

Annual Report

Te Pūrongo-Ā-Tau



A Financial Ombudsman Service

FSCL

FINANCIAL SERVICES COMPLAINTS LTD
RATONGA PŪTEA PUNA MANAAKI

2025 / 2026

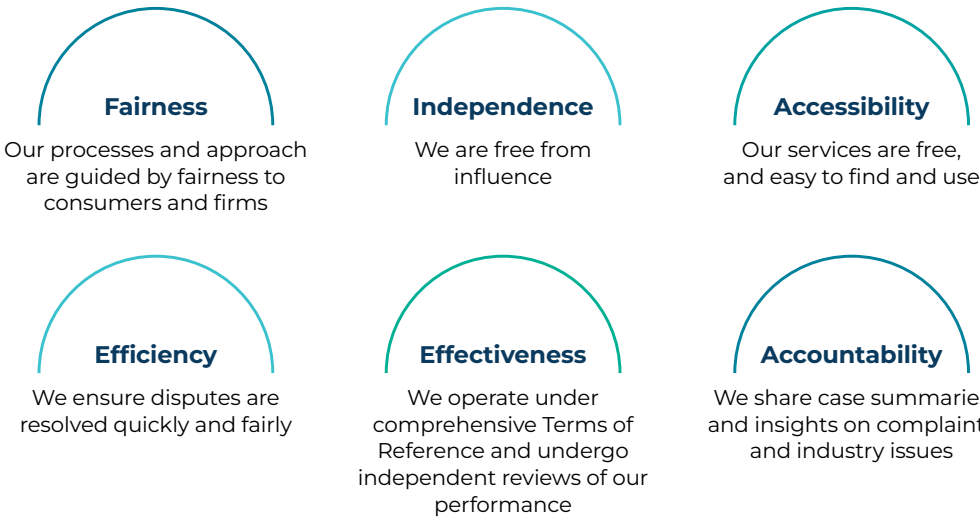


About us

We are a trusted, independent, not-for-profit financial ombudsman service that helps resolve disputes between consumers and their financial services providers when they are unable to resolve a problem on their own.

Fair and effective ombudsman services are critical for maintaining a prosperous and healthy financial services sector. When consumers and providers know they have a trusted place to turn to when disputes arise, they can do business with greater confidence.

Our guiding principles



What we do

We resolve complaints and disputes between consumers and financial services providers, and share our expertise and insights with consumers, industry, and regulators.

We investigate complaints including complaints about credit, finance and loans, insurance, money transfer services, investments, financial advice, and KiwiSaver.

Why we do it

Effective ombudsman services advance fairness and trust in Aotearoa's financial sector by providing efficient, independent, and accessible dispute resolution services to consumers and their providers. We feed data and insights back into the system to support continuous improvement in the sector.

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Chair's Introduction

Kupu Whakataki a te Heamana

This past year has been one of significant growth and complexity for FSCL, reflecting the wider challenges facing the financial services sector.

Ongoing fiscal pressures are prompting more consumers to pursue a complaint. The resulting increase in the number and complexity of cases we investigate underscores our increasingly important role in New Zealand's financial services landscape. It also reinforces the need for us to continue strengthening our capability, so we can respond to demand and maintain the quality and timeliness of our service.

We have made good progress on the recommendations of last year's independent review, which confirmed FSCL's strong performance and highlighted the importance of continuing to improve accessibility. In implementing the recommendations made by the independent reviewer, Nanette Moreau Hammond, we have focussed on practical steps that make our service easier to find, easier to use, and better aligned to the needs of all New Zealanders.

Ensuring all New Zealanders, particularly those in vulnerable circumstances, can access dispute resolution services when they need them must remain a priority.

Key performance indicators

This is the first year that FSCL is reporting on a common set of key performance indicators (KPIs) with the other financial dispute resolution services. We are pleased with the results, overall, especially when considering that FSCL has had its busiest year ever, by some margin. It is very pleasing to see that complaint response times have remained high through the year (98% average), 97% of calls are answered and we completed 81% of dispute investigations within 90 working days. I know that the team will strive to continually improve on these indicators in the year ahead.

Investing in capability

We continue to invest in FSCL's efficiency. Work is progressing on implementing a new participant and case management IT platform. This planned investment will provide a sustainable foundation for the years ahead and improve efficiencies in information handling, case management, reporting, and communications with participants. The Board is also reviewing whether new technologies may be able to bring increased efficiencies to our processes, with benefits for all our stakeholders.

Board changes

Earlier in the year, we welcomed new director, Kate Tokeley, as a consumer representative on our board. Kate brings valuable expertise and perspectives in consumer law that contribute significantly to the strength of our governance and support of FSCL's strategic direction. We also farewelled and thanked Mary Holm for her nine years of service on the board.

This Annual Report introduction will likely be my last as my term as FSCL's Board Chair finishes in March next year. It's been a pleasure and a privilege to lead the organisation's governance over the past nine years, and I thank all the directors and staff I've worked with during that time. I'm truly proud of FSCL's place in the financial services industry landscape and the reputation it has built as a world class dispute resolution service.

Acknowledgements

Throughout the year, FSCL's staff have demonstrated professionalism and resilience. Faced with record case volumes and evolving challenges, they have responded with empathy, understanding, innovation and a commitment to excellence. Whether helping participants and consumers asking for assistance, navigating complex investigations, or providing meaningful insights to our stakeholders, the team has consistently delivered. The Board deeply appreciates their commitment and their work.

I would particularly like to acknowledge the leadership of our Financial Ombudsman and Chief Executive Officer, Susan Taylor, who has ably steered the organisation through a time of increased workload and change. The excellent results from a staff engagement survey conducted a few months ago, referred to by Susan in her introduction, are a great credit to her and her senior leadership team.

I am also grateful to my fellow board members for their insight and commitment, and to our regulators and stakeholders for their ongoing support and engagement. Together, we are helping to build a service that New Zealanders can rely on when things go wrong.

I am proud of what FSCL has achieved this year, and in fact over the last nine years, and I am confident in the direction we are taking. We remain focused on our mission: to deliver fair, independent and accessible dispute resolution for the benefit of consumers and financial service providers alike.

Tē tōia, tē haumatia

Nothing can be achieved without a plan,
workforce and a way of doing things

“

I'm truly proud of FSCL's place in the financial services industry landscape and the reputation it has built as a world class dispute resolution service.

– JANE MEARES



Financial Ombudsman's Introduction

Kupu Whakataki a te Kaitiaki Mana Tangata mō te Pūtea

It has been a demanding and productive year for FSCL, marked by a significant increase in the cases we formally investigate (disputes) and growing complexity across our work. This year we have had a record 49% increase in disputes opened and a more modest 9% increase in complaints received. People appear increasingly motivated to pursue their concerns rather than let them go, and we have seen a broader diversity of issues, including a notable increase in KiwiSaver-related complaints and complaints about money transfer and foreign currency services.

Consumers' use of artificial intelligence (AI) to write their complaints and submissions has also been an increasing trend, not just for us, but also our counterparts both in New Zealand and overseas.

We have also seen an increase in challenging conduct reflecting the pressures many consumers are facing.

Demand on our resources

The record high level of consumer demand this year has presented operational challenges. We have focussed on improving efficiency and expanding our resources, while ensuring that we continue to meet our standards of fairness, accessibility, and quality, and provide a productive and supportive workplace for our team.

This sustained demand has also placed pressure on our wait times which increased during the year. In response, we have focused on strengthening our capability by growing our team and reviewing our processes. We are committed to reducing the wait times.

At the same time, we have made meaningful progress on several important initiatives, including reviewing how participants communicate their complaints processes to consumers, and advancing a project to deliver a new membership database and case management system. This will provide us with richer data, enabling us to better understand trends, and share more meaningful information with stakeholders.

