking, and encouraged banks to share this with staff to support customers better.</p>	<p><i>We found many customers considered banks had not adequately explained decisions about their complaint.</i></p> <p>We gave banks guidance on improving communications to customers, including the importance of communicating in a timely manner about the complaint resolution process and what customers can expect.</p> <p>We held workshops for bank staff to share best-practice guidelines for effective complaints-handling.</p>

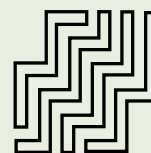


# Fraud and scams

Scams increased 27 per cent on the previous year to reach their highest level ever, and we expect this trend to continue as fraudsters use increasingly sophisticated means to steal from customers. We received – and resolved – almost 80 fraud and scam cases a month, or 949 cases for the year. More than a third of cases were about phishing and information-harvesting scams, up 65 per cent on the previous year. Spoofing scams involving the impersonation of banks contributed to this increase.

Investment scams made up more than a third of all fraud and scam-related disputes we considered during the year. The investment scams involved very significant losses for victims and resulted in a heavy workload for investigators – as well as generating sustained media attention, much of it highlighting the need to improve protection for customers against scammers. The Citibank impersonation cases drove home the need for banks to recognise and act on warning signs of a possible scam, but equally for customers to be alert to such signs. For this reason, we apportioned liability in some of these investment scam cases between the bank and the customer. Overall, 37 per cent of fraud and scam disputes were resolved partially or fully in favour of the customer.

We also undertook a range of activities aimed at preventing fraud and scams. We issued a fraud practice note, along with monthly guidance to banks on a range of topics. We emphasised the need for banks to make it clearer to customers that they do not check account names against account numbers, and to be more specific in their messages accompanying two-factor authentication codes sent to customers' devices. Finally, we also called for the introduction of confirmation of payee technology, for the establishment of an anti-scam centre, and for regulatory and other changes, including codes of practice, to improve customer protections and clarify liability for scams.



We launched the Nigel Latta fraud prevention documentary series in July. ConsumerNZ research found the Latta series was highly successful, with most viewers adopting safer online behaviours.

Effective warning communication



Increase the use of two-factor authentication



Increase protection against spoofing



Electronic wallet risk



**27%**  
**SCAMS**

Scams increased 27 per cent on the previous year, a trend we expect to continue as fraudsters use increasingly sophisticated means to steal from customers.



## Inadequate security left bank liable for customer's \$56,000 loss

### Summary

In 2022, Randolph's son accessed his mobile phone using the passcode and added his face to the face ID function. Accessing Randolph's mobile banking app, he made 26 transactions totalling \$56,000 without any further authentication steps. Randolph said he had taken all reasonable steps to protect his banking (and had not, therefore, breached the bank's terms and conditions), but the bank had failed to have sufficient security steps in place to do the same. He asked it to reimburse his loss. It refused.

### Our investigation

We found the bank had failed to keep Randolph's banking methods secure. Changing the biometrics on his phone required only knowledge of the device's passcode. There were no further steps to take or details to provide to access the bank's app. Other banks disable biometric log-in to their banking app when the biometrics on a device change and require further credentials (such as the banking app PIN) to use the app. We found this lack of any further security or authentication steps amounted to a breach of the bank's obligation to keep Randolph's banking secure.

