



INSURANCE & FINANCIAL SERVICES
OMBUDSMAN

Annual Report 2024

The Insurance & Financial Services Ombudsman Scheme resolves complaints about insurance and financial services. Our service is independent, fair and free for consumers.

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The IFSO Scheme has provided an independent, fair and free-for-consumers dispute resolution service for 29 years.

Since the IFSO Scheme was established in 1995:

82,022
complaint enquiries have been responded to



8,431
complaints have been investigated



We resolve complaints and respond to complaint enquiries about:

- Insurance: including house, contents, vehicle, travel, health and life insurance
- Financial advice
- Loans and credit
- Superannuation, investments and securities
- Foreign exchange and money transfer services

Sue Suckling

IFSO Scheme Commission Chair



Record complaint numbers

This year, we have received the highest number of complaints in the history of the IFSO Scheme – nearly 30 years – reaching 479 new complaints for investigation. This was a huge 46% increase on last year's number of 327. We also had a record number of enquiries, 4,974, up from 4,120 last year.

One of the main reasons for the increase was last year's weather events, of which we are still seeing the effects more than a year on, with many insurance claims still to be settled. We investigated 40 complaints relating to claims from the Auckland flooding and Cyclone Gabrielle, with many more claims indirectly affected by these events, because of the delays to business-as-usual claims.

The economic situation in New Zealand has also put ongoing pressure on households, with complaints about premiums making it into our top 5 enquiry issues this year.



It's been a mammoth effort from all those involved at the IFSO Scheme. In particular, I would like to thank the IFSO Scheme staff, who have worked tirelessly, providing enquiry assistance to a large number of consumers, and investigating a high caseload of complaints made by sometimes very stressed consumers.

I would like to acknowledge our Participants. This has also been a very demanding year for them where they will have seen the same high complaint numbers through their own Internal Dispute Resolution processes, with many of the contributing factors being outside of their control.

Budget 2023-2024

Our 2023-24 outcome was a net surplus of \$371,057 before tax. We had budgeted for an (\$84,000) deficit, which included the cost of our required 5-yearly independent public review under the FSP Act. This took place from November 2023, with the cost being covered by our reserves.

As a not-for-profit organisation, our focus is on providing robust and fair management of complaints for consumers, while providing a cost-effective, efficient, accountable and sustainable service to our Participants. Due to the ongoing pressures on operating costs, the Commission has approved a small increase of 3% on our levies for some of our Participant groups for the 2024-25 year. For the same reason, complaint fees for 2024-25 for all Participants will increase from \$1,800 to \$2,000 (+GST). The 2024-25 operating budget is an (\$81,860) deficit budget, assuming a reduced level of complaints of 375, given that we had the highest number of complaints we have ever had this year at 479. The Commission believes this is an appropriate operating budget, as any increase in the number of complaints will quickly offset this budgeted deficit.

Independent review

Our 2023 independent public Review was conducted by Prof. John McMillan AO, and focused on the government accreditation criteria of independence and fairness. The Review findings are very positive, and confirmed we met both criteria. Prof. McMillan made thoughtful and well-researched comments, which have given us good insight into opportunities for future improvement. There were no formal recommendations for the IFSO Scheme to implement in the Review.

Prof. McMillan summarised his findings as follows:

“ Without exception, people spoke highly of the IFSO Scheme and its professionalism. Strengths and qualities of the IFSO Scheme that were frequently mentioned were: it acts professionally; is widely respected for its expertise, rigour and balance; is approachable, transparent and pragmatic in how it handles cases; and it works collaboratively with all stakeholders. ”

Government changes

Legislative developments in 2023-24 have included the Ministry of Business, Innovation & Employment (MBIE)'s financial services reforms, the Contracts of Insurance Bill, and the alignment of rules for the four approved financial dispute resolution schemes. The developments signal a lot of change for our Participants, and we acknowledge that it has been, and will be, a busy time for them.

The increase to our financial compensation limits, as part of the alignment of rules for the Approved Schemes, will mean more consumers can now have their disputes resolved without going to court - a positive change that standardises access to dispute resolution across the Approved Schemes. We look forward to seeing further benefits for consumers from the other legislative changes yet to be finalised.

Commission

I'd like to thank our Commission Members for their insightful strategic direction of the IFSO Scheme this past year, and acknowledge outgoing Commission Member, Lyn McMorran, CEO of the Financial Services Federation, for her valuable contribution. Amanda Savill has joined the Commission in her place, with Blair Turnbull, CEO of TOWER Insurance Limited, and Rob Hennin, CEO of nib NZ Limited, as our highly experienced industry representatives. Our equally experienced consumer representatives are Dr Pushpa Wood, Director of the Financial Education & Research Centre at Massey University, Teresa Tepania-Ashton, UNICEF's Aotearoa Director of Advocacy and Programmes, and Kendall Flutey, Co Founder and Chief Product Officer of Banqer.

Thank you as always to Insurance & Financial Services Ombudsman, Karen Stevens, and Deputy Ombudsman, Louise Peters, for their outstanding leadership during a challenging year of change and demanding workload, and to our staff for their commitment and dedication to deliver our services to the service levels expected of them.