The team

We were delighted with the results of our staff engagement survey carried out a few months ago. The results showed strong levels of engagement, the team's pride in their work and the work that FSCL does. The responses also gave us useful feedback on how we can further enhance our work environment.

Key performance indicators

We are now reporting against sector-wide key performance indicators, at the request of the Minister of Commerce and Consumer Affairs. It is hoped that this will see consistency and transparency to how the four financial dispute resolution schemes report on the delivery of their services. Alongside our existing measures, including number of enquiries, complaints, and disputes, response times, and resolution timeframes, we are including metrics on the number of calls answered, the proportion of disputes resolved within 90 days, and consumer and participant satisfaction ratings.

Our approach to measuring satisfaction is evolving, as we introduce Net Promoter Scores (NPS). These capture how satisfied consumers and participants are with our service and whether they would recommend it. We achieved an overall score of 31 for consumers and 32 for participants. This indicates that most users

feel the process is fair and worthwhile, and are willing to recommend our service. This is a positive outcome, given that many people engage with us when they are stressed, dissatisfied or in conflict – and outcomes are not always in their favour.

We also achieved an excellent score of 64 for our early assistance service. This reflects the effort we put into helping consumers when they first contact our service to make sure their complaint gets to the financial service provider they are complaining about and that they are heard. The quicker and earlier a complaint can be referred to the financial service provider, the more likely it is to be resolved.

We will use these measures to help drive continual improvement.

Participant engagement

We held successful and well-attended half day workshops for Auckland and Christchurch based participants during the year. Our monthly webinars continue to be popular. Through them, we share insights to help prevent complaints escalating to FSCL and support best practice. Topics in the series include the role of our board, our terms of reference, the information we need to help with complaints, and the implications of economic harm and vulnerability.

Consumer outreach

Our consumer outreach has involved a mix of in-person hui and online drop-in sessions for financial mentors, and community advocates and advisers.

They aim to share insights and offer opportunities for those supporting members of the community to ask questions about the financial challenges they are seeing. These conversations help us understand the pressure facing consumers, and support those working on the front line, including people providing budgeting advice. Attendance at these sessions continues to grow.

International Ombudsman conference

A highlight of the year was co-hosting our international financial ombudsmen colleagues for the INFO Network conference in Queenstown in October 2025, alongside the Banking Ombudsman Scheme and the Insurance and Financial Services Ombudsman scheme. Held over three days, it offered a very worthwhile opportunity to connect with other ombudsmen and share our successes and challenges. Key discussions centred on the threats and opportunities of AI, technology, scams, and climate-related disputes.

Looking ahead

Looking ahead, we expect another very busy year with no sign of complaint numbers easing. We remain focused on delivering effective, independent dispute resolution in an increasingly complex and evolving financial services environment. By the end of the financial year, we expect our new database and case management platform to be fully operational.

We'd like to see the policymakers make progress on looking at whether having four financial dispute

resolution services in New Zealand is still fit for purpose. We will be very keen to contribute to that work when it starts.

Acknowledgements

As always, I thank our Board for their support and belief in all that we strive to achieve. In particular, I thank our Chair, Jane Meares. I have very much enjoyed working with Jane over the last eight years, have learned a lot from her calm, intelligent leadership of the Board and I will miss her when she steps down next year.

Finally, a huge thank you to my team. The work that they do isn't easy and the past year has presented more challenges than usual. Our work takes great skill, resilience, and empathy and our team demonstrates those traits on a daily basis.

**He moana pukepuke e ekengia
e te waka**

A choppy sea can be navigated
by the canoe

Our participants

We have a wide range of financial service providers who are participants in our dispute resolution service. The largest proportion of participants are financial advisers and financial advice providers, followed by non-bank lenders, transactional service providers, and fund managers.

“

As a business owner myself, I really appreciate the case manager’s work ethic and the way they handle every situation.

Financial Advice Providers and Financial Advisers

Individuals or firms offering personalised advice on investments, financial planning, mortgages, and insurance. They help consumers select products, structure debt, or build wealth portfolios.

Non-bank Lenders

Organisations providing personal loans, vehicle finance, consumer credit, business loans, credit cards and other forms of lending outside the traditional retail banking system.

Transactional Service Providers

Organisations managing money transfers, foreign exchange transactions, cryptocurrencies, and digital payment wallets.

Fund Managers

Organisations that invest consumer money in diversified portfolios, managed funds, superannuation schemes, and New Zealand KiwiSaver accounts.

“

Thank you for your collaborative, fair and pragmatic approach when dealing with this complaint.

Participant type	Number
Financial Advice Providers	1,819
Financial Advisers / Individuals	7,189
Lenders	373
Fund Managers	149
Insurers	14
Transactional Service Providers	270
Issuers of Securities	32
Corporate Trustees	4
Crowd Funders / Peer-to-Peer Lenders	12
Credit Unions	3
Charities / Not for Profits	7
Total	9,872

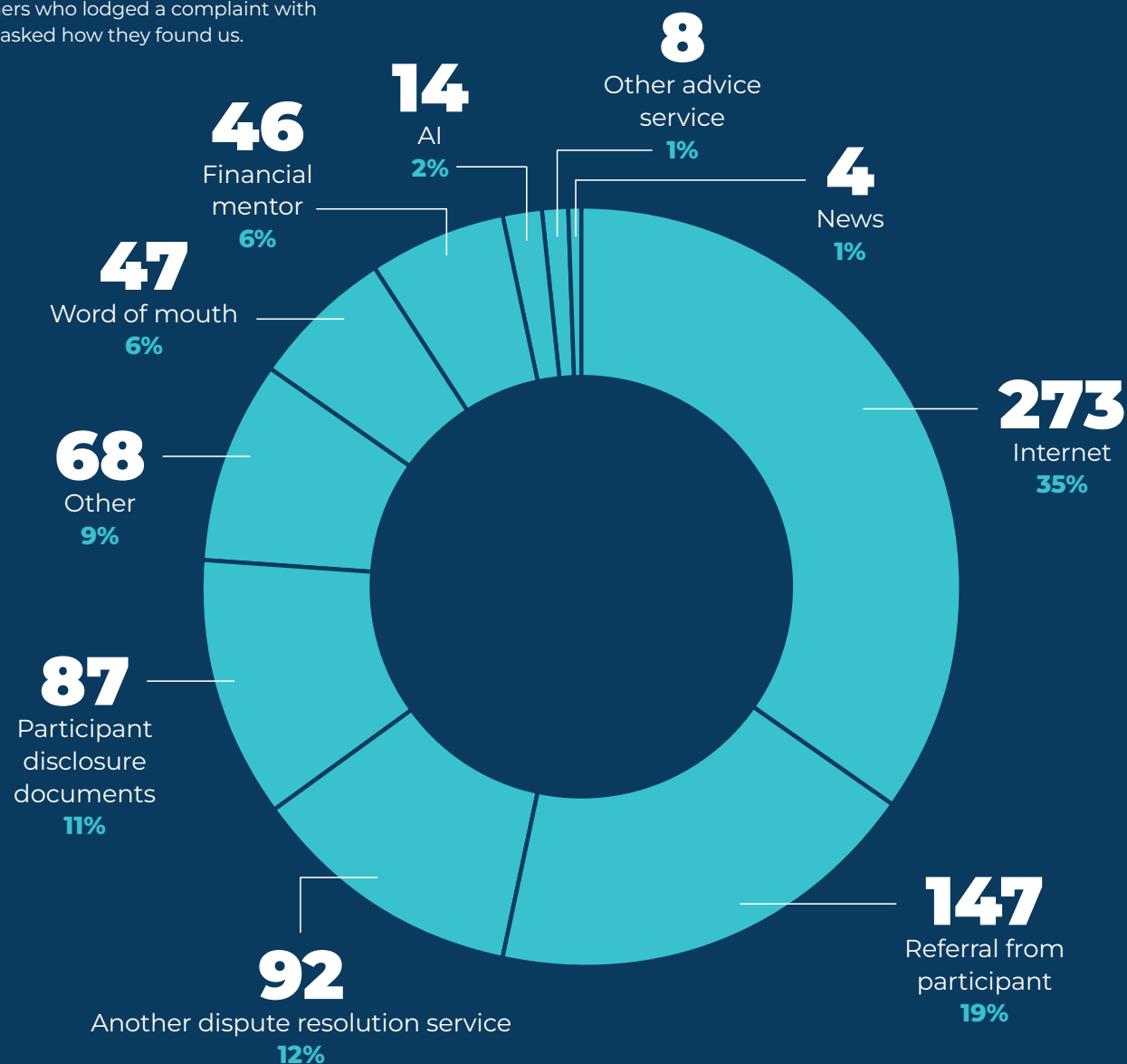
“

The case manager has been amazing to deal with. I don’t think we could have got through this without them.

