FSCL
FINANCIAL SERVICES COMPLAINTS LTD

ANNUAL REPORT 2015/2016

Making better connections

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

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SNAPSHOT OF OUR YEAR

"You are doing a great job and we are glad you are part of what we do."

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 its 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.

180

cases investigated and resolved

20%

reduction in annual fees charged to scheme participants

3,600

enquiries and complaints answered

87%

satisfaction with FSCL's services by consumers and participants

6,500

financial service providers as scheme participants

2

regional workshops for participants successfully delivered, with near 100% satisfaction

CHAIRMAN'S FOREWORD

I am pleased to report that FSCL has enjoyed another successful year.

Our membership numbers have continued to grow and, as a result of this continued growth and efficient management of the scheme, we were able to reduce participants' annual fees by 20% for the next financial year.

This is the fourth year in a row that FSCL has delivered fee reductions, a record of which the Board is proud. As a not-for-profit organisation, we only charge participants the cost of providing our services to them and their clients – no more.

The fee reduction has not come at the expense of quality. The Board and I are satisfied that FSCL continues to deliver services of the highest quality to its participants and their clients. This is borne out in the very positive feedback the scheme receives from both participants and consumers who use its services.

FSCL is required to ensure that its services are accessible to consumers. As such, raising consumer awareness is a key strategic objective for the scheme. Research has shown that dispute resolution schemes which are able to use the name "ombudsman" have a higher level of awareness and, possibly, trust by consumers. Because of this, and because FSCL meets all the recognised criteria for an ombudsman scheme as was verified by the independent report into FSCL's services and processes released early in 2015, the Board decided last year to seek the Chief Ombudsman's consent to use the "ombudsman" title. New Zealand is the only country in the world to give any form of protection to the "ombudsman" name, and the Chief Ombudsman's consent is required for its use. When consent was declined, although reluctant to engage in litigation with the Chief Ombudsman, the Board decided that the issue was of such importance that it should seek a judicial review of the decision. I expect to be able to report further next year as to the outcome of the review proceedings.

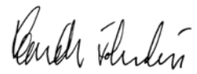
"This is the fourth year in a row that FSCL has delivered fee reductions, a record of which the Board is proud."

In August last year we farewelled Trevor Slater from his position as FSCL's General Manager. The Board is grateful to Trevor for the contribution he made in setting the foundations for the successful scheme FSCL now is. In particular, Trevor worked hard to help participants obtain the benefits of having robust internal complaints processes and ensure that they appreciated how external dispute resolution works.

I extend my sincere thanks to my fellow directors, Roger Kerr and Gary Young (industry directors) and Raewyn Fox and Bruce Cronin (consumer directors) for their valuable contribution to FSCL's governance.

I would like especially to thank Bruce Cronin who retires as a director at the end of September. Bruce has been on the FSCL Board since the company's incorporation in 2009 and we will miss his cheerful presence at the Board table and insightful contribution to debate. Bruce has been unwavering in his support for FSCL and has been an excellent representative of consumer interests. The Board is currently recruiting Bruce's replacement and has been pleased with the calibre of applicants for the consumer director role.

The excellent feedback FSCL receives from participants and consumers alike is testament to the staff's commitment and delivery of fair and independent decisions across cases. For this the Board has the Chief Executive Officer, Susan Taylor, and her team to thank. They have certainly worked unstintingly for the scheme during the year, and a big part of FSCL's ongoing success is directly attributable to them.



Kenneth Johnston
Board Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

A key focus for us this year has been to connect better with the people we work with and work for, in particular our scheme participants and consumers.

Though we have been around now for six years, there is still very little awareness of our existence or role, not only by consumers but also by some of our participants.

WHAT IS FSCL'S ROLE?

The quick answer is that FSCL's role is to impartially investigate complaints brought by financial service consumers against FSCL scheme participants. We often describe our service as being akin to that of an ombudsman.

Therefore, it's worthwhile to reflect on the characteristics of a "consumer" ombudsman set out in a recent paper from Queen Margaret University (QMU) in Edinburgh. Some of the key features, which accurately and succinctly describe FSCL's functions and processes, include:

- to provide a strict alternative to the use of the Courts and, additionally, to provide an equitable jurisdiction to provide additional consumer protection
- to equalise the balance of power between parties and identify, and provide special assistance to, the most vulnerable consumers to facilitate their access to redress
- to raise standards amongst bodies subject to investigation by feeding back lessons that arise in decisions
- to enhance consumer confidence and trust in the sectors subject to investigation
- an accessible and free process for consumers, with no requirement for them to be represented by legal advisers.

