



INSURANCE & FINANCIAL SERVICES
OMBUDSMAN

Annual Report Summary 2017

The Insurance & Financial Services Ombudsman Scheme Inc. is independent, impartial and free for consumers. We resolve complaints about insurance & financial services.

Contact us now.

Phone: 0800 888 202

Email: info@ifso.nz

Website: www.ifso.nz

For 22 years, the IFSO Scheme has provided an independent, impartial and free dispute resolution service for consumers.

Since the IFSO Scheme was established:

55,300

complaint enquiries have been responded to

6,080

complaints have been investigated

We resolve complaints and respond to enquiries about:

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

Effective dispute resolution is at the heart of the IFSO Scheme. When investigating complaints, our team of experienced case managers apply negotiation, conciliation and mediation skills to reach agreement where possible. The process must always be fair, reasonable, transparent and impartial.

Over 80% of people surveyed said:



they were given a clear explanation about the IFSO Scheme process



the case manager was helpful and easy to speak to on the telephone

“

I've nothing but praise for your rep who first spoke to me on the phone. After we'd finished talking I felt win or lose, I was impressed with her tone, explanation, manner etc. I felt I'd get a 'fair go!'"

“

The whole process was very fairly and professionally done. I hope we don't need to use you again, but it is really good to know you are there should we need to."

“

Victim Support developed information packs for Edgecumbe Residents after the April 2017 Flooding. The IFSO team information sheet helped residents know their rights and made sure they knew how to get a fair, informed deal. Out of all the agencies I worked with, IFSO were the most prompt, reliable, informative and went above and beyond what I requested. I will be recommending people contact them with questions as we found them incredibly helpful."

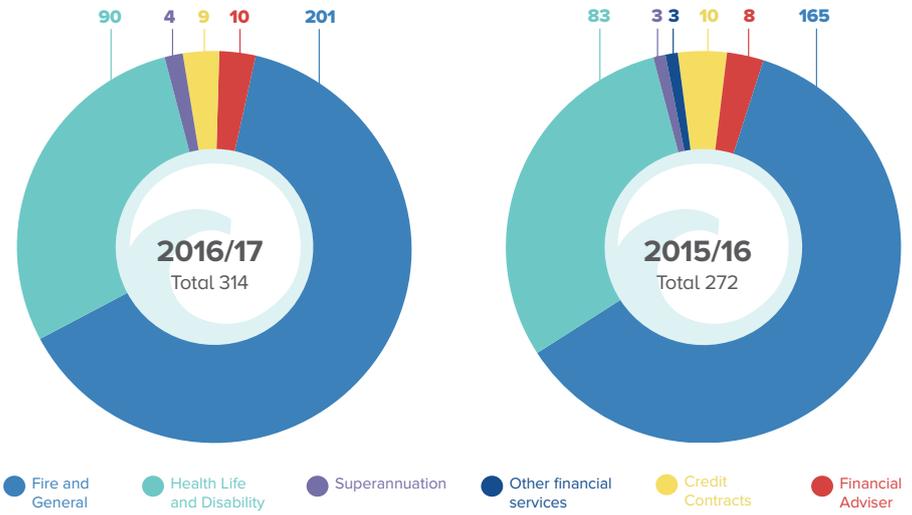
Anna Meredith

Service Coordinator – Eastern Bay of Plenty Victim Support

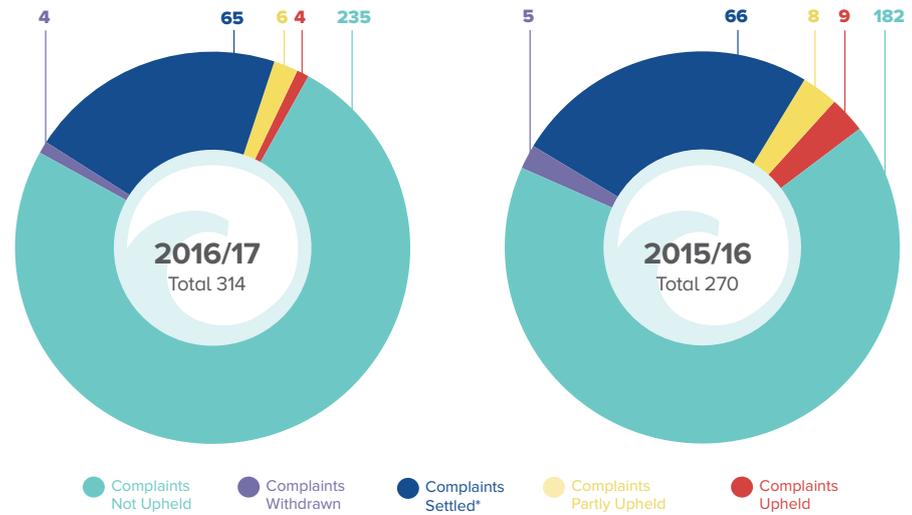
Complaint Summary 2017

The IFSO Scheme investigated the highest number of complaints in nearly 20 years: **314 complaints** and **3,227 complaint enquiries**. Last year, we investigated 272 complaints and received 3,193 complaint enquiries.