– PARTICIPANT FEEDBACK

How consumers found us

Consumers who lodged a complaint with us were asked how they found us.



49%

RESPONSE
RATE

Snapshot of our year

WE RECEIVED
3,413
ENQUIRIES

Consumers making general enquiries about financial service providers or products, or seeking information about our service. They do not yet have a complaint.

WE RECEIVED
1,596
COMPLAINTS

Our early assistance team helps refer complaints about financial service providers to their internal complaints process. Our team keeps a watching brief to ensure the complaint is satisfactorily resolved.

WE OPENED
553
DISPUTES

We formally investigate the complaint and help negotiate or decide the resolution or withdrawal of the complaint.



Our response times



98%

OF COMPLAINTS
RESPONDED TO WITHIN
TWO WORKING DAYS*



97%

OF CALLS
ANSWERED**

*Working days means weekdays excluding public holidays.

**Calls answered percentage is for calls received on working days between 8 am and 5 pm.

Top complaint areas

LENDERS

Disputed debt

TRANSACTIONAL SERVICE PROVIDERS

Payment processing issues

KIWISAVER AND OTHER SUPERANNUATION

Financial hardship withdrawal applications

FINANCIAL ADVISERS

Advice inappropriate or inadequate

FUND MANAGERS AND INVESTMENT PROVIDERS

Technical issues

CARD ISSUERS

Disputed transactions

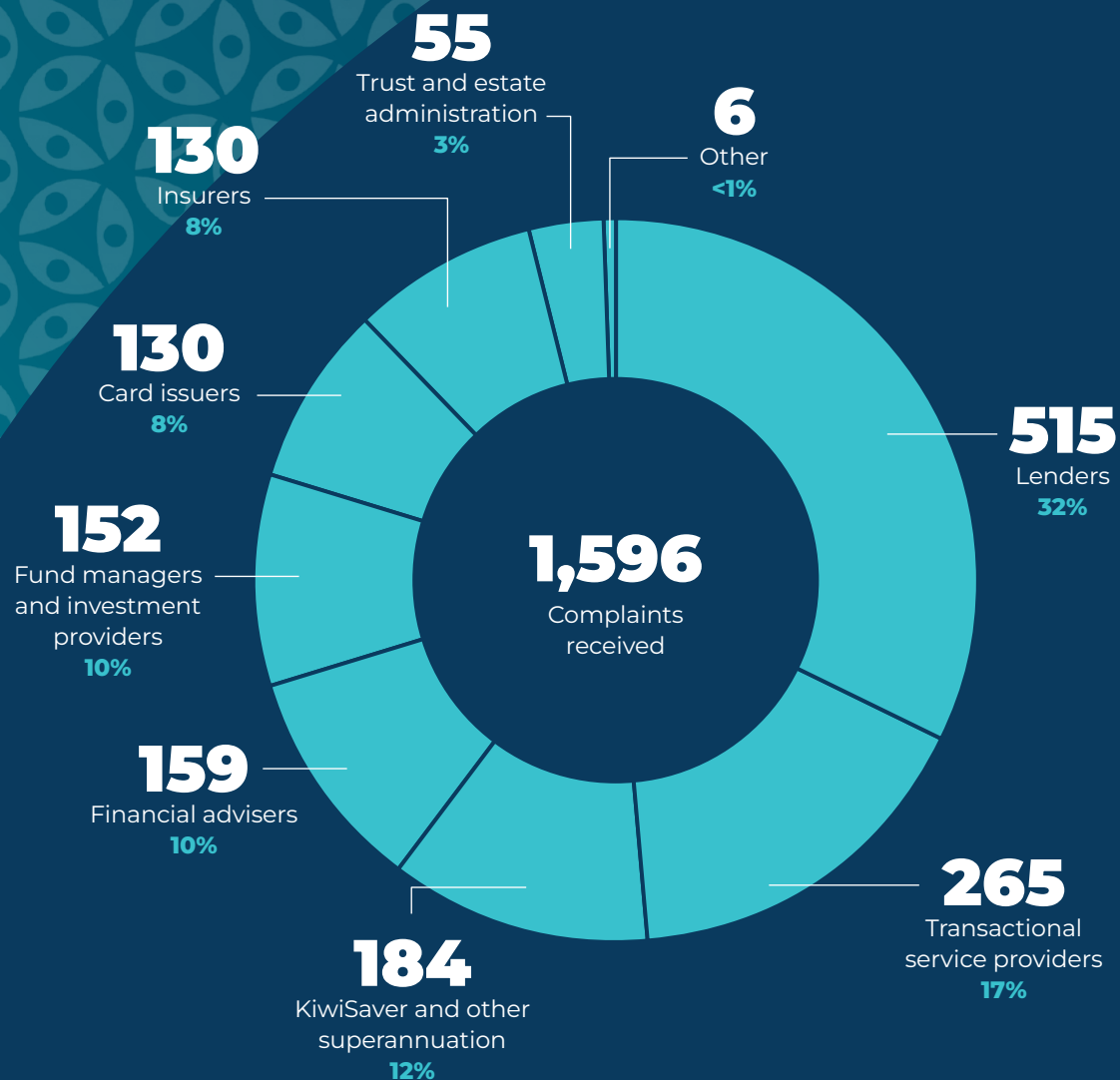
INSURERS

Policy wording unfair or misapplied

TRUST AND ESTATE ADMINISTRATION

Fees

Complaints across service types



Disputes

This year we had a huge 49% increase in the cases we investigated (disputes), completing the investigations of a record 532 cases.

We saw significant increases in disputes about lenders, up 65%, trustee companies, up 39%, a tripling in disputes about transactional service providers, and disputes about fund managers increased, from 10 cases last year to 47 this year.

Complaints about insurers and card issuers were steady with similar numbers to last year and disputes about financial advisers fell by 19%.

The product most complained about this year was money transfers (68), followed by motor vehicle finance (51), and credit cards (49). Complaints about KiwiSaver were up significantly from 14 to 44.

It was pleasing to see that, despite the very large increase in our workload, we closed 81% of cases within 90 working days, with an average of 58 working days to complete an investigation.

These numbers reflect the fact that for some consumers, economic circumstances remain very challenging. The increase in disputes about fund managers was largely driven by consumers who faced service issues when applying to withdraw funds from their KiwiSaver accounts on the ground of significant financial hardship. Transactional service provider complaints concerned service issues, including fraud issues, involving money transfer services.

We negotiated or awarded total compensation this year totalling \$4,106,899, up from last year's compensation of \$1,750,706. The compensation total includes a \$1,469,000 release of liability by a lender for a debt owed by a consumer.