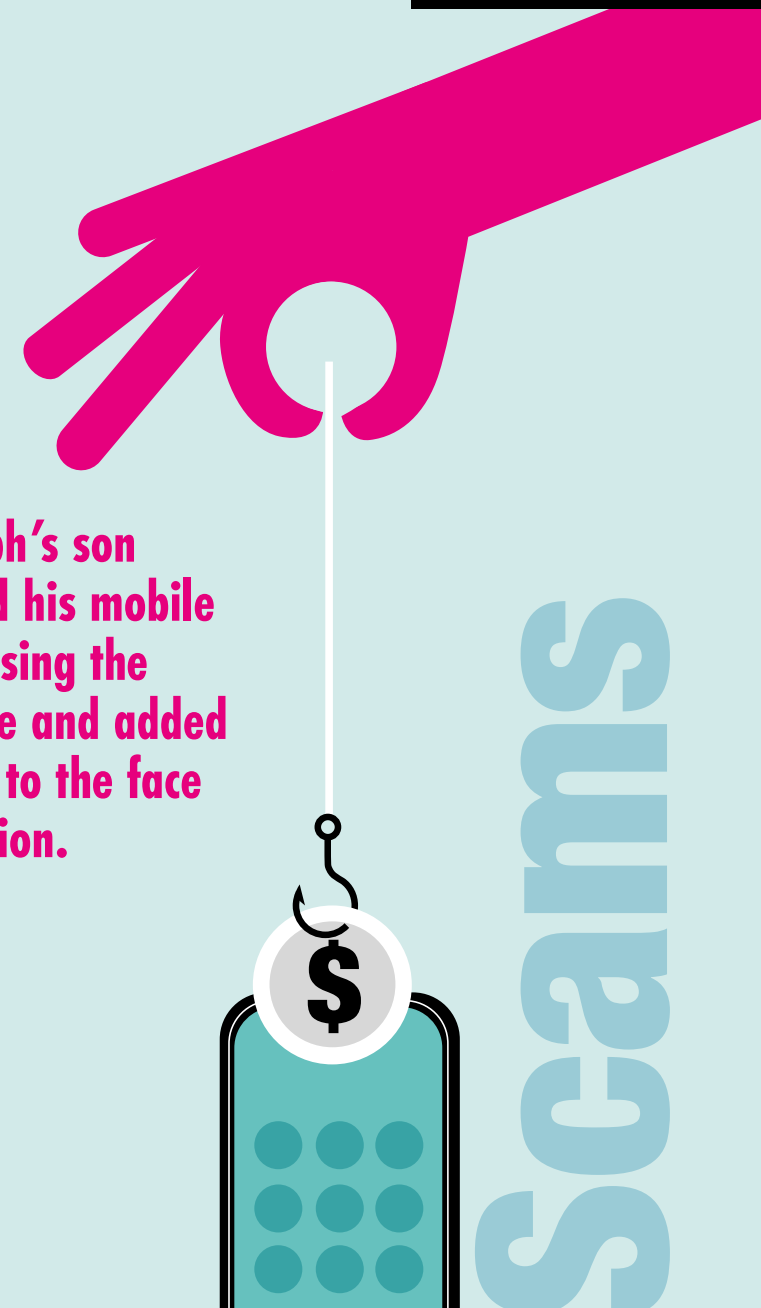
We also agreed he had taken all reasonable steps to protect his banking credentials and had not, as a result, breached the bank's terms and conditions. Randolph said his passcode was relatively simple and could easily be guessed or obtained by "shoulder surfing" – that is, looking over the shoulder of the user while he or she was entering the passcode. But the bank's terms and conditions said nothing about the strength or complexity of a device's passcode, and Randolph did not disclose his phone's passcode or allow his son to change the biometrics on his phone. At no point did Randolph hand over his PIN or passcode or allow them to be compromised. The requirement for customers to take reasonable steps to protect their banking does not extend to protecting their device's passcode.

### Outcome

We upheld Randolph's complaint, and the bank reimbursed Randolph \$56,000

[Read the whole case note.](#)

**Randolph's son accessed his mobile phone using the passcode and added his face to the face ID function.**



# Working together



We remain the most well-known financial dispute resolution scheme, and awareness of our scheme continues to grow. We remain focused on strengthening this awareness and improving banking and financial capability for all New Zealanders.

## Supporting those helping the most vulnerable

Financial mentors and consumer advocates play an essential role in helping consumers navigate financial services and complaints about them, and demand for their services is growing. This year we were interviewed about our experiences and views on financial mentors for Queen Margaret University research on the role of financial mentors in improving consumers' access to justice, fairness and resolution of financial service complaints. We continued to regularly meet with financial mentors and consumer advocates to advise on issues facing consumers and address barriers to engagement with our scheme. We also connected consumer advocates with key bank staff to help address and highlight issues facing vulnerable consumers.