It is a constant challenge to raise consumer awareness of our service – and the need to do so was the primary motive for us seeking to use the title "ombudsman" as our Chairman discusses earlier. We also want to be of service to our participants and more than simply a tick in their compliance box. One way we seek to add value is to share the lessons learned from complaints we've investigated – both to prevent similar complaints happening in the future and to raise standards and consumer confidence in the financial services industry.

We also share lessons learned from complaints and trends from data that we collect with our other stakeholders – government regulators, industry and consumer organisations and associations.

THE NUMBERS

The number of complaints that we formally investigated declined by about 7% compared with last year, with the number of initial complaints and enquiries remaining around the same. This indicates that participants are doing a good job of resolving complaints directly with their clients. But I have no doubt that continuing low consumer awareness is also a reason for the lower number of complaints. Of course, the best way for a consumer to find out about FSCL is for their financial service provider to tell them about us when they make a complaint. We encourage our participants to do so.

It is also important that financial service providers recognise when a complaint has been made. We have seen too many instances of participants failing to recognise a complaint or refer a complainant to FSCL. As a result, when a consumer comes to us, they are typically very unhappy because not only has their complaint not been dealt with, but it has not been taken seriously.

"One way we seek to add value is to share the lessons learned from complaints we've investigated."

FINANCIAL ADVISERS ACT REVIEW

We await with interest any proposed changes to the Financial Advisers Act 2008 and the Financial Service Providers (Registration and Dispute Resolution) Act 2008 as a result of the recent Ministry of Business Innovation and Employment (MBIE) review. We were pleased that, following submissions on the Issues Paper, MBIE saw no need to propose an option to replace the current multiple dispute resolution scheme option model with a single scheme. As we have previously said, there is no evidence of negative impact of competition for consumers, particularly as the schemes are bound to comply with recognised ombudsman principles, are subject to Ministerial approval, and have a high level of consistency in their rules and processes. Competition between schemes helps to drive efficiency and quality with better outcomes for both scheme participants and consumers.

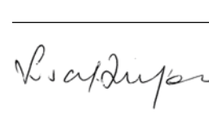
STAFF

Staff numbers have remained stable this year, with our General Manager, Trevor Slater, leaving in August 2015 and Erika Anderson joining us as a part-time Scheme Support Assistant to help with the large volumes of complaints and enquiries we receive.

THANKS

I am very grateful to the Board, and in particular our Chairman, Kenneth Johnston, for their support in what has, at times, been a challenging year. I would like to extend special thanks to retiring Board member, Bruce Cronin, who has always been encouraging, positive, and genuinely interested in FSCL's work.

I am very proud to lead a team responsible for FSCL's ongoing success and excellent results. The team works very hard to meet the expectations of our stakeholders and do a great job. It has been a busy year with a number of training and outreach events. The high quality of everyone's contribution is reflected in the glowing feedback we've received. Thank you all.



Susan Taylor: CEO

SECTOR AND CONSUMER OUTREACH

Strong connections with participants, the wider sector, government and consumer organisations ensure we operate efficiently and effectively, and help raise standards and consumer confidence in financial services.

PARTICIPANT RELATIONS

FSCL scheme membership has continued to grow and now stands at just over 6,500. Our participants come from across the financial services industry and include lenders (including peer-to-peer lenders), insurers, credit unions, mortgage and insurance brokers, financial advisers and trustee companies.

A key focus for us this year has been to better connect with our participants and to provide extra services that we hope will be of value to them in their business. To that end, we held two half-day regional workshops in Dunedin and Tauranga, covering topics such as how to recognise and respond to a complaint and common causes of complaints.

Attendees earned CPD points and their feedback was overwhelmingly positive with over 95% saying they would come to another workshop. We plan to hold more in the year ahead.

In June we hosted our first FSCL open day, where participants could drop in and meet our staff, have a look around the office and learn more about what we do. We ran a number of demonstrations, including a mock conciliation and discussion of case studies. Again, we received very positive feedback.

We've also run training sessions, including webinars, for a range of participants, spoken at professional development days, and recently partnered with the Professional IQ College to present webinars on a range of topics.

We have regular meetings with many participants, particularly those who generate more complaints, to offer feedback on complaints handling processes and get feedback on our processes. We look to continually improve our services and welcome any feedback, some of which has led to changes in our processes.

Over the summer, we carried out a website audit of around 300 participants' websites to check what information they had on their complaints processes and on FSCL. Disappointingly, over 50% of those audited had no complaint information on their website. A further 10% had some information, but it was hard to find or incomplete. We are working with these participants to ensure they have adequate and accessible information about complaints on their websites.