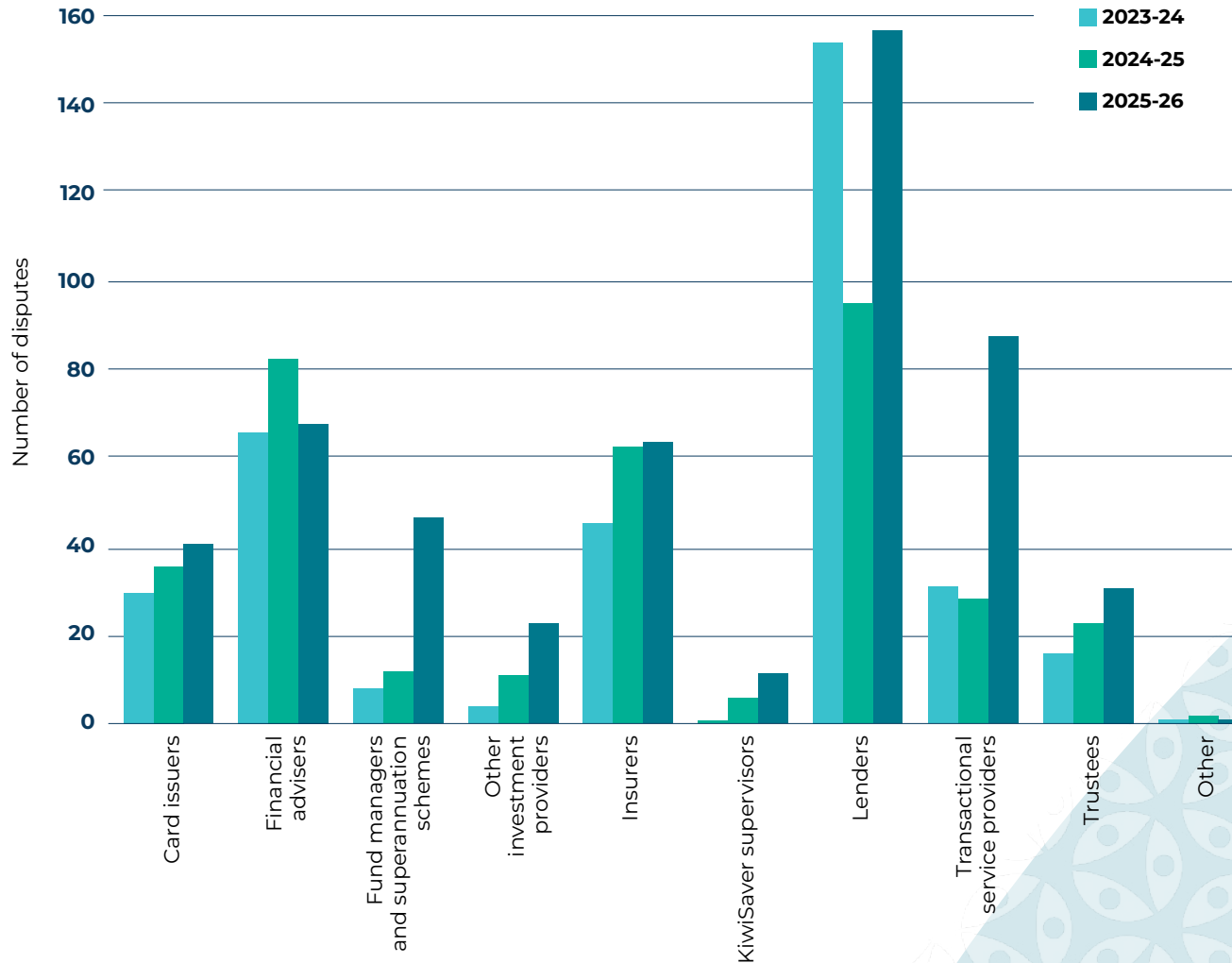
In terms of complaints received (1,596), it's worth noting that about 25% of consumers said their main concern was lack of contact or timely communications from their financial service provider. Poor communication has for many years been the root cause of many complaints that reach us and the numbers this year reflect that fact.

“

I couldn't have resolved this without FSCL. It was a very hard time in my life and FSCL helped me a lot. The service is incredible.

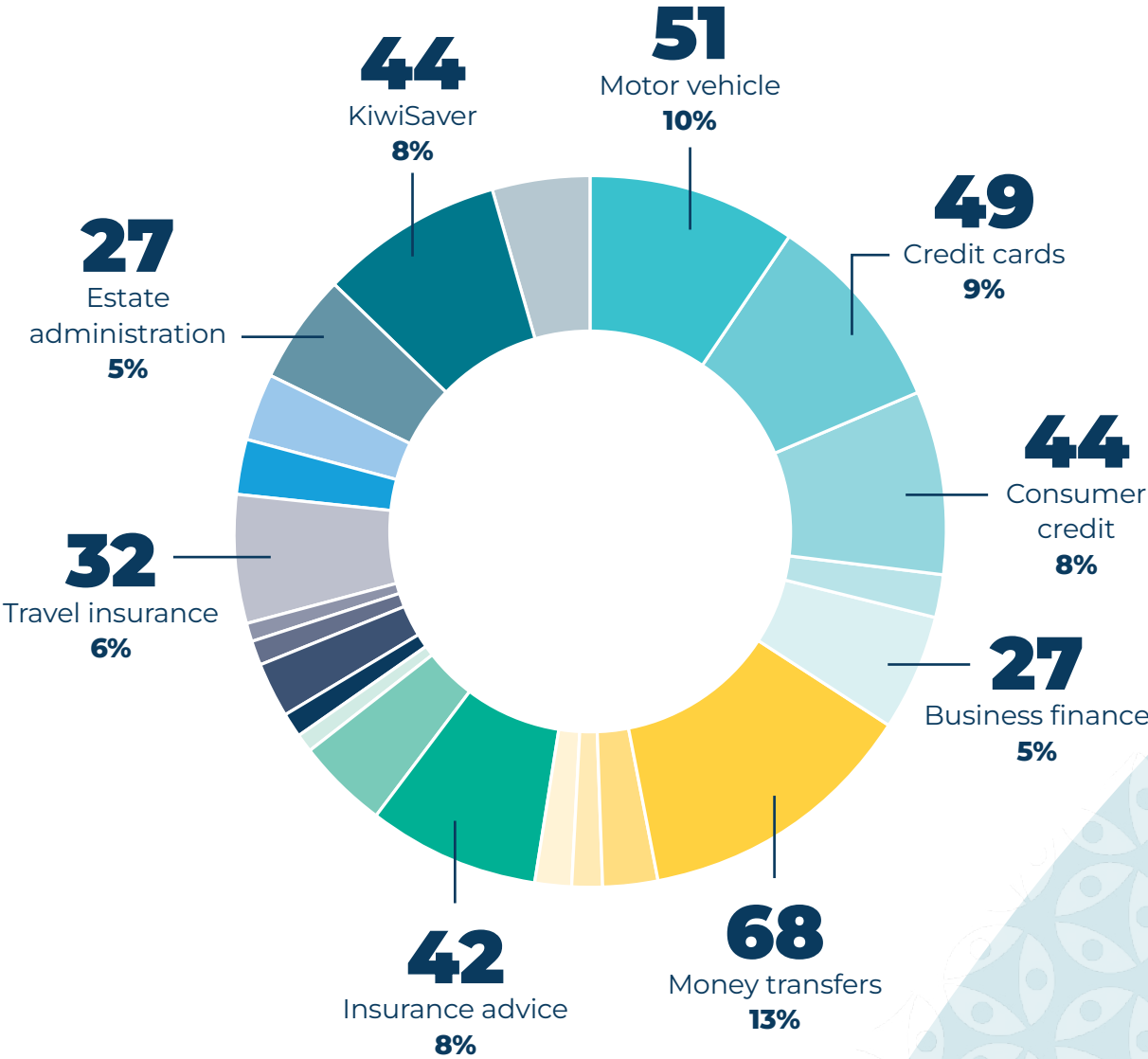
– CONSUMER FEEDBACK ON DISPUTE

Disputes completed by financial service category



Top complaint areas	2023-24	2024-25	2025-26
Card issuers	30	36	41
Financial advisers	66	83	68
Fund managers and superannuation schemes	8	10	47
Other investment providers	4	11	23
Insurers	46	63	64
KiwiSaver supervisors	1	6	12
Lenders	154	95	157
Transactional service providers	31	28	88
Trustees	16	23	31
Other	1	2	1
TOTAL	357	357	532