Sue Suckling OBE
IFSO Scheme Commission Chair

Karen Stevens

Insurance & Financial Services Ombudsman



In May 2025, the IFSO Scheme will celebrate another milestone: 30 years in the business of financial dispute resolution.

Each year, the challenges grow for consumers with more frequent wild weather events and increased financial pressure. This year, we have received and dealt with more complaints and complaint enquiries than ever before – nearly 500 and 5,000 respectively. Our case management team of 7 has expanded to cope with a 40% + increase in workload. We know what the general drivers of the increases are - delays, customer service issues, a lack of consumer understanding of insurance policies and inability to pay debt.

However, this has always been the case and the upward trend in complaints may signal greater awareness of the IFSO Scheme by consumers. Making dispute resolution for consumers more accessible is key to ensuring that the IFSO Scheme is contributing to a better and more effective financial system. Without an independent dispute resolution scheme for insurers and other financial service providers, dissatisfaction with services or products would not act as a trigger for process improvement in the financial sector. We do see a positive trend of the resolution of many complaints referred to the Internal Dispute Resolution processes of our Participants; however, there will always be about 10% of them which need to be escalated for an independent assessment of the facts, having regard to the relevant law.

The IFSO Scheme is in a unique position of having to build good relationships with all its 3,600 Participants, while maintaining an arm's length approach to ensure both consumers and Participants are treated equally and fairly in the process, without bias or prejudgement.

Our principal powers and duties include: providing a free complaints service for consumers which is accessible, independent, fair, accountable, efficient and effective; promoting and publicising the IFSO Scheme to consumers; and encouraging and providing advice to Participants on the development and maintenance of good complaint handling processes.

Our collaboration with Massey University to develop the Complaint Response and Management course has been a great example of the experience and resources we have available to assist Participants to provide a better experience for their customers. Dr Pushpa Wood (consumer representative on our Commission) and Andrew Gunn (Strategic Partnerships Manager) are responsible for making such a success of this micro-credit course. The webinars and other training resources are also well used and they are of real value for Participants.

It was a first for us this year when we were required by a Complainant to take enforcement proceedings against a financial adviser Participant who failed to comply with an IFSO Award to pay the Complainant compensation. The IFSO Scheme commenced enforcement proceedings in the District Court at New Plymouth and was successful in obtaining orders requiring the financial adviser Participant to pay the Complainant the compensation in the IFSO Award together with interest from the date of the Award to the date of payment (*Insurance & Financial Services Ombudsman v Hartfield* CIV-2023-043-000288 [2024] NZDC 7142).

Further improvements for consumer accessibility this year were changes to the IFSO Scheme's Terms of Reference and Constitution. Several rounds of consultation were undertaken with stakeholders over a number of months, before the final versions of the new rules came into force on 1 September 2023. The main changes were increases in jurisdiction, taking the lump sum amount from \$200,000 to \$350,000, to bring the IFSO Scheme in line with other Approved Schemes; increasing the weekly amount from \$1,500 to \$2,625; and increasing our special inconvenience amount from \$3,500 to \$5,000. Working in parallel on the alignment of Approved Schemes since 2020, MBIE has further changes to be made by regulation from 18 July 2024. Those regulatory changes will increase the lump sum amount to \$500,000 and replace the special inconvenience payment by introducing a non-financial loss amount of \$10,000 as special compensation for stress, humiliation, inconvenience and loss of opportunity.

The focus for the alignment and associated changes is greater consumer protection and access to justice – set within the FSP Act Principles which we must adhere to: independence, fairness, accountability, accessibility, effectiveness and efficiency.

This year, we also received an outstanding Review report from Prof. John McMillan AO, who started an independent public review of the IFSO Scheme in 2023, as required by the FSP Act to be undertaken every 5 years. We were very pleased with the result of Prof. McMillan’s Review. He focussed on the FSP Act Principles of fairness and independence. They are both government accreditation criteria and the Review found compliance with the independence principle *“firmly rooted in how the IFSO Scheme is constituted and operates”*. The Review also found the IFSO Scheme *“practised fairness both in its processes and decision outcomes”*.

The 2023 Review looked at the 2018 Review recommendations and found the IFSO Scheme had *“acted appropriately to implement all five recommendations by thoughtful project planning”*. Overall, the 2023 Review found the IFSO Scheme *“is regarded by all stakeholders as providing a high quality complaint service. People spoke highly of its independence, stability, leadership, governance, professionalism, experience, rigour and transparency. It handles a high volume of complaints and enquiries each year in a financial service market that is constantly changing. The Scheme is responding to declared consumer and government expectations that dispute resolution schemes play an essential role in ensuring fair conduct by financial service providers”*.

It is very encouraging to have an independent Review find that the IFSO Scheme is performing at such a high level, and all our Participants and their customers should feel confident being in safe hands.