RAISING CONSUMER AWARENESS

FSCL has been in existence for six years now, but consumer awareness remains very low. Even though consumers and consumer organisations may have heard of us, we find they have little understanding of what we do. We frequently hear of a reluctance by some consumer agencies, for example Citizens Advice Bureaux (CAB) and budget advisers, to use our service because either the consumer doesn't want to "make a fuss" or fears that the complaint process will be very daunting. We encourage consumers to make their complaints known as unless they do, there is little chance of improvement in industry standards.

"The open day was worth attending, and I feel your business is run very well, with some good people. Considering there is a cost to our company to be a member, and further cost in the event of a complaint, I feel confident that FSCL will deal with us and our customers, professionally."

When a consumer complains to us, we try to make the process as informal as possible for them and our early assistance team will help ensure that the consumer's complaint is referred to the right person and is properly addressed.

We take every opportunity offered to speak to consumer organisations and we have conducted training for budget advisers and CAB volunteers. We were particularly pleased that MBIE organised a consumer rights day in South Auckland in May, after a break of several years.

Recently we produced a short animated video to explain our service which, by the time this report is published, should be available on our website and for distribution to consumer agencies.

We have published case notes on our website covering topics ranging from travel insurance claims and unreasonable fees, to fraud. We have also published three consumer guidelines about KiwiSaver withdrawals, mobile traders and tips for choosing a financial adviser, and plan to publish more guidelines in the year ahead. The case notes and guidelines are available on our website – www.fscl.org.nz.

WORKING WITH EXTERNAL STAKEHOLDERS

We work collaboratively with external stakeholders across the financial services industry, meeting regularly and providing expert input into a number of matters. In the last year, this has included:

- meeting with the Financial Markets Authority (FMA) to discuss emerging issues and share our quarterly complaint statistics
- submitting on the Issues Paper and the Options Paper for the review of the Financial Advisers Act 2008 and the Financial Service Providers (Registration and Dispute Resolution) Act 2008
- our CEO, Susan Taylor, meeting six monthly on MBIE's Responsible Lending Code advisory group
- attending Commerce Commission workshops on the changes to the Credit Contracts and Consumer Finance Act 2003
- participating in the FMA's consumer advisory network
- participating in the Commission for Financial Capability's Wellington Financial Capability network
- holding regular meetings with representatives from the other three financial dispute resolution schemes to discuss issues of common interest and ways in which we can work together cooperatively
- signing a memorandum of understanding with the Insurance Council of New Zealand following the enactment of the revised Fair Insurance Code, agreeing to report on any significant code breaches by insurers who are FSCL scheme participants.

We have also worked with colleagues internationally in the last year. Susan Taylor attended the annual conference of the International Network of Financial Services Ombudsmen Schemes in Helsinki in September 2015 and chaired the group discussing recent banking and credit-related complaints.

Susan Taylor and Meryn Gates, our Case Manager, attended the biennial conference of the Australian and New Zealand Ombudsman Association in Melbourne in May 2016. Attending international ombudsmen conferences for those involved in the financial services sector enables us to ensure we are meeting best practice standards for handling financial complaints.

"We encourage consumers to make their complaints known as unless they do, there is little chance of improvement in industry standards."

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.

The FSCL complaint process was easy to use and understand

94%
agree

6%
disagree

The FSCL process provided an outcome in a timely manner

88%
agree

12%
disagree

FSCL staff listened to me and showed me courtesy and respect

100%
agree

"I do not usually rate a service of any kind so highly! So these marks indicate a very high quality service you can be proud of!"

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

88%
agree

12%
disagree

CASE STATISTICS

In the year to 30 June 2016, we answered just over 3,600 consumer enquiries or complaints, up a massive 40% on last year's total. It is both slightly surprising, and satisfying, that this rise didn't translate to an increase in the number of cases we formally investigated. We believe this is partly because our participants are resolving complaints effectively with their clients themselves and a reflection of the time we invest in helping them do that. Most complaints and enquiries we received were about lenders and finance companies, followed by transactional service providers such as trading platforms and foreign exchange dealers.

When we first receive a complaint or enquiry, our Early Assistance Officer checks to see if our scheme participant has had the opportunity to resolve the complaint directly with their client. If a complaint has not yet been made to the participant, our Early Assistance Officer helps the complainant take their complaint to the participant and follows up later to check that it has been resolved. We find that the majority of complaints are resolved directly between our participant and their client, which is in everybody's best interests.

