

Annual Report

Te Pūronga ā-Tau

2020/2021



Financial Services Complaints Limited



We resolve complaints simply and confidentially by working with consumers and their financial service provider to reach a fair outcome.

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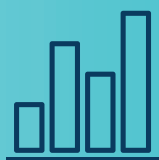
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Who we are and what we do

FSCL is an independent dispute resolution scheme established in 2010 and approved by the Minister of Consumer Affairs under the Financial Service Providers (Registration and Dispute Resolution) Act 2008.

Our role is to resolve complaints between consumers and their financial service provider about financial services and advice, including insurance, loans, managed funds and trustee services.

FSCL is a not-for-profit company funded by a combination of membership and complaint fees levied on participating financial service providers. We provide our services to consumers free of charge.

FSCL's decision-making process is independent of our scheme participants and industry sectors. FSCL's CEO and staff are entirely responsible for handling and determining complaints and are not subject to external influence by any of FSCL's stakeholders.

How we work

We resolve complaints through investigation, working confidentially and in a non-legalistic manner to assist both sides to reach a fair outcome.

Our process is both inquisitorial and consensus-based and focuses on producing a mutually acceptable outcome. Both scheme participants and consumers are afforded an equal opportunity to put forward their cases. This is intended to ensure procedural fairness and to promote effective dispute resolution.

When a complaint cannot be resolved by agreement, our CEO can make a recommendation which is binding on the participant, but only if the consumer accepts the recommendation in full and final settlement of the complaint. The recommendation includes our CEO's reasons for making the recommendation.

Snapshot of our year



286

Disputes investigated
and resolved



1370

Consumer enquiries
about financial service
providers answered



931

Consumer complaints
about financial service
providers processed

“

Successful and engaging
FSCL conference –
“Making cents of
change” with 95%
attendee satisfaction.

”



Chair's message

If the measure of success is how an organisation meets challenges, then given the changes that the financial sector has experienced over the past twelve months, FSCL has had another successful year.



Jane Meares
Board Chair

A year ago no one knew how the global Covid-19 pandemic would play out. However, we did know that to deal with the new and constantly changing normal, we would need to be responsive and proactive to new challenges, and I am proud of how FSCL has done just that.

As a Board, we are committed to ensuring that FSCL has the support the organisation needs to cope with the challenges it is likely to face in the year ahead. Engaging with consumers and participants remains one of our key priorities.

This year has seen considerable change to many of the laws FSCL deal with on a day-to-day basis, and we also anticipate changes to our scheme rules by the end of this year. The Ministry of Business, Innovation and Employment is currently reviewing the approved financial dispute resolution schemes' rules. One of the likely changes is an increase in the scheme's financial cap from \$200,000 to \$350,000. I believe this review is important and will help to provide access to justice for more consumers.

I have reported in previous years on the Board's quest for the scheme to be able to use the Ombudsman title which we believe will also improve consumers' access to justice. I am pleased to say that FSCL successfully reviewed the Chief Ombudsman's decision refusing our use of the name, with the High Court finding that the Chief Ombudsman had pre-judged FSCL's application. However, we have appealed the High Court's order to the Court of Appeal as we would like the Court to direct the Chief Ombudsman to give FSCL use of the name, rather than referring our application for a further (third) consideration. We hope the Court of Appeal hearing will be later this year or very early in 2022.

In addition to the refreshing of our strategic plan, the Board has also reviewed the goals by which the scheme measures itself in terms of accessibility, efficiency, and effectiveness.

In other Board news, I accepted a reappointment as Board Chair from 1 April. We welcomed Liesl Knox to the Board in November last year as an industry representative. Liesl is a lawyer with over 25 years' experience in financial services. I thank all my fellow directors for their ongoing support and the valuable contributions they make to FSCL's strategic direction.

I also extend our heartfelt thanks to all FSCL's capable and knowledgeable staff. A highlight of the year was our conference "Making Cents of Change". The positive feedback we received is evidence of their wealth of experience and expertise.

I particularly want to thank Susan Taylor for her hard work and leadership during these uncertain times. Not only do our staff often work in trying circumstances, but they have remained focussed on resolving complaints fairly and appropriately while dealing with substantial change and the challenges this brings.

In a world facing more uncertainty and change, I am confident that FSCL will continue to deliver an efficient and world-class dispute resolution service.

“

We did know that to deal with the new and constantly changing normal, we would need to be responsive and proactive to new challenges, and I am proud of how FSCL has done just that.

”

Chief Executive Officer's message

This year has been a remarkable year of change, including changes in the laws under which they operate, for many of our scheme participants.

How our new normal will impact the financial sector over the next year is not entirely clear, but a key learning for us during these uncertain times has been the need to be proactive, flexible, aware of and alive to what is going on in the world around us.

We remain committed to helping raise standards in the financial services industry by sharing our expertise and supporting our participants through those substantive legislative changes that came into effect this year.

We were able to share our insights and expertise during our biennial conference "Making Cents of Change" in May this year. The conference was a great success with more than 95% positive feedback from conference attendees.

Our regular webinar series, featuring a recent case examining the cause of the complaint, how it was resolved, and lessons learnt, has also been popular over the past year.



A handwritten signature in black ink, which appears to read "Susan Taylor".

Susan Taylor
Chief Executive Officer

“

The conference was a great success with more than 95% positive feedback from conference attendees.

”

“

A key learning for us during these uncertain times has been the need to be proactive, flexible, aware of and alive to what is going on in the world around us.

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Following our busiest year on record last year, when we had a 36% increase in cases received (383), this year was back to business as usual with 254 cases opened. We completed the investigation of 286 cases, compared to 298 in 2019/2020.