Product categories for completed disputes



	2025/26	2024/25	2023/24
Motor vehicle finance	51	15	62
Credit cards	49	42	37
Consumer credit	44	23	33
Mortgage loans	11	15	23
Business finance	27	17	15
Money transfers	68	21	27
Travel cards	14	15	14
Bank accounts	7	5	3
Foreign exchange	9	2	1
Insurance advice	42	48	43
Lending advice	22	25	21
Investment advice	4	10	2
Life, trauma, and health insurance	6	3	3
Business insurance	13	18	13
Home and contents insurance	6	7	6
Professional indemnity insurance	4	3	5
Travel insurance	32	28	19
Managed funds	13	2	5
Trading platforms	16	10	2
KiwiSaver	44	14	3
Estate administration	27	23	14
Other	23	11	6
Total	532	357	357

Timeframes for disputes



AVERAGE TIME FOR
RESOLVING DISPUTES

58

WORKING DAYS*



DISPUTES RESOLVED
WITHIN 90 WORKING DAYS*

81%

*Working days means weekdays excluding public holidays. It includes days that are not public holidays when FSCL's office was closed for the Christmas – New Year holiday period.

Dispute outcomes completed within our target timeframes

Shows the breakdown of disputes we closed, and the timeframes we set to complete them.

Number of disputes	Working day target	Completed within target
131 simple	20 days	53%
282 standard	65 days	67%
119 complex	130 days	87%

Simple disputes can be resolved easily, usually within four weeks of the file being opened, and with little work from our team.

Standard disputes involve common complaint issues and do not raise any unusual facts, novel issues, or points of law.

Complex disputes involve difficult questions of fact or law, large files, and if one or both parties exhibit challenging behaviour.

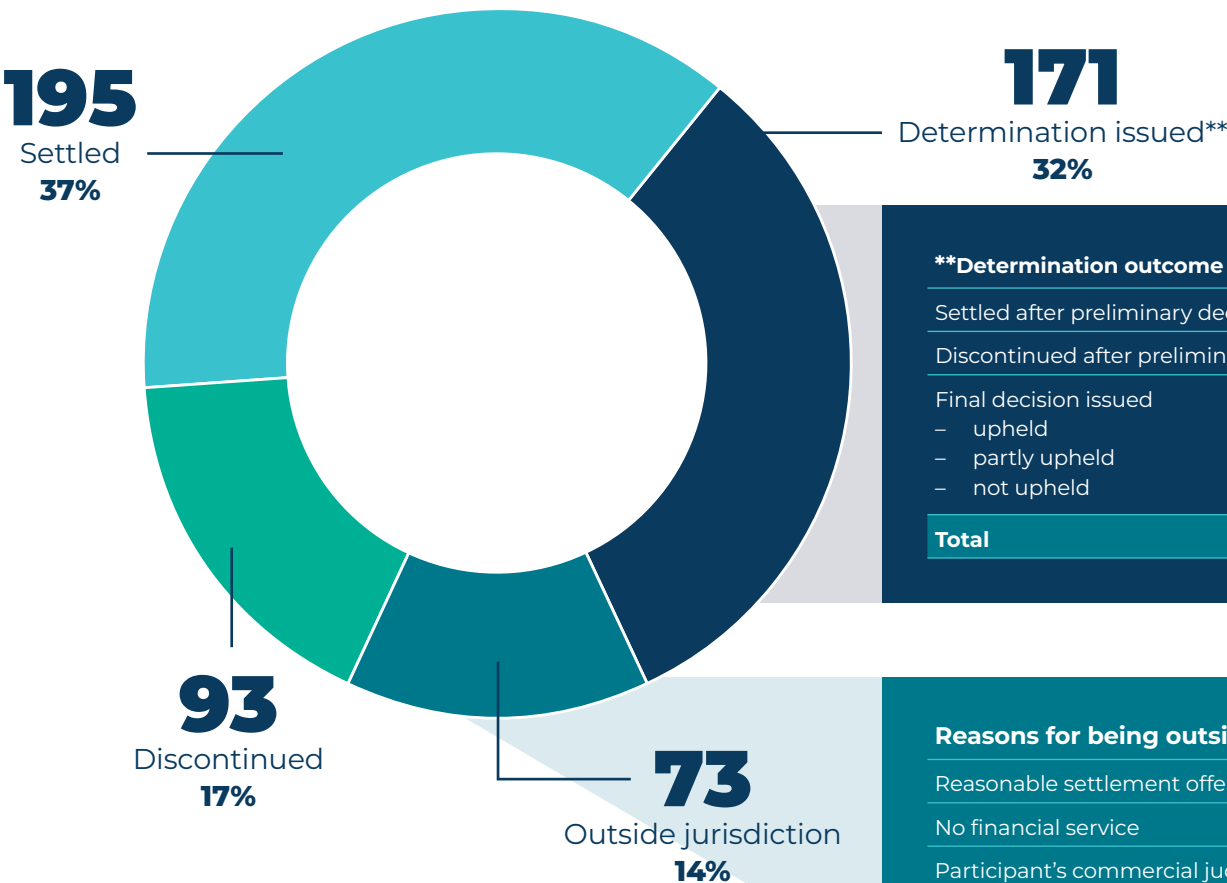
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I don't believe I would have achieved the outcome of an acceptable settlement without FSCL's involvement.

In my view, a DRS is far more effective than other options for recourse because its decisions are binding, and non-compliance can have serious legal and operational consequences for the FSP – making orders self-enforcing. This gave me the confidence to reject the FSP's initial settlement offer and continue through the scheme's process.

– CONSUMER FEEDBACK

Dispute resolution outcomes



Determination issued**
32%

**Determination outcome	Number
Settled after preliminary decision issued	39
Discontinued after preliminary decision issued	47
Final decision issued	
– upheld	3
– partly upheld	38
– not upheld	44
Total	171

“

Very helpful, everything was resolved.

– CONSUMER FEEDBACK

“

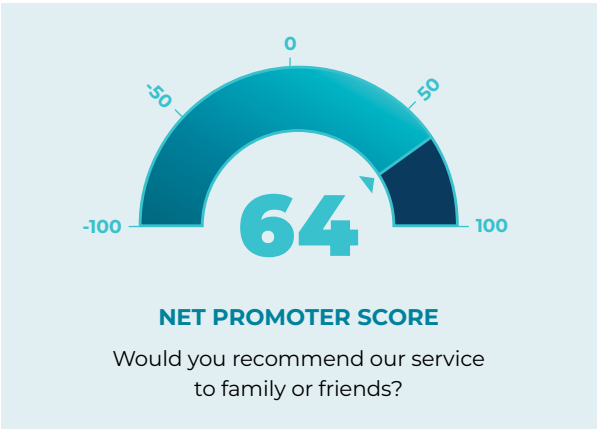
Easy and pleasant to deal with.

– CONSUMER FEEDBACK

Reasons for being outside jurisdiction	Number
Reasonable settlement offer	16
No financial service	13
Participant's commercial judgement	9
Participant's practice or policy	9
FSCL not appropriate forum	7
Not FSCL participant or no longer participant	4
Management of a fund as a whole	3
Time limits	3
Other	9

How well did we do

Consumer satisfaction: early assistance team

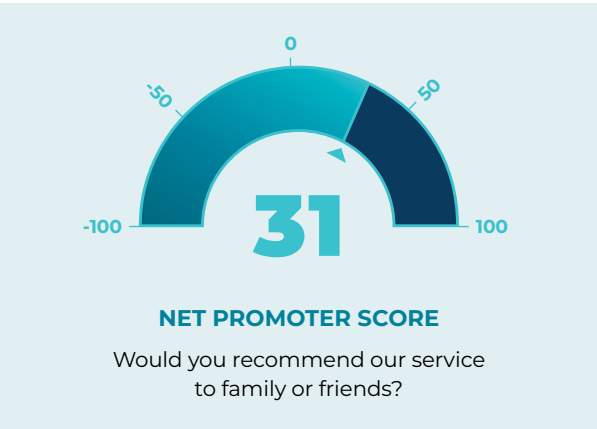


- 89%** Report that the process was explained well
- 88%** Report that we listened well
- 37%** Response rate

The early assistance team is the first point of contact for complaints. They work with consumers to get details of their complaint and liaise with their financial services provider to try and resolve the issue, before escalating it as a dispute.

