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I·S·O

# The changing landscape in New Zealand for consumer complaint resolution – the finance sector

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### BUSINESS DAY

## Timeline of Kiwi finance company collapses

Financial adviser regulation: phase one complete but much more to come

# THE NATIONAL BUSINESS

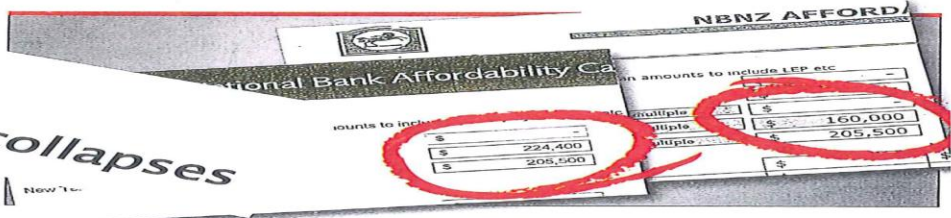
*nzherald.co.nz*  
*The sorry list of finance company failures*

July 23, 2010 / \$9.50

The Authority

## ANZ National hit by Blue Chip complaints

*nzherald.co.nz*  
*Another finance company collapses*



SPOT THE DIFFERENCE: The bank's copy of the document (right) has incorrect figures

*MP pushes finance failure inquiry*  
*Crackdown expected*

Professional Advisor's ...

# Make a pre-emptive strike against complaints



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# Financial reform to promote confidence in NZ markets

- Reserve Bank Amendment Act 2008
- Financial Advisers Act 2008
- Financial Service Providers (Registration and Dispute Resolution) Act 2008





## Financial Service Providers (Registration and Dispute Resolution) Act 2008

- enacted to promote confidence and improve consumers' access to redress (s47)
- requires every financial services provider to be registered and to belong to an approved dispute resolution scheme or the reserve scheme (s48) - by 1 December 2010





# Consumer dispute resolution schemes

- s51 – a scheme must apply to the Minister of Consumer Affairs for approval
- s52(1) – the Minister must have regard to: the purpose, scope, jurisdiction, funding and competency of the scheme and whether the scheme's rules comply with the principles
- s52(2) – the principles:

<i>Independence</i>	<i>Accessibility</i>
<i>Fairness</i>	<i>Accountability</i>
<i>Efficiency</i>	<i>Effectiveness</i>





- s63 – sets out what the scheme’s rules must provide for, e.g. which types of financial services providers may be members; how complaints may be made; how remedial action may be enforced; requires independent review every 5 years
- s67 – imposes a duty to co-operate with other approved schemes, the reserve scheme and the registrar and report on a series of material complaints to the relevant licensing authority

The Minister can withdraw approval of a scheme.





## Aims of the financial reform:

1. Protect “Mum and Dad” investors
2. Inspire confidence in financial markets
3. Encourage investment through competent financial advisers
4. Provide consumer redress mechanisms