## Connecting with harder-to-reach communities

Consumer focus research showed we could better connect with harder-to-reach communities through face-to-face interactions and increased visibility in the community. As a result, we partnered with another dispute resolution scheme to visit and foster relationships with key community groups.

## Encouraging financial inclusion

Access to banking is increasingly difficult for some individuals. We continued to support the New Zealand Banking Association Older and Disabled People Focus Group and provided submissions and insights regarding access to banking to the Reserve Bank of New Zealand. We were interviewed about our views on access to banking for Victoria University's Research on Access to Banking for prisoners and justice-impacted individuals.



We continued to regularly meet with financial mentors and consumer advocates to advise on issues.

## Bank covers half of customer's loss after learning of memory problem

### Summary

In January 2024, Evan's friend accessed his mobile phone and made six payments totalling \$7,300 from his account. When Evan realised what had happened, he confronted his friend, who denied doing anything wrong and then began avoiding him. Evan asked the bank to reverse the transactions, but it was unable to help. Evan asked the bank to reimburse him for his loss, but it declined his request, saying he had admitted saving his password in his browser – a breach of the bank's terms and conditions.

### Our investigation

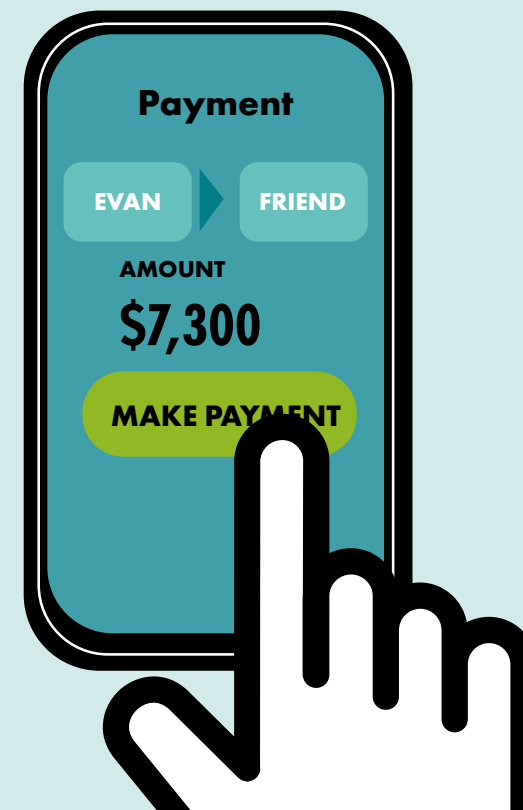
We found the bank's terms and conditions did indeed state that customers must not save their passwords, including in web browsers. Evan acknowledged having done exactly that, and on this basis had breached the bank's terms and conditions. However, in reviewing the bank's records during the time of the transactions, we noticed Evan had often called to reset his PIN or password, and to ask what his customer number was. This suggested Evan might have had a memory problem. We asked Evan about this, and he said he had suffered a traumatic brain injury a year earlier and had trouble remembering things. He said this was why he saved his password in his browser. Evan supplied medical records confirming his diagnosis. We passed on this information to the bank, which agreed to reimburse half of the loss.

### Outcome

Evan accepted the offer.

[Read the whole case note.](#)

Evan said he had suffered a traumatic brain injury a year earlier and had trouble remembering things. He said this was why he saved his password...



Hardship

# Dashboard highlights bigger picture

We analyse data from our dashboard of all complaints received by banks and look for insights into common banking problems and how to improve banking for customers.