We open a formal investigation where:

- a consumer has been unable to resolve their complaint with the financial service provider
- a complaint is unresolved after 40 days of a consumer making a complaint to their financial service provider, or
- a financial service provider tells their client to take their complaint to us.

In 2015/16 we opened 178 cases for investigation, which is a 10% drop from last year (198). We completed the investigation of 180 cases, a 7% drop from last year (202). Our average time to investigate and resolve a case was 61 working days, up from 54 days last year. This increase reflects the fact that the disputes we are investigating have grown in complexity. We have also noticed an increase in cases involving unreasonable conduct by either the complainant or the scheme participant, or both, which makes early resolution much harder to achieve.

Once again, complaints against insurers made up the greatest proportion of the cases we formally investigated (32%), 58 out of 180. Complaints against lenders were again the second largest category (20%), followed by complaints against insurance brokers (10%).

The largest drop in cases by category was for transactional service providers – 13 cases compared to 19 last year. We expect this number to drop further as a result of the ongoing deregistrations of overseas-based trading platforms.

The financial product most complained about was, again, consumer credit arrangements, both personal loans to consumers for motor vehicle or household goods purchases and mortgage loans, closely followed by travel insurance.

We negotiated compensation totalling $655,483, a slight increase on last year ($647,814). The largest individual settlement was $193,275.

The vast majority of cases were settled, either by way of an offer by the scheme participant early in our case investigation process (36), or after negotiations between the participant and their client, facilitated by one of our case managers (52). In all cases that were settled, the complainant received compensation or some other remedial action such as an apology or loan restructure that satisfied their complaint.

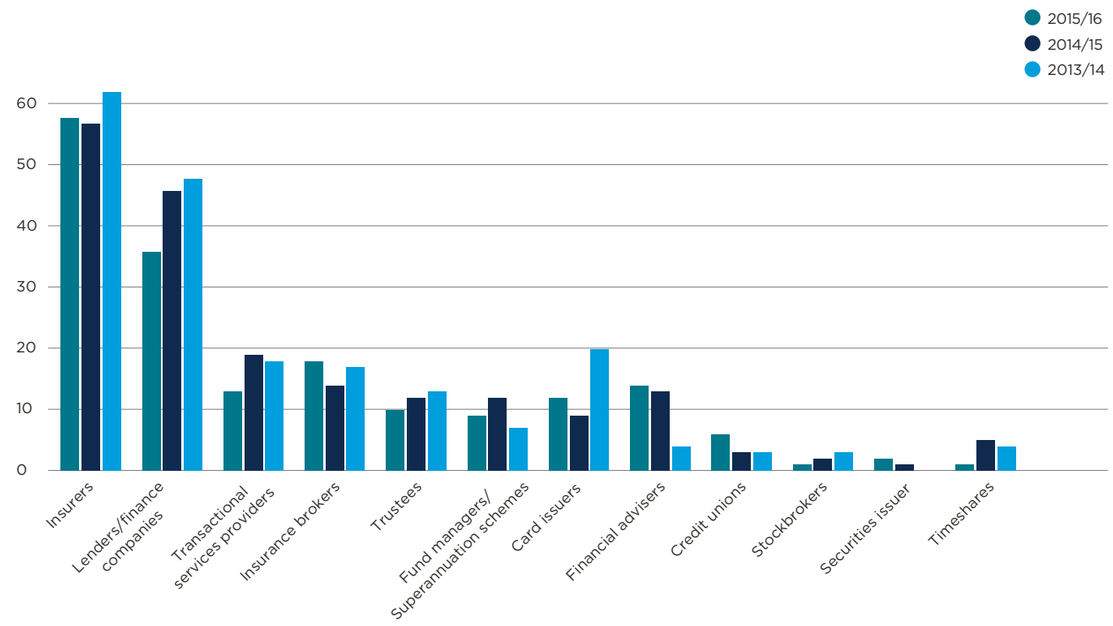
We issued formal recommendations, the final step in our process, on 31 cases.

Forty-seven cases were discontinued by the complainant after we advised them that we were unlikely to uphold their complaint.