However, our complaint numbers increased significantly to 931 from 768 last year. As the after-effects of COVID-19 started to bite at the beginning of the year, we saw an increase in the number of financial hardship and KiwiSaver complaints. We expect this will be an ongoing trend.

Consumers' easy access to our scheme continues to be a focus. We signed up with a translation service earlier this year and have put in place a “warm handover” telephone system with the other financial dispute resolution schemes to make it easier for consumers to lodge their complaint with the appropriate scheme. Also, in conjunction with 5 other dispute resolution schemes, we carried out a targeted Pasifika outreach programme during the year.

Appointing a Marketing and Communications Adviser has assisted us in raising our profile with participants, consumers, and other stakeholders. This proactive engagement will continue to be a focus for us in the year ahead.

And we continue to invest in our team's capability, with training from Lifeline New Zealand, and in cultural competency and communicating clearly.

I would like to thank our Board Chair, Jane Meares, and fellow directors for their continued support. I know that they want us to be the best scheme we can be, and we will continue to strive to achieve this. A huge thank you to my team for their focus, hard work and commitment to providing our stakeholders with an excellent service during what has been both a challenging and rewarding year.

Ehara taku toa i te toa takitahi, engari he toa takimano, takitini. Success is not the work of one, but the work of many.



How do consumers rate us?



We survey all consumers who have had a complaint formally investigated by us. Their feedback helps us to continually look for service improvements.

“

All the way through this process FSCL have been nothing but very, very helpful and supportive in terms of this complaint – I have certainly been loud and vocal in my recommendation of your service if any colleagues, friends or family have voiced any questions about situations that they have found themselves in.

”



91%

The FSCL complaint process was easy to use and understand



94%

FSCL staff listened to me and showed me courtesy and respect



90%

The FSCL process provided an outcome in a timely manner



88%

FSCL staff described the process to me and explained the merits of my position in relation to the complaint

“

You have not only listened, but been empathetic towards us as well, which means a lot.

”

Case statistics

As reported earlier in this report, we had an increase in complaints to 931 (from 768). A complaint is where a consumer contacts us about an issue with their financial service provider.

Our early assistance team helps refer the complaint back through the financial service provider's internal complaints process and keeps a watching brief to make sure the complaint is satisfactorily resolved.

We opened 254 new dispute investigations.

The rise in complaint numbers, coupled with the fall in dispute numbers, may indicate that scheme participants are doing well at resolving complaints through their internal complaints process. This is a good outcome for all because the consumer gets an early settlement of their complaint, and the financial service provider saves the further time and expense that they would incur if FSCL had to formally investigate the complaint.

We also dealt with 1,370 enquiries about financial service providers. An enquiry is where a consumer contacts us with a more general query relating to a financial service, rather than making a formal complaint.

The flow-on effect of a very high intake of disputes in the first quarter of this year, and the high caseload for the first half of the year, meant that our average working day count rose from 54 to 61. This also reflects an increase in complex cases this year. We have found, with the cases that we formally investigate, that there has been a rise in complexity, both in the underlying issues of the case and sometimes where one or both parties exhibit challenging behaviour.

We completed:

- 75% of simple cases (12 cases) within 20 working days, against a target of 80%.
- 76% of standard cases (195 cases) within 65 working days, against a target of 80%.
- 74% of complex cases (79 cases) within 130 working days, against a target of 80%.

This was still an excellent effort considering the challenges our team faced over the past 12 months.

Complaints against insurers were this year by far the largest proportion of cases investigated at 43%, up on the 35% last year. Complaints against lenders was the second largest category at 18% which was an 11% drop on last year.

Complaints about travel insurance made up the largest category of complaint at 35%, followed by consumer credit complaints at 16%.