Complaints Received by Sector



Outcomes



* Complaint settlements were achieved through negotiation, conciliation and mediation.

In the year ended 30 June 2017:

A total of **\$2.2 million** was paid by Participants to consumers. (This does not include weekly disability benefit payments under income protection, superannuation or life policies.)

The average time taken to close complaints was 92.8 days.

Complaint enquiries are any questions or issues brought to the IFSO Scheme.

Complaints have been accepted by the IFSO Scheme for investigation and resolution, by agreement where possible (through negotiation, conciliation or mediation), or by decision.

3,227 complaint enquiries



879
in writing



2,346
by telephone



2 in person



Karen Stevens

Insurance & Financial Services Ombudsman

Good feedback reflects well on current business processes, while complaints can lead to positive change and improvement.

The number of complaints to the IFSO Scheme was the highest this year in nearly 20 years, with 314 complaint investigations and 3,227 complaint enquiries. Managing this caseload reflects well on our Business Continuity Plan, as we had to work remotely for several weeks following the November 2016 Kaikoura earthquake.

While we are seeing a greater breadth in the type of financial service complaints, reflective of the IFSO Scheme's growing membership, the strength of the Scheme is in the depth of knowledge and experience we can offer to our Participants and their customers to resolve disputes. Added to that is our focus on training financial service providers to communicate better with consumers to avoid easily solvable issues from escalating to the IFSO Scheme.

More consumer information to enhance awareness and increase accessibility is essential and we work with other similar organisations, like the Banking Ombudsman and the Parliamentary Ombudsman, on outreach to consumer and community groups.

As a result of feedback, we have streamlined our investigation process this year to fast track those complaints where the issue was relatively simple – although still of great importance to the Complainants.

We have also signed a Memorandum of Understanding with EQC to deal with complaints about the Kaikoura earthquake.

We continue to be involved in a number of Canterbury earthquake complaints which are complex and often fraught. However, it is usually Complainants who want us to stay involved.

What is always important is for a Complainant to feel that they have been listened to and treated fairly. Delivering a fair process is at the heart of what we do and all of the IFSO Scheme staff are to be commended. I would particularly like to thank my deputy, Louise Peters, for her commitment, and work to effect the new computer system. We have also been very well supported and guided by Dame Paula Rebstock and the other Commission Members in the governance of the IFSO Scheme.

This is Dame Paula's last term as IFSO Scheme Chair, and she will be greatly missed for her outstanding contribution.

Karen Stevens
Insurance & Financial Services
Ombudsman

Karen Stevens greatly values the opportunity of being on the Executive Committees of the Australian and New Zealand Ombudsman Association (ANZOA) and the International Network of Financial Services Ombudsman Schemes (INFO Network).

“ *I learnt so much at the IFSO Scheme negotiation presentation, and I have since had the opportunity to use your suggestions and words of wisdom with a customer. What a difference it made. The outcome was an agreed settlement, both parties were happy and I received a letter of appreciation for the manner in which their issue was handled.”*

Patricia O'Connor

Member Relations Manager – Southern Cross Health Society

“ *Our staff find your webinars valuable as they relate to relevant topics that they can apply practically; such as, pre-existing conditions, fraud and false statement, negotiation tips, best practice for handling claims, etc. Our staff also find it beneficial that the webinars use real life IFSO case studies, keeping them interesting, interactive and informative. Thank you for providing this service for our staff – we can't wait until the next one.”*

Jo Baker

Customer Resolution Manager – AA Insurance



Dame Paula Rebstock

IFSO Scheme Commission Chair

The IFSO Scheme is fortunate to have an increasing number and range of high calibre financial service providers among our 4,641 Participants

We are committed to providing an independent, fair and effective dispute resolution service, and to making a difference to how our Participants resolve customer complaints.

Because we value their feedback, we commissioned two Participant surveys last year to inform us about what is working well and what could improve. The positive results have given us the impetus to strengthen engagement, enhance flexibility, and promote our additional resources and services. Representatives of large insurers, who have regular complaint experience, said they strongly value the existence and performance of the IFSO Scheme. They described our formal and informal guidance as “constructive”, “professional”, “thorough and independent”. Feedback encourages us to tailor our training and resources, to meet the more specific needs of providers and their customers.