We would not be able to do such a good job without amazing people. I would like to give my thanks and appreciation first to my deputy, Louise Peters; second, to my staff – most of whom have worked in dispute resolution for many years and have huge talent and experience; then to the IFSO Scheme’s Commission Chair, Sue Suckling, and our Commission Members. Our combined operational and governance team has been exceptional this year, and they allow us to continue working in what can sometimes be an incredibly challenging day-to-day environment.



Karen Stevens
Insurance & Financial Services Ombudsman

IFSO Scheme financial summary

Revenue



Reserves



Expenditure



ANZOA and INFO Network

The IFSO, Karen Stevens, is a member and former Chair of the International Network of Financial Services Ombudsman Schemes (INFO Network). She is also a founding member and current Chair of the Australian and New Zealand Ombudsman Association (ANZOA), the professional association and peak body for Ombudsmen in Australia and New Zealand.

Hotel room not a public place

Policy definitions and the natural and ordinary meaning of words are important factors when considering whether exclusions apply.

Grace* arranged travel insurance for a trip to Australia.

While she was in her hotel room packing to return home, Grace noticed that her ring was missing. She made an insurance claim.

Grace said she had left the ring on the table in her room, because it didn't fit on her finger due to the heat. She said she noticed it there all week but, that morning, it was gone. Grace said the only people who could access the room were the cleaning staff.

The insurer declined the claim, saying that Grace had left the ring in a public place.

Grace made a complaint to the IFSO Scheme. The IFSO Scheme looked at Grace's policy, which had an exclusion for *"luggage and personal effects ... left unsupervised in a public place."*

The policy defined *"public place"* as *"any place that the public has access to whether authorised or not, including but not limited to ... hotels, hotel foyers"*.



The IFSO Scheme did not believe the hotel room was a *"public place"*, as defined in the policy. The fact that cleaning staff could enter the room did not mean it was a *"public place"* and a hotel room is not the same as *"hotels, hotel foyers"*. The IFSO Scheme discussed this with the insurer, and it agreed to accept the claim.

Complaint settled

Theft by flatmate not covered

Theft by someone normally living with the insured is a common exclusion in insurance policies. Insurers can decline a claim if it doesn't meet the conditions of the policy, based on the evidence available.

In June 2019, Paresh* reported to the police that his flatmate had stolen from him, after he arrived home one day to find all his belongings gone. Paresh told the police that a friend of his flatmate said that if he repaid the money he owed his flatmate, his flatmate would return his things.

Later that year, in December, Paresh made a contents insurance claim for the stolen items.

However, his insurer declined the claim, relying on a policy exclusion for theft by a person normally living with the insured.

Three years later, in December 2022, Paresh asked the insurer to reconsider its decision. During the review process, Paresh withdrew his accusation against his flatmate.

Paresh made a complaint to the IFSO Scheme, and the IFSO Scheme investigated.

During the insurer's review, Paresh said that his flatmate could not have committed the theft, because they were on a commercial fishing vessel off the west coast of the South Island during the time his items went missing.



The police file recorded the theft as occurring between January 1 and June 10, 2019. The insurer's investigation confirmed the flatmate was at sea from mid-May to early June 2019, leaving at least four months prior to this that the flatmate could have taken the items.

Additionally, Paresh's flatmate's friend corroborated his statement naming the flatmate as the offender.

Based on the available information, the IFSO Scheme concluded it was more likely than not that the flatmate was involved in the theft and, because of this, the insurer was able to decline the claim based on the policy exclusion.

Complaint not upheld

Enquiries

In the year ending 30 June 2024, the IFSO Scheme received a total of **4,974** complaint enquiries* (a 21% increase from 4,120 enquiries in 2023):



2,406
via the **website**



1,050
by **email**



1,509
by **telephone**



9
by **post**

Top 5 complaint enquiry issues

1. Customer service issues
2. Delays
3. Scope of cover
4. Premiums
5. Misselling/ misleading information/ misrepresentation

* Complaint enquiries are any initial complaints, questions or issues the IFSO Scheme is contacted about.

Complaint enquiries by sector **TOTAL 4,974**



● Fire and General (**3,333**)

● Credit Contracts (**699**)

● Health, Life and Disability (**677**)

● Other Financial Services (**92**)

● Financial Adviser (**91**)

● Superannuation (**32**)

● Not Regulated Financial Service (**27**)

● Investment and Savings (**23**)

Our frontline team offers detailed information and expert guidance on a wide range of insurance and financial services queries. Our team not only provides clear and actionable information, but also guides consumers through the process of raising complaints with Participants. If the enquiry is for another agency or provider, we help them connect.

Complaint enquiries are any questions or issues the IFSO Scheme is contacted about by:

☎ **Phone** 0800 888 202

@ **Email** info@ifso.nz

🌐 **Online** www.ifso.nz



Consumer feedback

Each month, we send a survey to individuals who have made a complaint enquiry with us and have provided their email address. We had a response rate of **16%** in 2023. Overall satisfaction with our complaint enquiries service was:



61%

were **very satisfied or satisfied**



21%

were **neutral**



21 is the IFSO Scheme's **Net Promoter Score**



88%

said it was easy **to contact us**



72%

said the IFSO Scheme gave them **useful information about what to do next**

Follow up outcomes

The IFSO Scheme assists consumers to make complaints directly to their providers in the first instance, and follows up to check on progress.