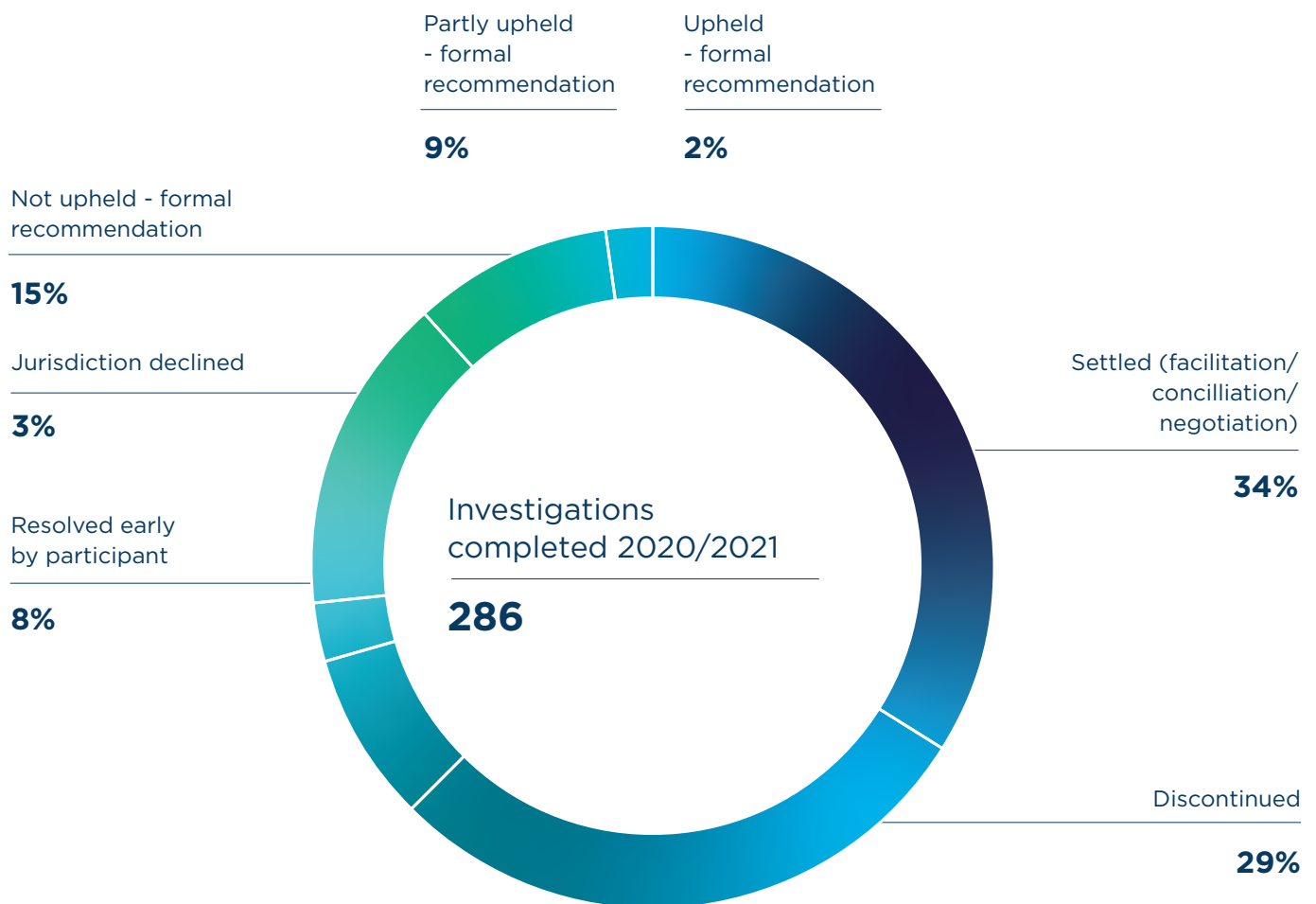
We received more complaints than last year about business insurance and KiwiSaver, but fewer complaints about travel cards.

We negotiated or awarded compensation totalling \$1,751,388, up significantly from \$989,641 in 2019/20. The largest individual settlement was just over \$500,000 in a case that we conciliated between a financial adviser and their client. This was significantly higher compensation than the amount we are formally able to award (\$200,000), but both parties were keen to see if they could resolve their issues through a conciliation process.

97 cases were settled part way through our case investigation process and an additional 23 cases were resolved by the participant very early in the process. In cases that are settled, the consumer receives compensation or some other remedial action, such as a fee waiver or a loan restructure. 82 cases were discontinued by the consumer after we advised them that we were unlikely to uphold their complaint.

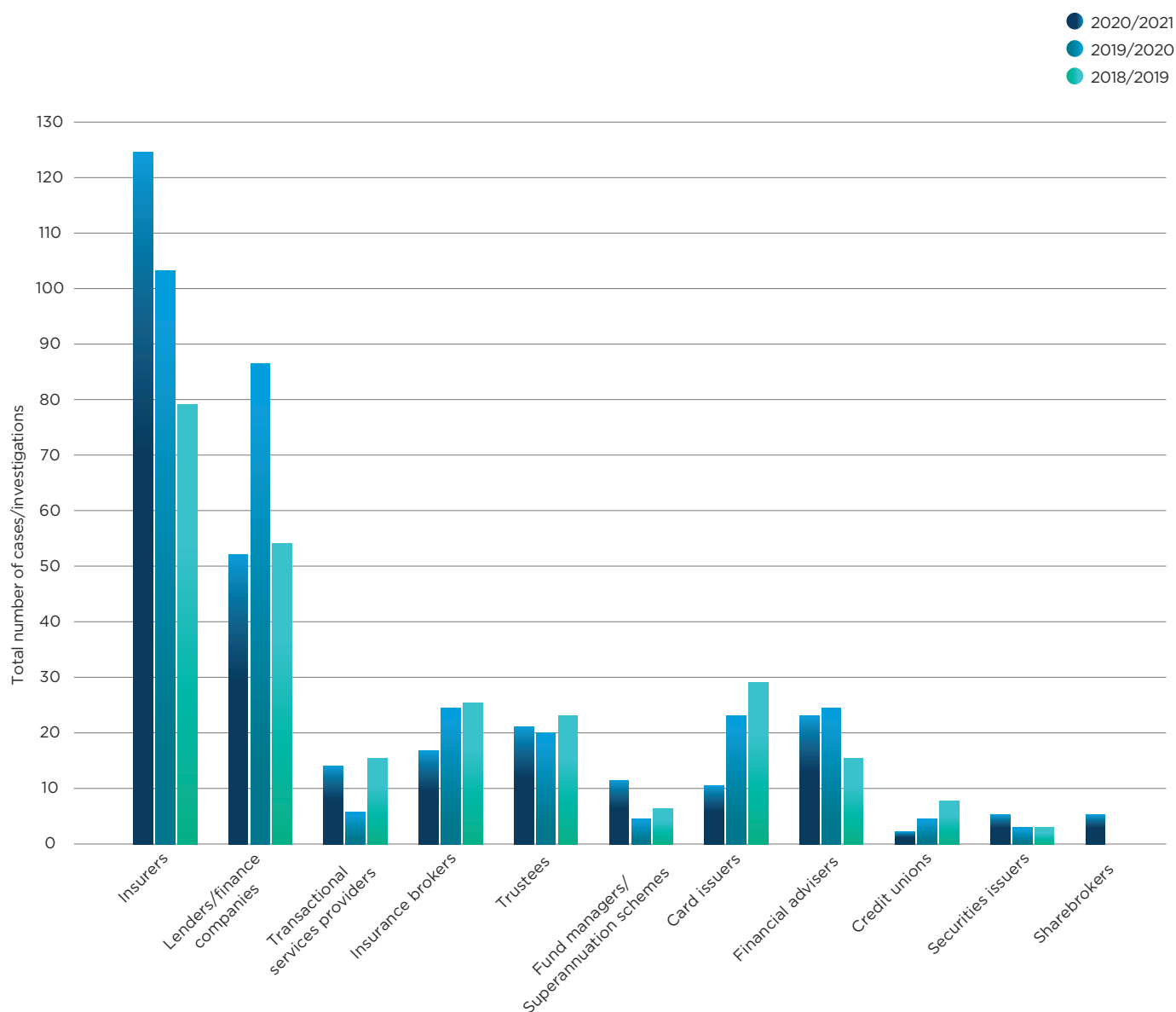
This year we issued a higher number of formal recommendations, the final step in our process, on 76 cases, an increase on the 42 cases last year. The increase in cases that needed to go to a formal recommendation reflects the increase in the complexity of the cases we are formally investigating, coupled with our observation that we have seen more people exhibiting challenging behaviours.