## Key facts about the dashboard this year:

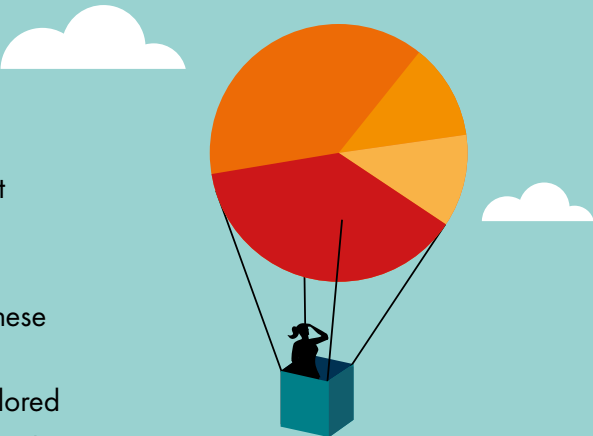
- Banks received 98,020 complaints in 2023-24, a decrease of 5 per cent on the previous year. However, the previous year included a one-off incident, an outage involving Westpac, that generated 7,280 complaints and had a distorting effect on year-on-year trends. After excluding that incident from the comparison, complaint volumes rose 2.5 per cent compared with 2022-23. Lending (home loans, credit cards and personal loans) accounted for 24 per cent of complaints. Home and personal lending complaints increased 18 per cent on the previous year.
- Problems with service accounted for 49 per cent of all complaints, up 1 per cent on the previous year. Complaints about delays, queues and waiting times, the biggest factors in service-related problems, rose 9 per cent. Banks also received 12,824 complaints about transaction-related matters, including a failure to process transactions and system malfunctions.
- Fraud and scam complaints rose 18 per cent on the previous year.

Interest rate increases during the year were a significant contributor to increased complaints about home loans. Personal lending complaints also rose, fuelled by an increase in personal loan applications. In response to these factors, and the generally tough economic climate, we encouraged banks to offer flexible repayment plans tailored to individual financial situations, educate customer support staff about assistance programmes and refer customers in financial difficulty to external agencies for support and counselling. We also encouraged banks to take the initiative in explaining to borrowers the impact of coming off fixed-rate loans.

**24%**  
of all complaints  
about lending

**49%**  
of all complaints  
about problems  
with service

**18%**  
increase in  
fraud & scam  
complaints



**Complaints about delays, queues and waiting times, the biggest factors in service related problems, rose 9 per cent.**

# Whistleblowing service

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

In 2023-24, we received one report and two enquiries. In the same period, banks collectively addressed 59 reports of wrongdoing, 12 of which were upheld in some respect. Reports received by industry whistleblowing services fell by 30 per cent from the previous year, while investigations were completed on average 30 days sooner after being received. Bullying, harassment and discrimination made up over a third of reports received by industry services. We have undertaken regular meetings with representatives from banks participating in our service to discuss best practices and insights from industry statistics.

**Bullying, harassment and discrimination made up over a third of reports received by industry services.**

**59**  
Reports of  
wrongdoing

**12**  
upheld  
cases

**40%**  
of reports were about  
bullying, harassment  
and discrimination



# Cases by bank

	Enquiries received	Complaints received	Disputes received	Total	% of our cases	% Adjusted market share <sup>^</sup>
<b>Large<sup>^</sup></b>						
ANZ	224	956	69	1163	19.2	27.1
ASB	219	622	32	832	13.7	17.6
BNZ	159	546	22	696	11.5	18.0
Kiwibank	140	636	34	765	12.7	9.0
Westpac	128	514	28	638	10.6	18.6
<b>Medium<sup>^</sup></b>						
Heartland	197	141	4	333	5.5	0.8
HSBC	11	39	12	50	0.8	1.0
Rabobank	7	17	-	24	0.4	3.0
SBS	13	45	3	58	1.0	0.9
The Co-operative Bank	20	59	-	78	1.3	0.5
TSB	148	86	4	232	3.8	1.4
<b>Small<sup>^</sup></b>						
Bank of Baroda	3	7	-	10	0.2	<0.5
Bank of China	2	1	-	3	0.0	0.6
Bank of India	-	1	-	1	0.0	<0.5
China Construction Bank	2	-	-	2	0.0	0.7
Citibank	2	-	-	2	0.0	<0.5
ICBC	5	2	-	7	0.1	0.6
Nelson Building Society	4	3	-	7	0.1	<0.5
Unity	22	29	1	51	0.8	<0.5
Bank not specified*	1102	-	-	1102	18.1	<0.5
<b>Overall total</b>	<b>2408</b>	<b>3704</b>	<b>209</b>	<b>6054</b>		