Feedback consistently highlights the fast responses consumers receive from their providers after engaging with the IFSO Scheme.

“ As soon as I filed the claim online with IFSO the insurer became motivated to resolve the situation quickly. ”

“ We spoke to [a staff member] from IFSO who was very helpful and suggested what to do, then talked us through the online page to ensure we were able to understand the website. ”

“ The response was very quick and the explanation was very clear. ”

“ Impressed with how quickly I got a response from the IFSO and then from the insurer. I can now say that my complaint has been resolved amicably. Thanks very much. ”

“ Great free service with excellent advice. ”



Complaints

In the year ending 30 June 2024:



479

complaints were accepted, a 46% increase from 327 in 2023



444

complaints were closed, a 44% increase from 309 in 2023



83%

of all complaints were resolved in less than 90 days



60 days

was the average time to close complaints

Our team of case managers thoroughly investigate the circumstances of each complaint to determine what happened. They gather the relevant information, supporting documents and evidence necessary to understand the issue. Our service is fair, transparent, independent and free for consumers.

* A complaint is accepted for consideration by the IFSO Scheme after it has been considered by a Participant and not been resolved.

Top 5 complaint issues

1. Scope of cover
2. Policy exclusion
3. Prima facie claim
4. Misselling/misleading information/misrepresentation
5. Non-disclosure



Complaints accepted by sector TOTAL 479



- Fire and General (327)
- Health, Life and Disability (101)
- Credit Contracts (41)
- Financial Adviser (9)
- Investment and Savings (1)
- Superannuation (N/A)

Cyclone Gabrielle and Auckland flooding complaints

Complaints received	By service	Complaint outcomes	Top 5 complaint issues
21 Auckland flooding	34 House	27 not upheld	1. Scope of cover (15)
19 Cyclone Gabrielle	3 Motor vehicle	9 unknown – haven't closed yet	2. Quantum or scope of works (9)
	2 Contents	3 settled	3. Policy exclusion (7)
	1 Travel	1 partly upheld	4. Delays (6)
			5. Prima facie claim (4)

Scope of work after flooding disputed

House insurance generally provides cover for sudden damage or loss, and only very limited cover for gradual damage. This usually means when someone makes a claim under a house insurance policy, it is up to them to prove they have suffered sudden damage or loss.

Mr and Mrs Chen* held insurance on their house. In January 2023, the Auckland region was affected by widespread flooding, and the house was damaged as a result. Mr and Mrs Chen made a claim to their insurer for the damage.

The insurer accepted the claim, however a dispute arose in relation to the scope of the damage. Mr and Mrs Chen said there was damage to the foundations from the flooding, but the insurer declined to include this in the scope of repairs. Mr and Mrs Chen also said the insurer had service issues and delays while dealing with their claim.

The IFSO Scheme investigated. To be covered by the policy, Mr and Mrs Chen needed to prove that the foundation damage was “sudden”, which it could be if it was a direct result of the flooding.

The insurer had a report from a structural engineer, who stated that all floor level variations measured across the dwelling existed at the time of the last renovation and redecoration works. There was no indication of sudden floor settlement.



Mr and Mrs Chen produced their own report from a structural engineer, who said it was not possible to give a definitive cause of the damage, but that it was possible water pressures could have upset the foundations.

This was not sufficient to confirm that the foundation damage was caused by the flooding, particularly as both experts had noted there had been issues with floor levels prior to the flood. Therefore, the IFSO Scheme found that the insurer was not required to include the foundation repairs in the scope of work.

There had been some delays in Mr and Mrs Chen’s claim, however, in the context of the extensive nature of the flooding, which impacted many insurers’ abilities to respond quickly and effectively to claims, the IFSO Scheme did not believe this meant the insurer had significantly breached the Fair Insurance Code.

The IFSO Scheme was unable to uphold the complaint.

Complaint not upheld

Flight delayed by weather

Evidence or information to support a claim can determine whether an insurer accepts it or not. Sometimes, new evidence can be provided that changes the outcome of a claim.

Tama* held travel insurance for a trip to the USA.

During his trip, a connecting flight he was taking from Boston to Los Angeles was delayed, meaning he missed his flight back to New Zealand. As a result, he had to pay for one night’s accommodation and a new flight back to New Zealand. Tama provided evidence from the airline that the flight had been “*delayed due to crew issue*”.

The insurer accepted the claim and paid Tama the maximum \$1,000 benefit under a policy section for travel disruption.

However, it declined to pay for the full cost of the replacement flight, as the policy only provided cover for delay caused by specified events, being “*strike, riot, hijack, civil protest, weather, natural disaster or accident*”.

Tama made a complaint, because he said the pilots flying the plane had been delayed by the weather that day.

The IFSO Scheme asked Tama to provide further evidence and he provided a new email from the airline confirming “*the initial tarmac delay was caused by delayed pilots due to weather*”.