While others said they were “extremely satisfied” with our service, a number of financial advisers said their interaction with us was limited to joining and renewing, as they had no complaints. While some might see this as a positive, lack of contact means they are missing out on professional development opportunities.

All Participants can learn from our comprehensive complaint database and professional development programme. Good complaint information gives businesses a competitive advantage, providing insight into how to deal with common or emerging issues, and how to improve customer relationships and business practice.

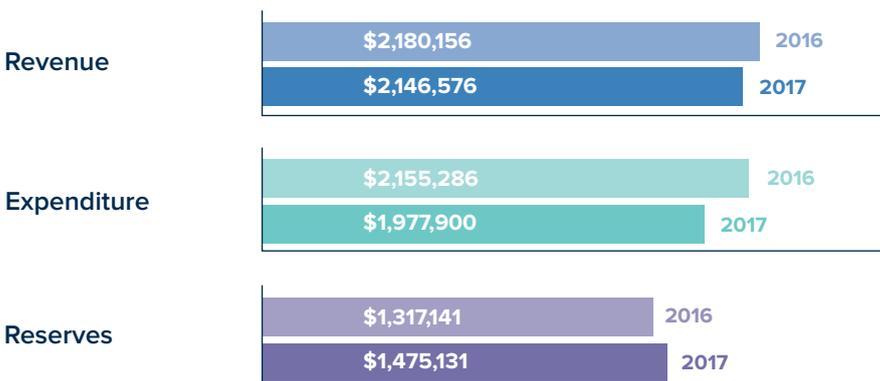
As a not-for-profit approved Scheme, we plan for a break-even budget most years but, with prudent financial management, the IFSO Scheme has made savings to ensure a continued 10% reduction in fees and levies in this year’s budget and allow satisfactory reserves to be maintained. Some of the reserves have contributed towards an enhanced computer system which can deliver better information and make our process more accessible for consumers.

This is my final annual report, as my term as Commission Chair is coming to an end. Over eight years, I have had the privilege of overseeing major changes and significant progress. In particular, we moved from being a voluntary insurance industry scheme to an approved scheme, with coverage for all financial service providers. This initiated the rapid expansion in both membership and complaint subject range. Our subsequent rebrand and name change, to the Insurance & Financial Services Ombudsman Scheme, reflects this expansion, while the continued focus is to improve business, increase consumer accessibility and broaden Participant reach.

I would like to thank my fellow Commission Members for their valuable contribution, Karen Stevens, for her ongoing leadership and her strong reputation as an Ombudsman in the financial sector, and the IFSO Scheme team.

Dame Paula Rebstock
IFSO Scheme Commission Chair

IFSO Scheme financial summary



See: www.ifso.nz for the full financial accounts

Getting our message into the community

Educating the wider community helps to improve consumer financial literacy. With the right knowledge, consumers will better understand financial services, make more informed choices and avoid future issues.

Preventing complaints from arising is as important as resolving them. The IFSO Scheme provides information on common issues and past complaints for both consumers and the industry, so more informed choices can be made, and future issues avoided. We share information through the media, our website & facebook page, community organisations, presentations, and our 0800 number.

in 2016/2017



3,227
complaint enquiries

were dealt with by the IFSO Scheme



39
speeches, presentations
and webinars

were delivered to a national audience



7,853
calls

were received on our freephone
0800 888 202



2,500+
info sheets and brochures

were distributed nationwide



68
media interviews,
responses & releases

were provided by the IFSO Scheme



43,344
website visits

to www.ifso.nz

“

We really appreciated being able to access prompt and helpful answers to our questions, and getting the information sheet made up specifically for Edgumbe was wonderful. We really felt supported by your organisation.”

Jan Allen, Manager

Citizens Advice Bureau – Whakatane

“

The Insurance & Financial Services Ombudsman Scheme are a valuable and regular contributor to Consumer Rights Days – a nationwide roadshow bringing together a range of organisations to present to community advisers who assist clients with consumer-related queries.”

Christine Ammunson

Senior Stakeholder Advisor – Consumer Protection and Standards,
Market Services Group, Ministry of Business, Innovation & Employment



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www.facebook.com/IFSOScheme

Working with our Participants

Membership of the IFSO Scheme has grown from about 50 original insurance Participants to the current 4,641 Participants from across the financial services sector.

IFSO Scheme Participants include providers of insurance, investments, loans and credit, superannuation, financial advice and foreign exchange.

As at 30 June 2017, Participants consisted of:

3,731 individuals

847 adviser businesses and other financial service providers

54 insurance companies

9 superannuation schemes

We provide added value to our Participants through:

- an extensive professional development programme
- face-to-face training on complaint handling and specific issues
- an e-newsletter for Participants
- a Participant-only web area and online resources
- case studies on our website for every complaint from 2000 to present.