Case outcomes

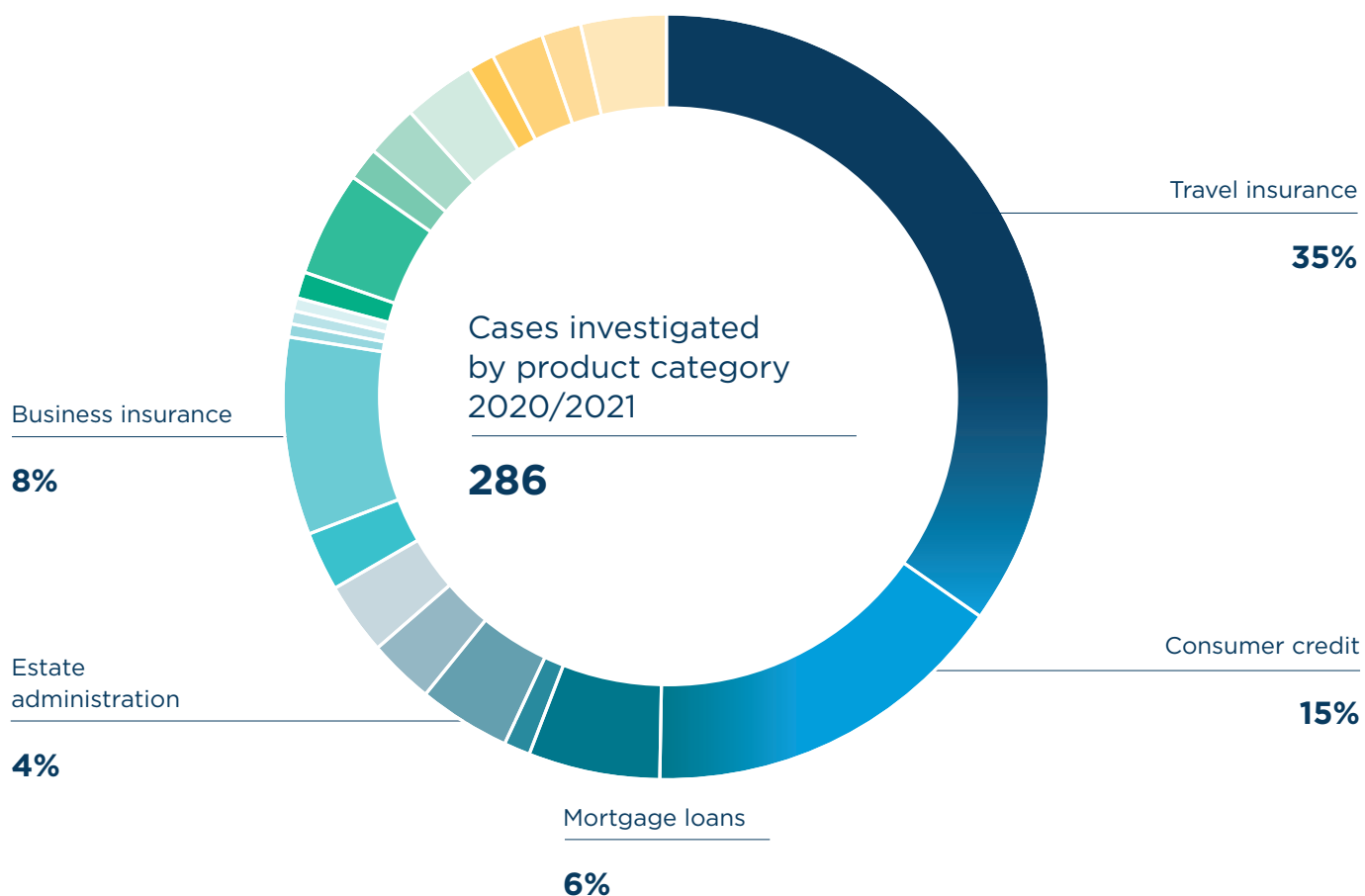


	20/21	19/20	18/19
Settled (facilitation/conciliation/negotiation)	97	91	77
Discontinued	82	103	87
Resolved early by participant	23	44	39
Jurisdiction declined	8	18	12
Not upheld - formal recommendation	43	31	21
Partly upheld - formal recommendation	27	8	17
Upheld - formal recommendation	6	3	5