“Listened, took my concerns seriously, gave me focus and direction on what I needed to do.”

“After no contact for weeks, the problem was resolved the day after you contacted the bank.”

“Response was quick. I felt listened to. Process was straight forward. Advice was great.”

“I was a bit apprehensive, thinking my complaint was pretty trivial compared to what I thought your service was for. Impressed with your response.”

<sup>^</sup> Banks are classified according to total assets at 31 December 2023 as verified by banks in May 2024. A bank's share of total assets is not the same as its share of customer numbers. Kiwibank's market share has been increased because, uniquely, Kiwibank has so many customers, relative to its assets.

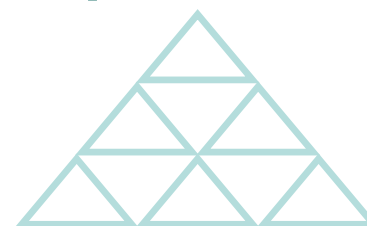
\* Includes calls about organisations that do not belong to the scheme.

# Disputes outcomes

	Outside jurisdiction		Result for both parties		Result for customers		Result for banks*		Total by bank	
	22-23	23-24	22-23	23-24	22-23	23-24	22-23	23-24	22-23	23-24
<b>Large^</b>										
ANZ	6	5	9	13	1	-	30	43	46	61
ASB	2	4	4	10	4	5	12	13	22	32
BNZ	2	6	1	5	10	7	6	8	19	26
Kiwibank	2	-	3	7	4	10	5	9	14	26
Westpac	3	3	3	1	-	1	13	14	19	19
<b>Medium^</b>										
Heartland	1	2	1	3	1	1	2	-	5	6
HSBC	-	-	-	2	-	2	-	11	0	15
Rabobank	-	-	-	-	-	-	-	-	0	0
SBS	-	-	2	3	3	1	2	-	7	4
The Co-operative Bank	-	-	-	1	-	-	2	-	2	1
TSB	-	-	1	1	-	-	-	1	1	2
<b>Small^</b>										
Bank of Baroda	-	-	-	-	-	-	-	-	0	0
Bank of China	-	-	-	-	-	-	-	-	0	0
Bank of India	-	-	-	-	-	-	-	-	0	0
China Construction Bank	-	-	-	-	-	-	-	-	0	0
Citibank	-	-	-	-	-	1	-	-	0	1
ICBC	-	-	-	-	-	-	-	-	0	0
Nelson Building Society	-	-	-	-	-	-	-	-	0	0
Unity	-	1	-	1	-	1	1	-	1	3
<b>Total</b>	<b>16</b>	<b>21</b>	<b>24</b>	<b>47</b>	<b>23</b>	<b>29</b>	<b>73</b>	<b>99</b>	<b>136</b>	<b>196</b>

“Clear advice was given. It was refreshing to have someone understand the problem and the concern that it was causing.”

“Excellent service and response time above and beyond my expectations.”



^ Banks are classified according to total assets at 31 December 2023 as verified by banks in May 2024. A bank's share of total assets is not the same as its share of customer numbers.

\* Includes abandoned and withdrawn disputes.

## Key terms

**Enquiry:** an initial contact, frequently over the phone, about a banking problem.

**Complaint:** a problem someone has lodged with us about a bank that we formally hand over to its internal complaints process.

**Dispute:** a complaint a bank cannot resolve to the customer's satisfaction.