In addition, the IFSO Scheme found some information online about weather issues in and around Boston on that day.

The IFSO Scheme discussed the new information with the insurer, which agreed to accept and pay the claim.

Complaint settled

Complaint outcomes

The IFSO Scheme's case managers are neutral and do not take sides – their goal is to facilitate a fair resolution by helping consumers and their providers reach agreement, where possible. If that can't happen, the case manager makes a decision, based on what is fair and reasonable in all the circumstances, having regard to the law.

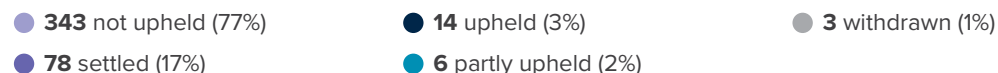
Payments to consumers



There were **52** complaints with payments to consumers totalling **\$1,207,018.71*** recorded.

* This does not include weekly disability benefit payments under income protection, superannuation or life policies.

Outcomes for closed complaints **TOTAL 444**



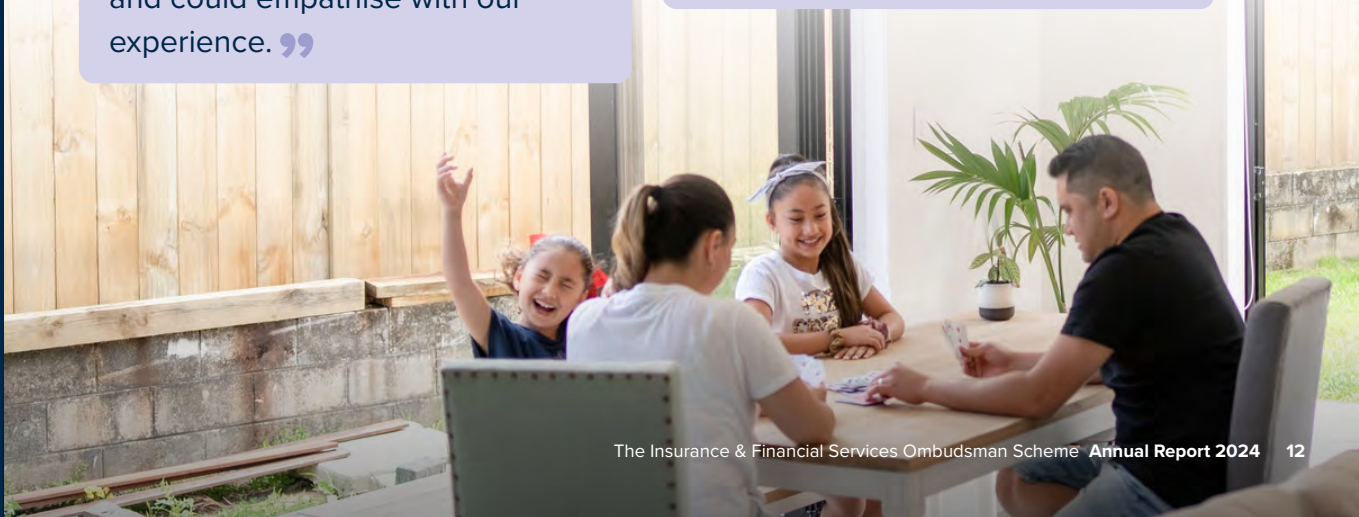
“ The case manager handled this case very carefully as a neutral person and made the decision fairly. ”

“ [The case manager] was amazing to deal with. She listened and went above and beyond to resolve the issue. ”

“ I felt my case manager listened and could empathise with our experience. ”

“ [The case manager] was very understanding and helpful. She discussed with us how she reached her decision and appeal process etc. She was patient and kind in our stressful times. ”

“ I was encouraged that the case manager was courteous and professional. She was also very realistic in her communication about likely outcomes. ”



Supporting consumer awareness

A key responsibility of the IFSO Scheme is to enhance awareness and visibility of our services among consumers and small businesses. It's important for consumers to be aware of our free service so they know where to turn if they encounter issues with their financial service providers.

Our communication efforts are designed to:

- Increase awareness of our services
- Clarify our role and processes
- Enhance accessibility, addressing the needs of diverse communities
- Support consumer education and the prevention of complaints

Social media

We share timely, relevant, and engaging content on social media platforms, regularly boosting posts to reach a wide and diverse audience.

Media

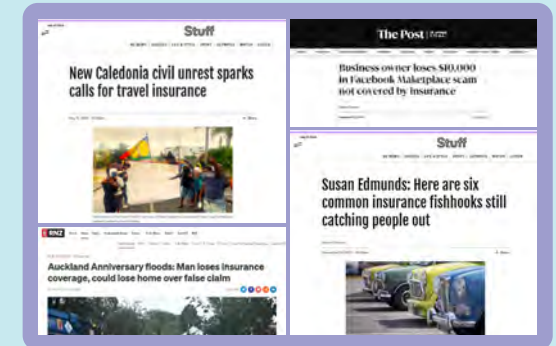
We enhance consumer awareness through consistent media releases, focusing on real case studies and frequently misunderstood issues. We've had a very strong media presence this year (triple the number of media interviews, responses and articles compared to the previous year). This has been due to high interest in our media releases on topical issues such as weather events, online marketplace scams, and travel advisories, as well as extensive coverage of legislative changes related to the IFSO Scheme.