CASE OUTCOMES

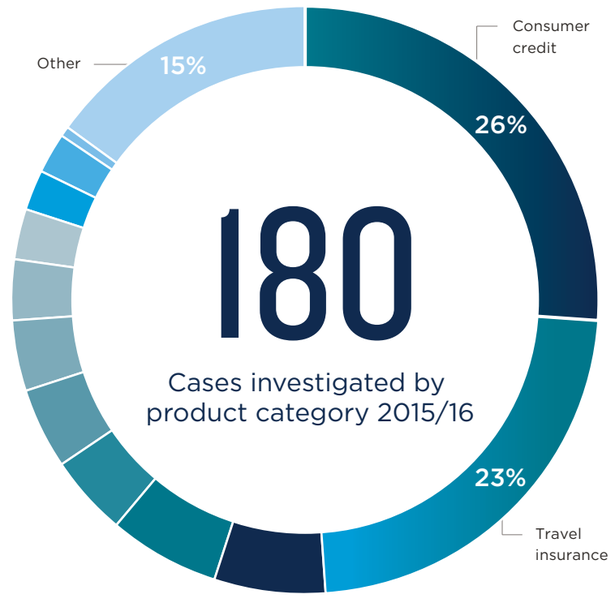
	15/16	14/15	13/14
Settled (facilitation/conciliation/negotiation)	52	67	70
Discontinued	47	58	63
Resolved early by participant	36	29	39
Jurisdiction declined	14	16	13
Not upheld – formal recommendation	17	10	7
Partly upheld – formal recommendation	9	7	6
Upheld – formal recommendation	5	6	4
Total	**180**	**193**	**202**

CASES INVESTIGATED BY PARTICIPANT CATEGORY



PRODUCT CATEGORIES FOR CASES INVESTIGATED

	15/16	14/15	13/14
Consumer credit	47	51	44
Travel insurance	41	40	42
Trading platforms/Foreign exchange	11	20	13
Motor vehicle insurance	11	6	5
Travel cards	8	5	4
Home & Contents insurance	8	5	4
Estate administration	7	8	3
Superannuation schemes	6	4	3
KiwiSaver	5	7	8
Credit cards	4	7	12
Managed funds/ Financial plans	4	5	3
Timeshares	1	5	3
Other	27	43	49
Total	**180**	**193**	**202**



CASE ISSUES

CREDIT LAW REFORM

Major changes to New Zealand's credit laws came into effect in June 2015. The changes included new lender responsibility principles that apply to every lender in respect of consumer credit contracts.

The lender responsibility principles include a requirement that the lender make reasonable enquiries, before entering into a loan agreement with a borrower, to be satisfied that:

- the credit or finance provided will meet the borrower's requirements and objectives, and
- the borrower will make the payments without suffering substantial hardship.

Guidance as to how responsible lenders can meet their new obligations is set out in the Responsible Lending Code. For example, in order to meet the responsibility around hardship, a lender should be satisfied that the borrower will:

- make the payments under the agreement without undue difficulty as well as meeting daily necessities (such as accommodation, food and transport) and,
- meet other financial commitments (such as repayments on existing debts) without having to sell existing assets.

To date, we have received relatively few cases involving alleged breaches of the new responsible lending principles. We expect to see more as time goes on. Case study 1 is an example of a case we have investigated since the law change came into effect. We found in this case that the lender had breached his obligation to satisfy himself that the borrower could afford to repay the loan without suffering substantial hardship.

SALE OF REPLACEMENT INSURANCE

We've seen an increasing number of cases this year where a financial adviser has recommended to their client that they switch life, health, disability and/or protection insurance provider, and it hasn't ended well. We expect this to be an increasing trend and note that the FMA is currently investigating insurance "churn". This is where an adviser has recommended their client change insurer every two years or so, for the adviser's benefit (more commission), rather than the client's.

A typical case is where the client has failed to disclose a pre-existing medical condition for which they had cover with their existing insurer. Unfortunately, the failure to disclose the pre-existing medical condition to the new insurer has resulted in a declined claim some months or years later. The complainant typically alleges either that:

- the adviser did not tell them of the importance of disclosing all pre-existing medical conditions, or
- they told the adviser about an existing medical problem (for example, a minor back problem), but the adviser told them not to bother disclosing because it was so minor the insurer would not need to know.

In our view, when advising on replacement insurance cover, an adviser should provide the client with a comprehensive written statement including:

- the specific reasons for the proposed replacement
- the key differences between the existing policy and the new recommended policy
- the client's duty of disclosure and the consequences of non-disclosure
- clear and full disclosure of the adviser's fees or commissions
- how the replacement policy will be implemented.

Case study 2 is an example where the adviser did not follow best practice when advising his client on replacement insurance, which had serious consequences.

TRAVEL INSURANCE

Complaints about travel insurance continue to make up about 25% of the cases we formally investigate. Unfortunately, in many of the cases, we find that the client has:

- not read the policy so as to understand the policy's limitations and exclusions
- failed to disclose a pre-existing medical condition
- failed to activate the policy.

Not all insurance policies are the same and what is covered under one policy may not be covered under another. This is why it is so important for consumers to take the time to read the policy to make sure it meets their needs.