Cases investigated by participant category



Product categories for cases investigated



	20/21	19/20	18/19		20/21	19/20	18/19
Travel insurance	100	81	44	Health	2	2	4
Consumer credit	44	66	49	Income protection	3	3	4
Mortgage loans	16	14	10	KiwiSaver	13	3	8
Travel cards	3	17	12	Superannuation and managed funds	4	4	4
Estate administration	11	15	16	Home and contents insurance	6	9	10
Motor vehicle insurance	8	9	8	Life	9	9	3
Trading platforms/ foreign exchange	9	6	15	Marine insurance	3	4	5
Credit cards	7	6	17	Securities	6	2	
Business insurance (formerly material damage insurance)	24	6	5	Investment funds	5		
Debt collection	2	5	1	Other	10	28	23
Business finance	1	5	3				

Case overview

In last year's report we said we expected to see more complaints arising out of financial hardship caused by the effects of the Covid-19 pandemic on people's jobs and businesses.

However, so far, those complaints have not yet eventuated in any great number. As a result, having cleared the large volume of travel insurance complaints we received immediately following the level 4 lockdown in March 2020, our intake of new disputes for investigation has declined to "normal" pre-Covid levels.

As with previous years, complaints about insurers and lenders dominate the cases we formally investigate.

We continue to see cases where the borrower says that the lender did not lend responsibly to them, and irresponsible lending makes up the most frequent issue in the complaints we investigate about lenders. We have also seen a small increase in cases where a person, usually a family member, has been joined as a co-borrower on a loan, when they thought they were only guaranteeing a loan. In the cases concerned, it has appeared that the lender asked the family member to be a co-borrower, rather than a guarantor, in order to avoid the additional responsibilities a lender owes to guarantors, for example, the requirement to recommend a guarantor obtains independent advice before finding a guarantee. Case study 1 is an example of this.

Many financial dispute resolution schemes both in New Zealand and around the world have reported an increase in cases involving fraud or scams. Cybercrime has increased since

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The communication and support were outstanding and the way the paperwork showed both sides of the client and provider sides of the complaint was clear and concise and showed a fair and thorough investigation.

”

the Covid-19 pandemic and, unfortunately, cyber criminals often prey on the vulnerable consumer, offering tempting ways to make money quickly. Case study 2 is a case involving a crypto currency scam where, despite the platform warning the consumer that the Bitcoin "investment" was very likely a scam, the consumer went ahead to buy Bitcoin, suffering a loss.

We are no longer receiving travel insurance complaints arising out of Covid-19. Many of the travel insurance complaints that we



investigated earlier in the year and last year were not upheld because the policies contained exclusions from cover for losses arising out of a pandemic or Government interference with travel. However, in one case that we investigated earlier this year, the insurer did have to cover the consumer's loss, due to giving the consumer misleading advice about the extent of Covid-19 cover. See Case study 3.

Included in the raft of law changes that came into effect on 15 March for financial advisers, referred to earlier in this report, is a requirement for advisers to keep adequate records. Good recordkeeping is also essential for good complaints management. We are sometimes asked to investigate advice that was given to the consumer some years ago. If the adviser's records are poor or, in a few cases, non-existent, our case managers have a hard job of finding out what went wrong and why, and who is responsible for fixing the problem.

Our case notes provide insight into the complaints that come to us. We have built up a significant number of these case notes over the years. You can read more here <http://www.fscl.org.nz/case-studies>

“

**For the first time
receiving a complaint
after 10 years being in
business, it was a fair
process and outcome
for all parties.**

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CASE STUDY ONE

I'm a guarantor not a co-borrower

Sandra's daughter, Emily, wanted to buy a car, and went to a car yard and finance company Sandra had used previously.

Emily had a bad credit history so the finance company called Sandra and asked if she would guarantee Emily's loan and give her car as additional security for the loan. Sandra agreed and the finance company sent a staff member to Sandra's work with the loan documents. Sandra signed the loan documents, the loan was approved, and Emily bought the car.

Emily's loan repayments were unreliable, and within a couple of months she was missing more payments than she was making. The finance company issued a repossession warning notice on Sandra, wanting to repossess Sandra's car.

Sandra objected to the repossession warning notice and complained to FSCL.

Dispute

Sandra said that she had not agreed to give her car as security for the loan, had not been given a copy of the loan agreement, and did not have time to read the loan agreement before she signed it. Sandra also said that the finance company had not checked that she could afford to repay the loan.

The finance company considered Sandra knew what she was doing when she signed the loan agreement and was complaining because she had fallen out with Emily when Emily stopped repaying the loan. The finance company said they had explained to Sandra that if Emily did not repay the loan, she would have to and, if she was unable to pay, they would repossess Sandra's car.

The finance company considered that the loan was affordable but were unable to provide the supporting records that Sandra met their lending criteria and had repaid a loan in the past without difficulty.

Review

We were satisfied Sandra understood she was agreeing to guarantee Emily's loan. However, when we took a closer look at the loan agreement, we discovered that Sandra was recorded as a co-borrower and not a guarantor as she had believed. It was our view that Sandra was being treated, in all material respects, as a guarantor. We decided to treat Sandra as a guarantor, not a co-borrower.

Although Sandra knew that, if Emily defaulted on the loan, she would be liable to make the payments, and that her car could be sold if she was unable to do so, our investigation did not end there.

Under the Credit Contracts and Consumer Finance Act 2003 (CCCFA) the finance company was obliged to make sure:

- the loan was affordable for Sandra
- copies of the loan agreement were made available
- Sandra understood the key terms of the loan.