Website

Our website is frequently updated to offer valuable information to consumers and to address current priority topics. This year, we created a new animated video for our homepage, which explains our complaints process in a simple, accessible and easy to understand way for diverse audiences. Unsurprisingly, given the similar increase in complaint enquiries this year, our website visits have increased by almost 20% on last year.

Community outreach

Through regular webinars, newsletter contributions, and in-person events, we educate community service groups on how to assist consumers throughout the complaints process.



“ The information presented on the website was in a straightforward easy to understand way and I think that the wording on your website is very non intimidating for someone new to getting information about you and the process to follow. ”

Banquer partnership

This year, we launched a collaboration with Banquer, a financial education organisation dedicated to improving financial literacy among school students in Aotearoa. Together, we developed several resources aimed at helping young people navigate insurance and financial service issues effectively.



“ While young people are not usually consumers of many financial services yet, they will almost certainly be consumers of them at some point in their lives – insurance is likely to start when they first leave home and need contents or vehicle insurance. It is important that they know about independent complaint resolution services so if things go wrong in future, they’ll know how to get help. ”

Karen Stevens

Informing customers about complaints processes

Financial Service Providers are required to inform their customers about their complaints process and their IFSO Scheme membership. We remind our Participants that there should be no barriers to access the IFSO Scheme, and we provide them with resources to promote and publicise our service.



80%

of people surveyed said it was **easy to find information about the IFSO Scheme**



11,998

calls to our **0800 number**



85,700

website visits



139

media interviews, responses and articles
(a 215% increase from 44 in 2023)

How did consumers find us?



- **31%** Google/internet search
- **28%** already knew about the IFSO Scheme
- **14%** word of mouth – friends and family, professionals
- **13%** from financial service provider/insurer
- **7%** community organisation (Citizen Advice Bureau, FinCap)
- **4%** government agency/other dispute resolution service
- **3%** media/articles and social media

We appreciate working with community, industry and government organisations, including:

Age Concern, Citizens Advice Bureau (CAB), Commerce Commission, Commission for Financial Capability, Community Law, Financial Markets Authority (FMA), FinCap, Financial Advice New Zealand, Australian and NZ Institute of Insurance and Finance (ANZIIF), Financial Services Council (FSC), Financial Services Federation (FSF), Insurance Brokers Association of New Zealand Inc. (IBANZ), Insurance Council of New Zealand (ICNZ), Ministry of Business, Innovation & Employment (MBIE), NZ Claims Resolution Service

 [Facebook.com/IFSOScheme](https://www.facebook.com/IFSOScheme)

 [Linkedin.com/company/IFSO-scheme](https://www.linkedin.com/company/IFSO-scheme)

Gambling activity not checked

Lenders are required by law to make reasonable inquiries about whether borrowers will be able to meet their payments without suffering substantial hardship.

In 2021, Benson* arranged a loan with a balance of \$15,212.40. In 2022, he topped up the loan, borrowing additional amounts of \$5,000 and \$14,000 respectively.

Later that year, Benson had a significant mental health event and his family subsequently discovered he had a gambling problem.

Benson made a complaint to the IFSO Scheme about his lender, with the help of a representative.

The IFSO Scheme investigated. Benson's representative said that Benson's loans were not affordable, and the lender did not make sufficient inquiries about the gambling sites that Benson was using at the time of each loan.

The representative provided Benson's bank statements as evidence, showing substantial gambling activity increasing over the period that the loan top-ups were approved.

The IFSO Scheme found that, when the lender checked the affordability of Benson's loans, it obtained bank statements for the joint account his salary was paid into, but didn't get bank statements for the account used for the loan. There was very little gambling activity in the joint account Benson's salary was paid into. He used the other account for gambling, so it was not visible to his wife.



Following discussions, the lender offered to settle the complaint by reversing all the fees and interest charged on the loan to date and allowing Benson to pay the remaining balance over a term of 60 months, at zero interest. Benson accepted the offer.

Complaint upheld

Trauma cover conditions not met

Generally, it is up to consumers to read and understand the terms and conditions of their policies. Trauma cover commonly only covers certain circumstances, such as specific conditions or surgery.

Rachel* held various insurance covers, which included trauma cover.

She became unwell and developed blood clots and, in June 2023, she underwent surgery for chronic thromboembolic pulmonary disease and small patent foramen ovale.

Rachel made a claim under the trauma cover of her policy. However, the insurer declined her claim, because her condition and the surgery did not meet the specific requirements of the trauma cover.

Rachel made a complaint to the IFSO Scheme. She said, when she first got the policy, she clearly stated that she wanted to be covered for everything.

The IFSO Scheme looked at Rachel's policy, and found that the lung disease cover did not apply, because she had not suffered "end stage respiratory failure as diagnosed by an appropriate specialist".