They may be involved in negotiating an outcome for both parties without the need for an investigation.

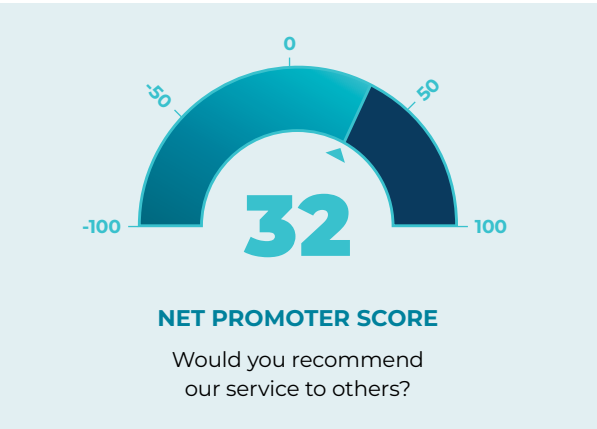
Consumer satisfaction: disputes resolution process



- 71%** Report that the process was completed in a timely way
- 69%** Report that the process was fair and impartial
- 35%** Response rate

We invited consumers whose disputes we investigated over the reporting year to provide feedback on our dispute resolution service.

Participant satisfaction



- 253** Responses
- We invited participants to indicate their level of satisfaction with our service.

Reports to regulators

Potential FSP compliance breaches

We report material contraventions of financial markets legislation and the Credit Contracts and Consumer Finance Act 2003 to the relevant regulator.

We reported one material contravention under section 67 of the Financial Service Providers (Registration and Dispute Resolution) Act 2008.

Other engagement with regulators

We engage with regulators to share intelligence about complaint trends and insights, emerging issues, and concerns about potential consumer harm, financial advice and conduct, and potential scams.

Over the year we shared information identifying concerns including lending practices, credit fees, unregistered financial service providers, scams, unsuitable financial advice, poor conduct by financial advisers, and concerns about KiwiSaver administration.

“

I felt very out of my depth. Everything was explained so well. I was impressed and so grateful to have received the money I did before Christmas for my children. Big thank you.

– CONSUMER FEEDBACK ON DISPUTE

“

I'm very thankful to FSCL for the support throughout my complaint. The process was clear, professional, and easy to follow. I really appreciate the time and effort you put into helping resolve my case.

– CONSUMER FEEDBACK ON DISPUTE

Awareness, reach and engagement



MEDIA

241

MENTIONS IN THE MEDIA
RADIO, NEWSPAPER,
MAGAZINES

11,194

SOCIAL MEDIA VIEWS

14

ARTICLES, ANNOUNCEMENTS,
AND MEDIA RELEASES TO
INFORM AND EDUCATE



WEBSITE

94,850

VISITS TO THE WEBSITE FROM

74,679
USERS

Search engine
optimisation
improvements



CONSUMERS

6

WEBINARS TO
CONSUMER GROUPS AND
FINANCIAL MENTORS

5

NEWSLETTERS
AND UPDATES

1,715

ENGAGEMENTS
WITH NEWSLETTERS

2

IN-PERSON HUI WE HOSTED
WITH THE OTHER DISPUTE
RESOLUTION SERVICES

82

FINANCIAL MENTORS
REGISTERED

5

WEBINARS WE HOSTED
WITH THE OTHER DISPUTE
RESOLUTION SERVICES

12

WEBINARS TO EDUCATE
AND INFORM

22

NEWSLETTERS
AND UPDATES

13,122

ENGAGEMENTS WITH
QUARTERLY NEWSLETTERS

3,495

ENGAGEMENTS
WITH WEBINARS

4,567

LOG INS TO OUR
RESOURCE LIBRARY

2

IN-PERSON COMPLAINTS
RESOLUTION WORKSHOPS

10

PRESENTATIONS TO
PARTICIPANT GROUPS

Most popular
webinars

- 1 Vulnerable consumers and
challenging behaviour
- 2 Vulnerability update
- 3 Information we need
for complaints

1,304

Registrations for
these top three

INDUSTRY

4

PRESENTATIONS TO
INDUSTRY GROUPS

Co-hosted

INTERNATIONAL OMBUDSMAN
CONFERENCE WITH OTHER DRS



Case studies

The case studies that follow are examples of the many different types of financial services disputes we investigate and determine.

The first case study is a case about irresponsible lending and the signs missed by the lender. The second case study represents a common theme we see in complaints about financial advisers – that the adviser has not properly understood the client and their particular needs. The third case study is an example of a mismanaged investment fund. Our fourth case study discusses a common complaint we've seen this year – stress caused by delays in processing a KiwiSaver hardship withdrawal application. The fifth case is an example of an increasing trend of people falling victims to fraud and scams and the final case study is a case that brought our fairness jurisdiction into play. Given the conflicting evidence in the case, what was the fair outcome for both parties.

“

The work you do makes a real impact on people's lives, and I appreciate the care and thoroughness that's been shown in what I know was a messy case.

It gives me a second chance after a terrible year, and for that I'm so grateful.

Without making this complaint or without hearing about FSCL, my debt could have grown into the tens of thousands - something I don't think I ever would have financially recovered from.

– CONSUMER FEEDBACK



Gambling harm missed in lending decisions

Mereana applied for a credit card in January 2024. The lender approved a \$6,750 limit after reviewing six months of Mereana's bank statements.

In May 2024, the lender approved an increase to \$8,000, again based on a review of her bank statements. Mereana asked for another 12 increases that year. Two were approved, raising her limit to \$15,000, without any further review of her financial information.

A pattern in plain sight

At the same time, Mereana was experiencing gambling harm. Her bank and credit card statements showed frequent and high-value gambling transactions, often concentrated over short periods. Despite making some repayments, her balance continued to grow, reaching approximately \$15,000 by mid-2025.

Mereana said the increased credit allowed her to gamble more, worsening her financial position and causing her stress. She reached out for help from financial and gambling support services.

Mereana complained to us about the original lending decision and the later credit limit increases.

We review the lending

We reviewed the information provided by both parties and considered the complaint under the Credit Contracts and Consumer Finance Act 2003 (the CCCFA) and the Responsible Lending Code.

We identified clear indicators of gambling related vulnerability, including significant gambling transactions, concentrated spending over short periods, and repeated requests for more credit.

Was the original lending appropriate?

We considered it was marginal whether the lender had met their obligations under the CCCFA to make reasonable enquiries relating to the loan affordability and whether Mereana could repay the loan without suffering substantial hardship. Mereana's bank statements showed \$5,000 spent on gambling over six months — approximately \$200 per week.

Although the lender's affordability assessment indicated a monthly surplus that appeared enough to cover the gambling, the pattern of gambling activity was a warning sign that warranted closer attention.

The later lending decisions

By May 2024, Mereana's bank statements showed repeated online gambling over several weeks, totalling more than \$4,500 — exceeding her weekly budget surplus. Her repeated requests for credit limit increases over a short period also indicated financial stress.

Under the CCCFA, the lender must make reasonable enquiries before approving credit limit increases. This includes properly considering regular or frequently recurring outgoings and including them in the affordability assessment. If this had been done, the lender would have identified the credit increase as unaffordable. Mereana's vulnerability was another contributing factor and, in our view, the lending should have been declined.