When we asked the finance company for the information they relied upon when deciding to lend, they were able to give us some information about the affordability assessment for Emily but were unable to give us any information at all about the decision to accept a guarantee from Sandra.

Although Sandra had a good history with the finance company, this was at least three years earlier. Sandra said that in the meantime she had moved three times, changed jobs twice, and been on ACC. Sandra's financial situation had changed considerably, and she could not afford the loan repayments.

It was our view that the finance company had not complied with their responsible lending obligations. Not only had they failed to assess Sandra's ability to repay the loan without suffering substantial hardship, but they had not given her a copy of the loan agreement, and had not advised her to seek legal or independent advice before agreeing to guarantee the loan.

Resolution

We formally recommended that the finance company remove Sandra as a co-borrower from the loan, cease all recovery action against her, and release the security interest held over her car. Sandra accepted our decision and the finance company complied with our recommendation.

FSC consumer insight

Borrowers and guarantors are different and should be treated as such by lenders. A lender must be satisfied that the guarantor:

- understands their role
- can afford to meet the loan repayments separately from the borrower without suffering substantial hardship
- has a copy of the documentation
- knows they should get legal or independent advice before proceeding.



Bitcoin scam

Isaac signed up to a cryptocurrency exchange platform (the exchange platform). In Isaac's registration, he noted he was purchasing cryptocurrency to invest in an overseas investment scheme (the scheme).

FIRST WARNING

The exchange platform emailed Isaac to confirm he understood the risks associated with cryptocurrency investments, including potential loss of funds. The exchange platform told Isaac they weren't associated with the scheme, so couldn't comment on its legitimacy. Isaac told the exchange platform he understood the risks.

SECOND AND THIRD WARNINGS

Isaac ordered \$5,000 of bitcoin, but had to contact the exchange platform for assistance because the order wouldn't process. During this discussion, the exchange platform told Isaac they thought the scheme was a scam, because a few aspects of its website appeared fraudulent. Isaac told the exchange platform he had invested a lot of time in researching the scheme and wanted to proceed with the order.

After the discussion, the exchange platform emailed Isaac again confirming their view the scheme was a scam because:

- it offered guaranteed returns
- when reverse-image searched, the photo of the stated CEO appeared to be a different person
- Isaac had already received returns, which is a common feature scammers use to encourage investors to invest more money
- the scheme's incorporation certificate was from a country in the Caribbean, though it claimed to be a US company.

Isaac responded by asking the exchange platform to process his order.

MORE BITCOIN PURCHASED

Over the next few weeks, Isaac purchased a further \$10,000 of bitcoin from the exchange platform.

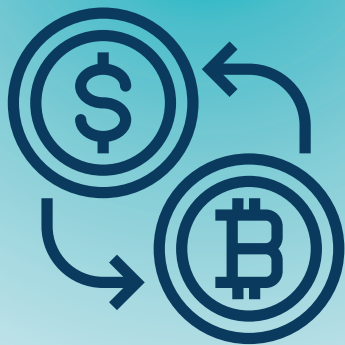
SCAM

It transpired the scheme was indeed a scam, and Isaac lost all of his investments. Isaac asked the exchange platform to refund him \$15,000 for the bitcoin he had purchased and invested in the scam. When the exchange platform refused, Isaac complained to FSCL.

Dispute

Isaac said the exchange platform should not have authorised his transactions with the scheme and failed to properly warn him the scheme was a scam. Isaac also said the exchange platform had a responsibility to verify the merchants their customers pay bitcoin to.

The exchange platform said they have no responsibility over what their customers do with their bitcoin after they have purchased it and they made reasonable attempts to warn Isaac about the scheme.



Review

We considered the exchange platform's obligations under the Financial Markets Conduct Act 2013 (FMCA) not to engage in misleading or deceptive conduct.

To comply with this obligation, the exchange platform needed to ensure their messaging about the risks and rewards of buying crypto assets must be balanced, and they couldn't omit or bury key information about the risks.

We thought the exchange platform complied with this obligation because they pointed out the risk of investing bitcoin to Isaac as soon he registered. We also considered the exchange platform made reasonable attempts to warn Isaac of the scam, so they didn't engage in deceptive conduct by encouraging Isaac to purchase bitcoin from them which he would subsequently go on to lose.

We agreed with the exchange platform that they did not authorise Isaac's transactions with the scheme. Bitcoin are kept in online 'wallets' which are anonymous. The exchange platform's terms and conditions of use clearly prohibited third party transactions, so even if Isaac had given the exchange platform the scheme's wallet address to pay the bitcoin directly to, any role the exchange platform played in 'authorising' the transaction would have been as a result of Isaac's breach of the terms and conditions.

Finally, we found the exchange platform's anti-laundering or 'know your customer' obligations did not extend beyond verifying the identities and source of wealth of their own customers rather than the entities their customers go on to trade with.

Resolution

We recommended that Isaac discontinue his complaint with the exchange platform, which Isaac agreed to. We told Isaac to contact the police about the scheme if he hadn't already.

FSCL consumer insight

Cryptocurrency investment scams are unfortunately common, and it is worth taking any warnings about a scheme's legitimacy seriously.

We were pleased to see the exchange platform updated their policy for dealing with potential scams after the incident with Isaac. The exchange platform now:

- **does not onboard new customers who mention managed investment schemes without the schemes being regulated in a safe environment or officially vetted**
- **freezes customers' accounts if they become aware of them potentially being involved in a scam**
- **shares more information with fraud teams at banks and other cryptocurrency exchange platforms about new investment scams.**



Misleading travel insurance advice

In 2019, Richard booked a package holiday, which included flights and a cruise. He was due to depart in early March 2020 and return home in late April 2020. Richard was eligible for complimentary travel insurance under his credit card.