An insured person has an obligation to take "reasonable care" of insured property. Travel insurance policies will contain clauses to exclude liability where the insured has not done so. An insurer must show that the insured's conduct was reckless or grossly careless and took risks that would have been obvious to a reasonable person. In other words, the insurer will need to show that the insured has been more than merely careless.

In addition, travel insurance policies contain common exclusions from cover where, for example, an insured has left items or a bag behind in a public place or in the back of a taxi.

Cases where the insurer has claimed that the insured person has been grossly careless or reckless, as opposed to merely careless, can sometimes be difficult to assess. Some conduct may just cross the line to become reckless, whereas in other cases the conduct may not quite reach the threshold of recklessness or gross carelessness.

"An insured person has an obligation to take "reasonable care" of insured property."

Case study 3 is an example of where we found, by a slim margin, that the insured person had taken sufficient precautions in the circumstances to safeguard her property. Although her conduct may have been considered careless, it did not cross the line to gross carelessness. On the other hand, in case study 4, we were easily satisfied that the insured person had failed to recognise a significant risk by leaving valuable items in a car at a popular beach.

EFFECT OF BANKRUPTCY ON SUPERANNUATION FUND

Although many of the cases we investigate relate to insurance matters and consumer credit, we also deal with a wide range of other financial products and services.

In case study 5, we were asked to look at whether a trustee of a workplace superannuation scheme had acted correctly in paying a bankrupt employee's accumulated superannuation funds to the Official Assignee who was administering the employee's bankruptcy. We found that the law is different when dealing with funds in a workplace superannuation scheme, than when dealing with funds in a KiwiSaver account.

CARD FRAUD

Finally, case study 6 describes a very puzzling case where the consumer had money withdrawn from her travel card without her authority. Unfortunately, we had to conclude that the most probable explanation for the unauthorised withdrawals was that the consumer had disclosed her PIN in some way. This case serves as a timely reminder for all cardholders to take care of cards and PINs and not have a written record of the PIN on or near the card.

CASE STUDY 1

New responsible lending principles tested

Over several years, Ross took out a number of loans with a finance company. In July 2015, he approached it about taking out a $1,500 loan.

The finance company initially declined based on the fact Ross had unpaid balances of $3,553 on four other loans. However, it then agreed to consolidate the four loans into a new loan (loan A), and loan Ross the additional $1,500 (loan B) if he had a guarantor for that loan. Ross's friend Joey agreed to guarantee loan B.

The finance company drew up the two separate loans so that Joey would not be liable for the arrears on loan A. Loan A had an establishment fee of $450, a bank fee of $5, and monthly administration fees of $25. The total to pay over the life of the loan, including interest, was $5,265.53, payable at $75 per week for 71 weeks. Loan B had an establishment fee of $300 and a monthly administration fee of $15. The total to pay over the life of loan B, including interest, was $2,040.44, at $75 per week for just over 27 weeks.

Between July and December 2015, Ross made a payment of $150 and Joey a payment of $1,350, both towards loan B. No other repayments were made towards the two loans.

DISPUTE

In November 2015, Ross complained to FSCL, claiming that the total balance to pay over the life of loan A should have only been $3,553 and that the finance company had failed to credit all the payments he had made to previous loans.

Ross also claimed he had paid large amounts to the finance company over the years and that he while was happy to pay back loan B, he was not prepared to pay anything further towards loan A.

REVIEW

We reviewed the information the finance company and Ross provided to us. We found that the balances of the loans consolidated to become loan A were correct and that the finance company had not misappropriated any repayments. However, we found that the finance company had not loaned responsibly to Ross.

No consideration of substantial hardship

The finance company provided no evidence to show how it made the decision that Ross was in a position to pay $150 per week towards loans A and B. Ross's payment history was irregular and usually below the required amount. In our view, he was never going to be able to pay $150 per week towards the loans.

Because of this, the finance company had failed to meet the lender responsibility principles outlined in the Credit Contracts and Consumer Finance Act 2003 (the CCCF Act). Under these principles, the finance company should have taken steps to satisfy itself that Ross could afford the loan repayments without suffering substantial hardship (that is, while continuing to meet other necessities, including accommodation, food and transport). Although Joey had guaranteed loan B, the finance company still had to be satisfied that Ross could afford to pay $150 per week.

There was also no evidence the finance company had assessed whether Joey could afford the amount he had guaranteed, without suffering substantial hardship.

Two establishment fees unnecessary

We considered it unnecessary for the finance company to have established two separate loans, resulting in establishment fees totalling $750. Two loans were established because Joey did not want to be liable for historical arrears on the earlier loans. However, this could have been managed by Joey's guarantee being limited to $1,500.