Preventing future complaints is as important as resolving them. The IFSO Scheme draws on 22 years' experience to provide industry webinars, which focus on lessons learnt from past complaints and how to improve business practices. Webinars are run in partnership with the Institute of Financial Advisers (IFA), and Professional IQ College for Insurance Brokers Association of New Zealand (IBANZ) members.

601 people attended

our **9 webinars** in collaboration with the **IFA**.

297 people attended

our **10 webinars** in partnership with **Professional IQ** for **IBANZ members**.

Informing customers about complaints processes

Financial Service Providers are required to inform their customers about their complaints process and their IFSO Scheme membership.

This year, 57% of Complainants surveyed said they had received enough information from their financial service provider about their internal complaints process, and about the IFSO Scheme. In 2017-2018 we will reinforce the need to include this information on websites and other material.

“

The webinar was well worthwhile for my team. We had a good hour of conversation about it afterwards.”

Martin Brennan

Chief Executive – Gold Band Finance

Complaint Enquiries

Complaint Enquiry: Insurance Excess

Ben's* son Jake* was driving Ben's car when it was hit from behind. The insurer charged an \$800 excess, but Ben questioned this as it wasn't Jake's fault. Jake had provided the other car's registration details to the insurer. We explained that, generally, you must pay the excess and only if the policy provides it, the insurer may refund the excess if the other driver admits liability. We sent Ben our Excess information sheet.

Complaint Enquiry: Travel Insurance

Charlotte's* travel insurer said if she cancelled her trip to Turkey because she was concerned about terrorism, she wouldn't be covered. We explained that the insurer is only obliged to meet the costs if the reason for cancelling the trip is covered under the policy. We suggested that Charlotte read the policy, including the exclusion section, before deciding to cancel her trip.

Complaint Enquiry: Loans

Sarah's* car had been repossessed. She said she didn't get any notice of the repossession, just a letter 4 months earlier saying her car would be repossessed in 15 days; after that, Sarah applied for bankruptcy. Sarah had stopped making payments on her loan 2 months earlier and had a hardship application declined. We helped Sarah complete a complaint notification and we sent it directly to the lender. The car was returned to Sarah after she and the lender agreed to a lump sum payment and lower weekly repayments.

Complaint Enquiry: KiwiSaver

Fred* contacted us because he said his provider had made an error when setting up his KiwiSaver, resulting in Fred having to re-establish his portfolio and a loss of bonuses. We forwarded Fred's complaint notification to the provider and followed it up. The provider and Fred resolved the issue by agreement.

Complaints

Complaint 137449 (2017): House insurance

Helen* informed her insurer that her house tested positive for methamphetamine. She made a claim for the cost of testing, which found that the levels of contamination were below the Ministry of Health guidelines of 0.5µg/100cm². The insurer said the claim fell outside the scope of cover, because the house wasn't damaged. Helen believed she was doing the right thing in confirming whether there was contamination damage to the house, which is correct. However, that did not mean it was a cost covered by the policy.

Complaint not upheld

Complaint 137876 (2017): Trauma Insurance

During childbirth, Carol* sustained significant injuries and needed surgery. Carol made a trauma insurance claim, which was declined because Carol hadn't suffered a trauma condition in the policy. However, the insurer offered Carol a 4 month premium credit, on a goodwill basis.

Carol said this was an extremely traumatic experience, and she thought this was what trauma insurance was for. The case manager said that, while Carol's experience was traumatic, it wasn't a trauma listed in the policy, so there was no cover. The insurer's settlement offer was reasonable.

Complaint settled

Complaint 135949 (2017): Motor vehicle finance

In seeking to refinance his loans for 2 cars, Barry* met with the lender and signed the loan documents. The lender finalised the refinance contract for the first car, which it had seen. After viewing the second car, the lender wasn't satisfied that the value was sufficient for the refinance contract to proceed. Barry complained, saying the lender had entered into a binding contract, but the lender said the agreement wasn't final until after sighting the car. The case manager said the agreement in this case was that the refinance contract wouldn't be binding until the second car had been seen.

Complaint not upheld

Complaint 137243 (2017): Financial Adviser

In 2012, a financial adviser arranged new insurance cover for Gareth*, but forgot to reduce his old cover. In 2016, Gareth discovered he had paid full premiums for the last 4 years. The financial adviser offered a settlement of 75% of the loss. The case manager said Gareth received notices each year, so should have noticed that the cover had not been reduced. As Gareth's inaction contributed to the amount of the loss, the settlement offer was reasonable.

Complaint settled