The heart surgery cover did not apply, because open heart surgery was only covered if it was on the valves or aorta.

Finally, the pulmonary hypertension cover did not apply, because Rachel had not suffered impairment "to the degree of at least Class 3 of the New York Heart Association classification of cardiac impairment as



confirmed by a cardiologist". Prior to the surgery, Rachel had only been classified as Class 2.

While Rachel said that she asked for cover for everything, insurance does not cover everything. Instead, the cover is set out in the terms and conditions of each policy. Trauma cover, in particular, only covers specific defined circumstances, not simply traumatic events.

Generally, it is up to consumers to read and understand the terms and conditions of their policies. If there are unusual conditions in a policy, insurers must bring these to the attention of the insured. In this case, however, because specific conditions are common in trauma cover, Rachel's insurer was not required to bring them to her attention.

Rachel's insurer was able to decline her claim, because it didn't meet the conditions in her policy.

Complaint not upheld

Supporting Participants

Enhancing complaint-handling practices

One of our core responsibilities is to advise and support our Participants in developing and maintaining effective complaint-handling practices. By sharing our expertise, case study insights, and complaint data, we help Participants identify the root causes, trends and common issues in complaints. Participants can also contact us on our free 0800 helpline for guidance from our experienced staff on managing complaints.

Providing valuable resources

We offer valuable resources such as webinars, illustrative case studies, tools, and templates to help Participants better manage customer complaints. In November 2023, we reviewed and revised the *Complaint Process Template Documents* for IFSO Scheme Participants. We stressed the need to publicise and promote their complaint handling processes and the services of the IFSO Scheme to their consumers. Regular updates are made to reflect new issues arising from recent complaints, and we ensure our live webinars provide timely insights into complaint trends. We have supported Participants in adapting to legislative and regulatory changes across all financial services.

“ The IFSO team are wonderful to deal with and everyone is always so supportive and willing to assist. ”

Collaboration with Massey University

Since its launch in March 2023, 150 learners from the insurance, superannuation, credit, and financial advice sectors have enrolled in the Massey University short course, **Complaint Response and Management**. The course uses the IFSO Scheme’s case studies and complaint resources and is an accessible micro-credit programme for our Participants and those pursuing careers in New Zealand financial services. Participants of the IFSO Scheme enjoy discounted rates for the course.

“ This course is especially helpful to staff and financial advisers who wish to build confidence in early complaint resolution, conducting difficult conversations with customers and those in vulnerable circumstances, or wish to build technical skills in dealing with specific complaint issues in general insurance, credit, personal risk and investments. ”

Dr Pushpa Wood, Director NZ Fin-Ed Centre, Massey University

“ I had a complaint since finishing the Massey short course in Complaint Response and Management and applied the dialogic conversation approach, discovering the underlying reason behind their stress and upset. Thanks to the course techniques I’m feeling much more confident in what I am doing now. ”

Tanya Gilchrist, CFP^{CM} DecisionMakers Tauranga

“ We’ve built this course with Massey University to be very relevant for Financial Advisers, compliance and complaint teams, but also enjoyable to complete. It is heartening to hear, at our free monthly support Zoom calls, how people have immediately applied and improved their advice and business processes. ”

Andrew Gunn, IFSO Scheme Partnerships Manager

Professional development

In 2024, we held a one-day conference for our insurance Participants, focusing on the rise in challenging customer behaviour. The topic acknowledged the impact that challenging customer behaviour can have on complaint resolution and the wellbeing of staff. Our keynote speaker was Lance Burdett, who spoke about how our world is changing, how to respond to challenging behaviour, and techniques to manage personal stress.



Lance Burdett,
keynote speaker for the
IFSO Conference in 2024

“ [Lance] was outstanding and I found it was very relevant for my position and in particular how to deal with ‘challenging’ calls that have increased over recent times. ”

IFSO Conference attendee

Our regular Coffee Time webinar format remains popular, offering concise instructional sessions for various sectors within our membership. Over the past year, Coffee Time registrations averaged over 212 per webinar, attracting claims and compliance teams, customer-facing staff, Financial Advisers, and credit providers.

The IFSO Scheme Support Services

Complaint response



Assistance
helpline



Policy and
procedures



Internal complaint
templates



Process map
and controls



Checklists
and registers



Toolkits

Complaint management and service improvement



Case study
database



Professional
development



Short-course
learning



Insights and data



Conduct
and culture



Complaint process
best-practice

Participants

47

Insurers

1,447

Financial Advisers

507

Financial Advice
Providers

1,635*

Other Financial
Service Providers

* Includes providers of KiwiSaver, superannuation, investments and securities, loans, foreign exchange and money transfers, and their employees and nominated representatives.