RESOLUTION

Under the CCCF Act, the finance company was required to compensate Ross for losses he had suffered as a result of its breach of the lender responsibility principles. This included writing off interest accrued on loans A and B, and the establishment fee ($300) and credit fees ($50) on loan B.

We considered a reasonable and practical way to resolve the complaint was for the finance company to:

- consider loan B to be paid in full, because the principal ($1,500), had been paid by Joey ($1,350), and Ross ($150). This meant writing off interest of $151.75 and fees of $350.
- reduce the establishment fee on loan A from $450 to $375 (the average of the two establishment fees on loans A and B), because it was not necessary for Ross to take out two loans.
- freeze the balance on loan A at $3,933 (the original principal amount of $3,553 plus the $375 establishment fee and a $5 bank fee). This was because there had been no explanation that interest would begin to accrue on the consolidated balances of the four loans, when it had not been accruing previously.

The finance company did not agree with our decision, arguing that the lending decisions on the historical loans were made when the loans were originally taken out, before the responsible lending principles were introduced on 6 June 2016.

However, we pointed out that the principles apply to any variation of a contract that takes effect on or after 6 June 2015. In our view, consolidating the four existing debts into a new credit contract in July 2015 was a variation of the four existing credit contracts.

We remained of the view that the balance Ross had to pay was the frozen amount of $3,933. Ross accepted our decision and agreed to start paying $40 per week.

CASE STUDY 2

If in doubt – disclose, disclose, disclose!

Shane had health and life insurance with an insurance company. He met with an insurance adviser to review his policies and was advised to change his insurance to another company.

Shane recalls asking his adviser whether he needed to disclose his pre-existing medical conditions – high cholesterol and high blood sugar – on the application form for the new cover. Shane said his adviser asked him whether he was on any medications, which he was not. Because of this, his adviser said Shane did not need to disclose his pre-existing medical conditions. The adviser said that the new insurance company would seek information from Shane's doctor, in any event.

Shane then cancelled his existing insurance policies. When the new insurance company contacted Shane with its approval of cover, he enquired about cover for his pre-existing medical conditions. The insurance company advised that he needed to have disclosed this information when he applied for cover, and as a result they wouldn't be covered under the new policy.

DISPUTE

Shane complained to his insurance adviser that he had given him the wrong advice about disclosure and about changing insurer. When the adviser rejected Shane's allegation, he complained to FSCL. Shane wanted to cancel the new insurance policy and for his adviser to compensate him for the premiums he had already paid, around $1,000. We advised Shane not to cancel the new insurance policy until he had been able to reinstate his cover with his original provider, or secure further cover with another insurer.

REVIEW

The insurance adviser said that he wanted to get the complaint resolved as quickly as possible, and would pay Shane the $1,000 to cover his premium payments. The adviser said when he met with Shane originally he recalled Shane mentioning his high cholesterol and sugar levels, but was busy, and on reflection, should have noted them down on Shane's application form.

However, the adviser said Shane had given the impression his health issues were not serious and that he had not had any problems for several years. The adviser had since discovered that Shane's pre-existing medical conditions were more serious than Shane had let on, and, in his view, Shane had contributed to the situation he found himself in. The adviser was not prepared to accept full liability and said that he no longer wanted to be Shane's insurance adviser, and could refer him to other advisers.

RESOLUTION

We asked Shane if he would accept the $1,000 payment and agree to see another insurance adviser, in full and final settlement of his complaint.

Shane said he had now paid $1,245 in premiums and was waiting to hear back from his original insurer about reinstating or getting new cover. His adviser had also approached the new insurance company who had offered to cover Shane's pre-existing medical conditions if his premium was loaded 150%.

We told the adviser that in our view a payment of $1,245 was a reasonable way to resolve the complaint. Shane had not yet suffered a financial loss, but if the matter went to a full decision, the adviser might need to compensate Shane for inconvenience. The adviser agreed. The written settlement included a confidentiality clause, and recorded that payment of the $1,245 was a gesture of goodwill and did not represent any admission of liability on the insurance adviser's part.

CASE STUDY 3

Reasonably careful or grossly careless?

Nimisha travelled to India for a friend's wedding and stayed in a private guest house with other wedding guests.

After the wedding, Nimisha placed her jewellery in a transparent plastic pouch and packed it in her suitcase. Nimisha was planning a trip to the local market the following day, and would then be travelling by night train to another tourist location, before flying to Mumbai and home to New Zealand. Nimisha felt her jewellery would be safest in her suitcase. She was not sure whether she locked her suitcase that night or the following morning, but was certain the suitcase was locked before she left for the market.