In February 2020, Richard called the insurer three times about his cover. He was apprehensive about it. It was the first time he had relied on a credit card travel insurance policy, rather than purchasing a policy. During each phone call, Richard mentioned COVID-19.

In the third phone call, the insurer reassured Richard that he would be covered for any cancellation in relation to COVID-19.

Richard departed on his holiday as planned, but the cruise was curtailed in mid-March 2020, and Richard returned home early. The cruise operator said they cancelled the remainder of the cruise because of the escalating COVID-19 pandemic, government advisories, and the impending lockdown of many ports.

The cruise operator was supposed to refund most of the costs of the holiday, but Richard only received around \$1,000. The cruise operator did not pay the remainder, around \$10,000, because they went into administration.

Richard claimed the lost \$10,000 on his travel insurance, but the insurer declined his claim. They relied on an exclusion about 'government interference' with travel plans. They said Richard's travel plans had already been interfered with by port closures by the time the cruise operator curtailed the cruise.

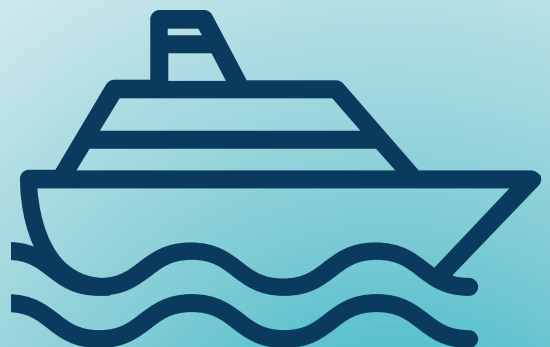
Richard did not accept the insurer's decision and complained to FSCL.

Dispute

Richard's relative, who was a lawyer, argued that the exclusion did not apply because port closures were due to COVID-19 and not government interference with his plans.

The lawyer also argued that the exclusion was overridden by the verbal advice the insurer gave Richard about cover during the third phone call. Richard relied on that advice.

The insurer remained of the view that the exclusion applied.



Review

We concluded that the policy exclusion applied. It applied if a person suffered loss, whether direct or indirect, arising from government interference with the person's travel plans.

In Richard's case, when the cruise was curtailed, various governments had already announced or implemented actions that interfered with the cruise, including bans on docking or disembarking.

However, we also concluded that the insurer had misled Richard by omission during the third phone call. It should have been clear to the insurer that they needed to explain to Richard that a claim related to COVID-19 would not necessarily be accepted.

Some consumers, like Richard, who hear the words 'you will still be covered for any cancellation in relation to the coronavirus', would not understand that the unspoken next words are 'subject to any exclusions in the policy'. It should have been clear to the insurer that Richard did not have a sophisticated understanding of insurance policies, and that he was anxious to ensure he was covered if he went ahead with his trip.

Further, given the situation with COVID-19 was evolving, the insurer could have told Richard to monitor their travel advisories about the virus or call back before he departed on his holiday.

We were satisfied that Richard relied on the advice he received about cover. It affected his decision to proceed with his holiday. If he had instead decided not to proceed with the holiday because of COVID-19, he would probably have been able to recover all his costs. .

Resolution

Given the insurer misled Richard and he relied on their advice, we concluded that the insurer should pay his claim. Both parties accepted our view and the insurer paid Richard around \$10,000.

FSCL consumer insight

This case gives insights to insurers and their agents about explaining cover to consumers.

Some consumers are not aware that having insurance cover for something does not necessarily mean a claim will be accepted. Insurers and their agents should make it clear that cover is subject to exclusions.

Further, some consumers are not aware that insurers occasionally issue travel advisories. It is good practice to inform consumers to check the insurer's travel advisories before they depart, in addition to checking the New Zealand government's SafeTravel website.



Summary Financial Statements

Summary profit and loss statement for the year end 30 June 2021

	2021	2020
	\$	\$
Revenue	1,821,667	1,768,649
TOTAL REVENUE	1,821,667	1,768,649
Expenses		
Administration	2,014,243	1,871,103
Non cash items	32,494	38,268
Total expenses	2,046,737	1,909,371
NET BUSINESS SURPLUS	(225,070)	(140,722)
Other income	107,209	76,368
	107,209	76,368
NET SURPLUS	(117,861)	(64,354)

Summary statement of movements in equity For the year ended 30 June 2021

	2021	2020
	\$	\$
Net surplus for the year	(117,861)	(64,354)
Equity at beginning of year	2,714,084	2,778,438
EQUITY AT END OF YEAR	2,596,223	2,714,084

These summary statements are to be read in conjunction with the notes to the summary financial statements

Summary balance sheet for the year end 30 June 2021

	2021 \$	2020 \$
EQUITY	2,596,223	2,714,084
Current assets		
Cash, bank balances and short term deposits	2,555,990	2,711,841
Receivables	81,749	62,447
Prepayments	8,776	25,188
	2,646,515	2,799,476
Non current assets		
Property, plant and equipment	96,675	111,792
Intangibles	15,504	23,255
Work in progress	13,348	-
	125,527	135,047
TOTAL ASSETS	2,772,042	2,934,523
Current liabilities		
Payables	59,260	74,417
Income in advance	10,800	55,067
Accrued charges	78,366	90,028
Lease incentive	11,933	927
	160,359	220,439
Non current liabilities		
Lease incentive	15,460	-
	15,460	-
TOTAL LIABILITIES	175,819	220,439
NET ASSETS	2,596,223	2,714,084