Satisfaction level

81%

of Participants surveyed said IFSO Scheme online resources were “**relevant**” or “**very relevant**” to their role in financial services

“ It allowed me to get an understanding of the various views surrounding complaints made to the IFSO Scheme and the rationale behind whether they were upheld or not. ”

IFSO Scheme Participant

Coffee Time webinars

12

Coffee Time webinars

2,549

registered for Coffee Time

212

average registrations for Coffee Time



Top 3 webinars

- 1. Customers in vulnerable circumstances and recordkeeping**
Virginia Douglas, Principal Consultant, MOSAIC FSI
- 2. Proving pre-existing condition exclusions**
Sharee Lowe, IFSO Scheme Senior Solicitor and Case Manager
- 3. The money or the bag – when an insured has a claim for money lost**
Claire Benjamin, IFSO Scheme Senior Solicitor, Lead Case Manager Fire and General

“ I ran my first training session for the team based on IFSO Scheme resources (what we did at [the] conference). I plan on using the portal a lot more. ”



Policy cancellation dispute

When a consumer cancels an insurance policy, they should follow up to make sure it has been actioned. An adviser cannot cancel a policy without the policy holder's signature consenting to the cancellation.

Mr and Mrs Spicer* arranged health insurance policies through an adviser, which included specialist and test cover (the S&T policy).

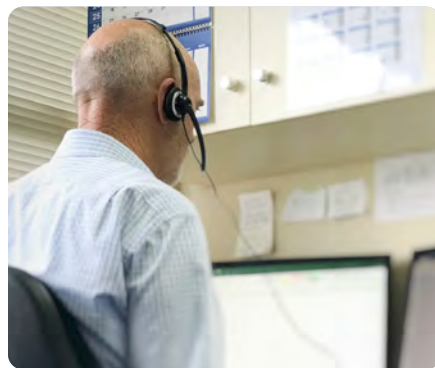
In September 2021, Mr Spicer asked the adviser to cancel the S&T policy during a phone conversation. Following this, the adviser's administration team emailed Mr Spicer a cancellation form and sent him a text, asking him to check his spam folder if the email did not arrive.

One week later, the administration team sent another text and email to Mr Spicer, saying it had not received a response from him and to "get in touch when [he was] ready to proceed". Mr Spicer did not do so, and the policies continued.

In June 2022, Mr Spicer emailed the adviser to ask whether he had cover for a skin specialist. He then made an online claim under the S&T policy, which the insurer paid.

In July 2022, the insurer sent Mr Spicer an anniversary letter for the policies, including the S&T policy.

In April 2023, Mr Spicer realised that the S&T policy had not been cancelled and asked for the \$2,500 in premiums he'd paid after September 2021 to be refunded. The adviser offered an *ex gratia* payment of \$500, which Mr Spicer rejected.



Mr Spicer complained to the IFSO Scheme, saying he'd expected the policy to be cancelled when he asked his adviser to cancel it.

While it might have been better customer service for the adviser to have phoned Mr Spicer when he didn't respond to the emails, the IFSO Scheme disagreed that the adviser was solely responsible for ensuring the policy had been cancelled. The adviser also could not have cancelled the policy without Mr and Mrs Spicer's signatures consenting to the cancellation.

The IFSO Scheme believed Mr Spicer should have been aware that the policy hadn't been cancelled, because he had received his policy anniversary letter, and had continued paying his premiums.

Further, there was no loss, because the premiums paid were considered used, as Mr Spicer had made a claim and could have made other claims during the period, if needed.

The IFSO Scheme did not believe the adviser should be required to refund the premiums to Mr Spicer, or to reinstate the goodwill offer, which the adviser confirmed had expired.

Complaint not upheld

Incorrect fuel put into car

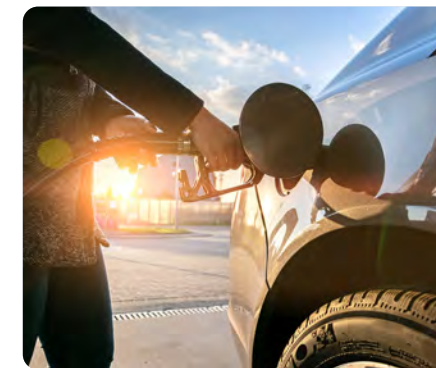
The IFSO Scheme can only consider whether an insurer has correctly applied the terms and conditions of the policy to a claim, based on the evidence available.

Stacey* had car insurance. In 2024, her car broke down because AdBlue, a diesel exhaust fluid, had been put into its fuel tank. AdBlue was usually stored in a tank near the normal fuel tank, accessed through a different cap. If it were to be put into a car's fuel tank, it could damage the car.

Stacey made a claim to her insurer for the damage, saying "I broke down due to AdBlue being put into my car accidentally."

The insurer declined her claim, because of an exclusion in the policy for incorrect fuel or additive being used.

Stacey complained to the IFSO Scheme, saying that she believed AdBlue was put into her car while she was parked outside her boyfriend's house. She said that it wasn't possible to get evidence to prove that she didn't do it herself, but provided bank statements showing where she regularly got petrol and said that AdBlue wasn't sold there.



Unfortunately, this was not sufficient evidence that the insurer couldn't apply the exclusion.

The IFSO Scheme was unable to uphold Stacey's complaint, because the insurer had correctly applied the terms and conditions of the policy to the claim.

Complaint not upheld



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