Missed opportunity to intervene

We found that the lender relied too heavily on automated transaction categorisation to analyse Mereana's bank statements. A more careful review

of the underlying transactions, and direct contact with Mereana to discuss the nature of her spending, would have likely revealed that she was experiencing gambling-related harm.

Some transactions had also been flagged as unusual and were subject to fraud related checks shortly before one of the credit limit increases. This reinforced the need for closer scrutiny.

We considered that the May 2024 increase, and all subsequent increases, should not have been approved.

The lender is required to write off interest and fees

Applying the CCCFA remedy, we asked the lender to write off all interest and fees charged on the account since it opened and freeze the account to prevent further interest, fees, or transactions. We also asked the lender to pay Mereana \$2,000 compensation for the stress caused.

Mereana and the lender accepted our decision and agreed on a manageable repayment plan for the remaining balance.



Insights for lenders

Lenders should consider whether a consumer may be experiencing vulnerability, due to problem gambling, or other reason, and factor this into lending decisions.

Ariana discovers her café is underinsured after a fire

When setting up her café, Ariana arranged insurance, including business interruption cover. One of the insured items was Gross Profit, which typically means total profit minus variable costs.

Each year, Ariana's insurance adviser asked her to confirm the sum insured. Ariana said this was \$800,000 for the 2023/2024 year.

A fire causes the café to close for several months

A fire at Ariana's café caused extensive damage, and the business had to close for repairs for several months. Ariana lodged a claim with the insurer through the adviser.

Ariana discovers the business insurance cover falls short

Ariana discovered that the Gross Profit figure did not include wages, as it should.

The claims preparation cover was only \$10,000, an amount that had not changed for more than a decade, even though costs had increased significantly.

Ariana felt the insurance adviser had not given her suitable advice and complained to us.

The adviser didn't provide adequate advice

We found that the adviser had not used reasonable care and skill when arranging and renewing the insurance.

The adviser assumed that Ariana had intentionally excluded wages from the Gross Profit figure, but there was no evidence that this was discussed. The adviser also failed to assess whether the claims preparation cover was adequate.

An adviser's role includes bridging the gap between their knowledge of insurance and the client's understanding of their needs. As this did not happen, we considered that the adviser was responsible for the underinsurance.

What was the outcome of FSCL's investigation?

The claims preparation costs were \$49,741.92. The underinsurance claim was calculated at \$183,733. The adviser disputed some aspects of the calculations, so they offered Ariana \$130,000 to settle the complaint. Ariana accepted this offer.



Insights for business owners

Ask your insurer or insurance adviser for clear explanations about your insurance cover and review it regularly, particularly if your business grows or costs change.



Insights for insurance advisers

Take time to understand your client's business and explain key policy terms clearly. Offer insurance advice to ensure your client can make suitable decisions about their insurance cover.

A brief email at renewal may not be sufficient to ensure the cover remains appropriate.



How a child's inheritance fell short of its potential

What happens when you are too young to receive an inheritance

Claudia was one year old when her grandfather died in 2003. He left each of his grandchildren an inheritance, to be paid when they turned 20 (the age of majority at the time).

Early decisions and inaction

When Claudia was four, her inheritance of \$75,300 was transferred into a cash account by the estate's trustee company, who was administering the estate, where it remained for seven years. During that time, the trustee company contacted Claudia's parents several times seeking their approval for an investment strategy, but did not hear from them.

The trustee company invested the money in cash funds for two years. By 2016, the money was invested in a balanced investment fund, without input from Claudia's parents.

A change in law

In 2021, the law changed, reducing the age of majority from 20 to 18. As Claudia was 19, she became eligible to receive the inheritance. The trustee company did not notify Claudia straight away. When they tried to contact her later that year, they found they did not have her contact details. It took three years and five attempts to contact her. During this time, the trustee company did not reinvest Claudia's funds, having earlier redeemed the investment portfolio for cash.

Claudia receives her inheritance

In June 2024, Claudia received her inheritance, now valued at \$103,000, but was unhappy with the amount. By this time, the trustee company had managed Claudia's inheritance for almost 18 years. Claudia's accountant confirmed that the average annual return

on her investment was lower than a return on a bank term deposit.

Claudia also discussed the situation with a financial adviser who said that, given her age at the time she inherited the money, Claudia's inheritance should have been invested in a growth fund portfolio, with net annual returns of 5.97%. In his view, Claudia suffered a loss of \$110,000.

Claudia obtained legal advice and complained to the trustee company.

Trustee company's response

The trustee company acknowledged that Claudia's inheritance had 'not been adequately invested' in line with their responsibility as trustee of the estate. They apologised to Claudia and offered her \$70,000 compensation. This included \$51,200 for financial loss, compensation for non-financial loss and a contribution towards Claudia's legal and accountancy fees.

Claudia rejected the offer and complained to us.

Our assessment

In our view, Claudia's inheritance should have been invested in a growth investment strategy from the outset, given her age and the time until she was old enough to receive her inheritance.

Our view was that the trustee company should have invested the funds, even without an agreed investment strategy with Claudia's parents.

We assessed Claudia's financial loss at \$80,000, based on a net return of 5% per annum. We considered this fair because:

- average growth fund returns over the period exceeded 5%, and

- Claudia's inheritance may have performed better in a growth fund, but it was appropriate to reduce investment risk as Claudia approached the age of entitlement.



Resolution

We decided a fair outcome was for the trustee company to pay Claudia a total of \$103,000, which included:

- \$80,000 financial loss
- \$5,000 compensation for non-financial loss for stress and inconvenience
- the reimbursement of Claudia's legal fees to May 2025, given the trustee company failed to tell Claudia about FSCL when she first complained, and
- the reimbursement of Claudia's accounting costs.

Claudia accepted our recommendation and the trustee company paid her \$103,000.



Insights for participants

Best practice for trustee companies and investment advisers means:

- regularly reviewing and monitoring a client's investments to ensure the investment portfolio is managed appropriately
- maintaining regular contact with clients and/or parents of minors regarding the management of their funds
- acting in the best interests of the beneficiary even when they are not actively involved in the investment process
- ensuring client contact details are correct and up-to-date
- complying with FSCL's rules by providing FSCL's contact details to clients as soon as they make a complaint.



KiwiSaver provider: is the organisation that manages and invests your KiwiSaver funds (the fund manager). They receive withdrawal applications, but do not make decisions on them.

KiwiSaver supervisor: makes sure the provider follows all the rules. There are only three supervisors in NZ who oversee all the different KiwiSaver funds. They make the decisions on withdrawal applications.

Stress due to delays in processing a KiwiSaver hardship withdrawal

Wayne's health issues and his wife's injury were causing them financial hardship

Wayne had serious health issues and his household income reduced after his wife was injured at work. He believed bariatric surgery would improve his health and ability to support his whānau, but the public health system declined his request, and he could not borrow money to fund private surgery.

Wayne applies to withdraw his KiwiSaver funds

Wayne applied for a KiwiSaver withdrawal due to significant financial hardship on 22 August 2025, so he could fund private surgery. He supplied his provider with supporting documents, including identification, bank statements, debt information, a payslip, a personal statement, medical evidence, confirmation that the public system had declined his surgery, and a quote from a private hospital.

The withdrawal application takes longer than expected

The provider's website stated that hardship applications were usually reviewed within 10 working days.

Almost four weeks after Wayne sent the application, the provider told Wayne that several pages of his application were missing and asked for updated bank statements. Wayne was surprised to be asked for this information as it suggested his application had not yet been reviewed. He complained to the provider, and resent the documents two days after the request.

The provider then forwarded the application to the KiwiSaver supervisor on 23 September 2025, advising Wayne to expect a decision within five to seven days.

KiwiSaver supervisor has concerns about the hospital quote

The supervisor checked Wayne's documentation. As part of this, they contacted the hospital that had provided the quote for Wayne's private surgery, but the hospital staff didn't know anything about it.