Approval of financial statements

These Summary Financial Statements have been approved by the board on 27 August 2021. For and on behalf of the Board of Directors:



DIRECTOR



DIRECTOR

These summary statements are to be read in conjunction with the notes to the summary financial statements

Summary Financial Statements

Summary Statement of Cashflow for the year end 30 June 2021

	2021	2020
	\$	\$
CASH WAS PROVIDED BY (USED FOR)		
Operating activities		
Receipts from Participants	1,880,205	1,798,770
GST movement	(11,590)	7,831
Operating costs	(2,027,642)	(1,849,449)
Income tax paid/(refunded)	(12,642)	6,629
	(171,669)	(36,219)
Investing activities		
Payments to property, plant and equipment and intangible assets	(9,625)	(45,605)
Payments to work in progress	(13,348)	-
	(22,973)	(45,605)
Financing activities		
(Increase)/decrease of term deposits	200,951	(32,865)
Net interest received	38,791	76,804
	38,791	43,939
NET MOVEMENT IN CASH	45,100	37,885
Opening bank balances	384,027	421,912
CLOSING BANK BALANCES	429,127	384,027
Represented by		
Bank balances	429,127	384,027
CLOSING BANK BALANCES	429,127	384,027

These summary statements are to be read in conjunction with the notes to the summary financial statements

Notes to the summary financial statements for the year end 30 June 2021

The Summary Financial Statements have been prepared for the individual entity Financial Services Complaints Limited for the accounting period ended 30 June 2021. Also included for comparative purposes are figures for the period ended 30 June 2020.

The specific disclosures included in the Summary Financial Statements have been extracted from the Full Financial Services Complaints Limited Financial Statements. The Summary Financial Statements do not include all disclosures provided in the Full Financial Statements and cannot be expected to provide as complete an understanding as provided by the Full Financial Statements.

Financial Services Complaints Limited does not have a general purpose financial reporting requirement. Financial Services Complaints Limited's constitution requires the preparation of special purpose financial statements within five months of the company's balance date.

The Full Financial Statements for Financial Services Complaints Limited have been prepared applying the Public Benefit Entity Simple Format Reporting - Accrual (Not for Profit) ("PBE SFR-A (NFP)") standard with the exception of an entity information page and the preparation of a statement of service performance.

The purpose of the Full Financial Statements is to provide users with consistent year on year information regarding the financial performance and position of Financial Services Complaints Limited and so that the company can meet its obligations under the Income Tax Act.

The Summary Financial Statements are presented in New Zealand dollars, which is the operational currency of Financial Services Complaints Limited. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

The Full Financial Statements for the year end 30 June 2021 were authorised for issue by the directors of Financial Services Complaints Limited on 27 August 2021 and an unmodified audit report was issued by BDO at that date.

The Full Financial Statements for the year end 30 June 2020 were authorised for issue by the directors of Financial Services Complaints Limited on 28 August 2020 and an unmodified audit report was issued by BDO at that date.

A copy of the Full Financial Statements can be obtained via the Financial Services Complaints Limited's website; <http://www.fscl.org.nz/>.



BDO Wellington Audit Limited

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS

To the Shareholders of Financial Services Complaints Limited

The accompanying summary financial statements, which comprise the summary balance sheet as at 30 June 2021, the summary profit and loss statement, the summary statement of cashflow and summary statement of movements in equity for the year then ended, and related notes are derived from the audited special purpose financial statements of Financial Services Complaints Limited for the year ended 30 June 2021. We expressed an unmodified audit opinion on those special purpose financial statements in our report dated 27 August 2021. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not include all the disclosures included in the special purpose financial statements. Reading the summary financial statements, therefore is not a substitute for reading the audited special purpose financial statements of Financial Services Complaints Limited.

Directors' Responsibility for the Summary Financial Statements

The directors are responsible for the preparation of a summary of the audited special purpose financial statements in accordance with FRS-43: *Summary Financial Reports* ("FRS-43").

Auditor's Responsibility

Our responsibility is to express an opinion on these summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810, "Engagements to Report on Summary Financial Statements".

Other than in our capacity as auditor we have no relationship with, or interests in, Financial Services Complaints Limited.

Opinion

In our opinion, the summary financial statements derived from the audited special purpose financial statements of Financial Services Complaints Limited for the year ended 30 June 2021 are consistent, in all material respects, with those special purpose financial statements in accordance with FRS-43.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to the Notes to the summary financial statements, which describes the basis of accounting. The summary financial statements are prepared to assist the shareholders by providing users with consistent year on year information regarding the summary financial performance and position of Financial Services Complaints Limited. As a result, the summary statements may not be suitable for another purpose. Our report is intended solely for the shareholders and should not be distributed to or used by parties other than the shareholders.

BDO Wellington Audit Limited

BDO WELLINGTON AUDIT LIMITED

Wellington
New Zealand
27 August 2021



Company directory

Level 4, 101 Lambton Quay
Wellington 6011

Incorporation number

2303993

IRD number

103-018-668

Directors

Jane Meares
Tuhi Leef
Liesl Knox
Mary Holm
Roger J Kerr

Shareholder

The Board Chair is the company's sole shareholder and holds the shares on trust for the fulfilment of the company's objective, which is to provide an external dispute resolution scheme for its participants.

Accountants

KPMG
10 Customhouse Quay
Wellington

Auditors

BDO Wellington
Level 1, 50 Customhouse Quay
Wellington 6011



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INDEPENDENT DISPUTE RESOLUTION