On 30 September 2025, the provider told Wayne that his application had been declined because the quote he provided wasn't genuine. Wayne contacted the hospital immediately, who confirmed the quote was valid. The provider later accepted that they had contacted the wrong hospital department.

The provider finally approved Wayne's hardship withdrawal on 1 October 2025.

Wayne complained to us about the delays and issues with processing his application.

The provider was facing a surge in hardship applications

The provider said that they had experienced a surge in hardship applications in late 2025 and acknowledged that their communication could have been better. They said they were working to improve their processes, and apologised to Wayne.

Wayne asks us to investigate the delay

Wayne did not accept the apology and asked us to assess whether the delay was reasonable. He said it felt like the provider had not appreciated what it meant for him to have to wait so long, and was very embarrassed when the provider thought he had provided a fraudulent quote from the hospital.

Delays unreasonable

We found the provider's delay was unreasonable, taking far longer than their stated timeframes. Wayne could reasonably have expected a decision around 12 September 2025, roughly 15 working days after lodging his application. Instead, he received a decision nearly three weeks after that.

We also found that the provider's request for documents that Wayne had already supplied, along with the incorrect claim that his hospital quote was invalid, caused him non financial loss in the form of frustration, inconvenience, and embarrassment.

We noted that people seeking hardship withdrawals are often vulnerable and stressed, and delays can have serious impacts. Providers have an obligation to handle such applications carefully and with minimum delays.

How we suggested the complaint be resolved

We proposed that the provider pay Wayne \$500 as compensation for the stress and embarrassment experienced.

We considered this a fair outcome, recognising the impact of the delay on Wayne. We also acknowledged the broader pressures on the industry at the time and agreed to monitor KiwiSaver hardship withdrawal timeframes for improvement.

Wayne and the provider accepted our decision.



Insights for consumers

If your KiwiSaver provider takes longer than their disclosed timeframe to process your application, you may have grounds to complain. Depending on the consequences of the delay, compensation for non-financial loss may be appropriate.

One-time passcode enabled card to be added to digital wallet to enable fraud

Tom falls victim to a phishing text, convincing him to enter his credit card details and a one-time passcode

In January 2026, Tom received a text message that appeared to be from the NZ Transport Agency Waka Kotahi about a toll payment. He followed the link in the message and entered his credit card details.

Tom's card was added to a Google Pay wallet using a one-time passcode sent to Tom's mobile phone. Nine days later, three transactions totalling \$4,800 were made at three stores using that wallet.

Tom told his lender that he did not authorise the purchases.

The lender said the transactions had been authenticated and declined to refund or charge back them. So Tom complained to us.

Our view

We accepted that Tom had been the victim of a scam and that he did not intend for his card to be added to a Google Pay wallet and used for the disputed transactions. However, the evidence showed that Tom's card details and the one-time passcode sent to his phone had been entered successfully and his card was added to a Google Pay wallet.

The lender's terms and conditions required customers to protect their card details and security information, including one-time passcodes. The terms also treated entry of a one-time passcode as authorisation. From the lender's perspective, the card had been added to the Google Pay wallet using valid authentication steps.

Although Tom didn't know that entering the one-time passcode would allow his card to be added to a digital wallet, the terms and conditions still applied.

There was also a gap of more than nine days between Tom entering his card details and one-time passcode, and the transactions taking place. The lender did not know Tom's card details had been compromised during that period. Once suspicious activity was identified, the lender contacted Tom to confirm he did not recognise the transactions and cancelled the card immediately.

We said the lender couldn't reasonably have detected or prevented the earlier compromise of Tom's card details, because it had not been put on notice before the transactions occurred. We considered the lender acted promptly and reasonably once there were indicators of fraud.

The lender also explained that a chargeback was not possible because the transactions had been completed using the digital wallet and processed through the merchant's point-of-sale systems. The merchant could not have known that Tom's card had been compromised and had already supplied the goods.

In these circumstances, we said it would not be fair to require the lender to refund the disputed transactions or pay compensation.

The lender noted that Tom had repaid his account in full and had asked for it to be closed, which the lender agreed to action.

As a gesture of goodwill, the lender refunded Tom interest charges of \$207.



How was the complaint resolved?

We considered the lender's offer was reasonable in the circumstances and suggested Tom discontinue his complaint.



Insights for consumers

If you receive a text message asking you to click a link and enter payment details, take a moment to check whether the message is genuine before entering your card information. Be especially careful with one-time passcodes. A one-time passcode is not just a number to complete a payment; it can also be used to approve another action, such as adding your card to a digital wallet.

If you think you may have entered your card details or a one-time passcode on a scam website, contact your lender immediately. Reporting concerns quickly may give the lender an opportunity to cancel the card or take other steps before any loss occurs.

When rice is not nice – the mystery of marine cargo infested with insect pupae

Julian’s business imported six containers of rice from Southeast Asia to sell to restaurants and supermarkets. The rice was loaded into sealed shipping containers in May 2024 and arrived at Julian’s premises in June 2024.

Five containers arrived in good condition. When Julian’s employees opened the sixth container, they found insect pupae on rice bags near the container door, staining and water damage to the outer packaging, and a strong, pungent odour. Julian notified the insurer through their broker.

Julian lodged a claim under a marine cargo insurance policy, saying the rice had been damaged during transit. The insurer declined the claim, saying the damage did not happen during transit, so was not covered by the policy.

Julian complained to us.

Julian said the damage occurred during transit

Julian said the pre-shipment inspection report showed the rice and shipping containers were clean, dry, and in good condition before loading. He noted that his business had used the same supplier many times previously without issues. Julian believed the damage occurred during the voyage.

Julian also said that the insurer had been extremely slow in assessing his claim.

The insurer said there was no evidence that water entered the container during transit. Testing confirmed that the rice had not been exposed to salt water, and a light test showed no holes or breaches in the container.

The insurer believed the damage occurred before or during the loading of the container. The insurer said Julian did not sufficiently mitigate the loss after opening the container, as required under his policy, because he did not separate the affected rice bags from the unaffected bags.

Damaged at origin, or in transit?

We reviewed inspection reports, loss adjuster reports, and laboratory testing. We explained to both Julian and the insurer that there was persuasive evidence supporting both positions. Some evidence supported Julian’s view that the rice was loaded in good condition and arrived damaged because of what occurred in transit. Other evidence supported the insurer’s view that the damage existed before or during loading, not during transit.

Because the evidence was competing and it was unlikely that a clear answer could be reached, we considered it fair that the parties meet in the middle. We proposed that the complaint be resolved on a 50:50 basis.

Delay

We also considered Julian’s complaint about the insurer’s delay, taking five months to issue an outcome on the claim. However, the matter, and the assessment of the facts, were not simple and required time for gathering information.

If an insurance claim is complex, or additional information is needed to determine the cause of the loss, a decision may be delayed. In this case, we were satisfied that the time taken was reasonable.



How the complaint was resolved – fairness in play

Julian and the insurer agreed to resolve the complaint on a 50:50 basis. The insurer agreed to pay Julian half of the total claimed loss. Julian and the insurer also agreed to a confidentiality clause and a non disparagement clause as part of their settlement.



Insights for importers

When you are importing goods, keep clear records about the condition of the goods before, during, and after transit. If damage is discovered, record what you see straight away and notify your insurer promptly. If the cause of the damage is unclear, it may be difficult for the insurer to make a decision on the claim.



Amazing to have that help and support that we desperately needed. Listened and communicated extremely well.

– CONSUMER FEEDBACK

A Financial Ombudsman Service



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 fscl.org.nz

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INCORPORATION NUMBER

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IRD NUMBER

103-018-668

DIRECTORS

Jane Meares (Chair)
Joy Marslin
Kate Tokeley (from 1 January 2026)
Mary Holm (until 31 December 2025)
Paul Jamieson
Tuhi Leef

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