Nimisha carried travel clothes in a smaller travelling bag so did not open her suitcase again until she returned to New Zealand. When Nimisha opened her suitcase she discovered the plastic pouch with all her jewellery had been stolen.

Nimisha could not understand how this had happened. The last time she had seen the jewellery was at the guest house, so she made enquiries with the guest house owner and her travelling companions, and notified the police in India. When she was unable to locate her jewellery she made an insurance claim for $10,000.

DISPUTE

Nimisha's insurer declined her claim saying it was unreasonable for her to keep such valuable jewellery in an unlocked suitcase in an unlocked room. Nimisha did not agree and complained to FSCL.

REVIEW

We assessed the finely balanced evidence and were satisfied Nimisha had taken all reasonable precautions for the safety of her personal effects, as required by the policy. We considered:

- it was reasonable for Nimisha to pack her jewellery in her suitcase, rather than wear it to the market or take it in her handbag
- although the room was unlocked, the guest house was not open to the public and it was not unreasonable for Nimisha to trust wedding guests closely related to her good friend
- given the room was unlocked, it would have been reasonable for Nimisha to lock her suitcase while she was at the market
- on balance, we accepted that Nimisha locked her suitcase before leaving for the market.

RESOLUTION

We recommended the insurer accept Nimisha's claim. The insurer noted that it could not understand how the jewellery could be stolen from a locked suitcase, but it accepted the claim and paid Nimisha $9,800, after deducting the policy excess of $200.

CASE STUDY 4

Swindled while swimming

While Monique and her family were travelling in France they went for swim at a beach, leaving their belongings in their rental car. When they returned to the car, they discovered it had been broken into.

Four thousand dollars worth of belongings, including Monique and her daughter's handbags with three iPhones and approximately $1,750 NZD in cash, had been stolen. Monique immediately went to a police station and got a police report for the incident.

DISPUTE

When Monique returned to New Zealand she contacted her travel insurance company to make a claim. The insurer declined Monique's claim advising that while the policy provided cover for personal items and cash stolen while on holiday, it contained specific exclusions. The policy did not cover the loss of cash unless it was 'on your person' and only covered items left unattended in a locked motor vehicle if they were in a 'concealed storage compartment'. The policy defined 'concealed storage compartment' as a boot, trunk, glovebox, enclosed centre console or concealed cargo area of a sedan, station wagon, hatchback, van or motorhome.

Monique felt she had taken reasonable care of her family's belongings. There was no way to fit all the items into the glove box, and it was impossible to keep cash with you while swimming. Monique also pointed out that it would have been riskier to leave the bags on the beach unattended than leaving them in the locked vehicle.

Monique felt she had taken every precaution in the circumstances to minimise the loss, however the theft still occurred. This was very bad luck, considering it was broad daylight and the vehicle was parked in an upmarket area, and Monique felt that these were exactly the sort of circumstances that insurance should cover.

As a result, Monique contacted FSCL.

REVIEW

In considering the terms of the insurance policy, we found the exclusions in the policy applied to Monique's claim. While Monique had hidden the two handbags under the seats in the vehicle, this was not a 'concealed storage compartment'. Also, Monique and her family did not have the cash on them when it was stolen, so the policy did not provide cover. Monique's family had also left large suitcases visible in the back of the vehicle, making the vehicle a likely target for thieves.

While potentially inconvenient, there were options available rather than leaving the valuables in the car unattended. Monique and her family could have taken a bag down to the beach and taken turns watching the bag while swimming. Alternatively, they could have rented a vehicle with an enclosed boot.

RESOLUTION

We found the insurer was entitled to decline Monique's claim based on the exclusions found in the insurance policy and recommended Monique discontinue her complaint.

CASE STUDY 5

No locked safe for superannuation when bankrupt

In September 2008, Sam entered into bankruptcy. Previously a regular contributor to his workplace superannuation scheme, Sam initially continued to contribute but then took a contributions holiday.

In January 2011, the scheme's secretary sent Sam an email confirming the scheme's trust deed protected Sam's superannuation from being paid to the Official Assignee in Sam's bankruptcy. Sam restarted his contributions and made payments until June 2012 when he took another contributions holiday.

Sam was discharged from bankruptcy in August 2012. Two years later, the scheme secretary advised Sam that the scheme's trustees had agreed to pay Sam's superannuation fund, worth $68,000, to the Official Assignee.

DISPUTE

Sam complained to FSCL that the scheme had incorrectly paid his superannuation to the Official Assignee. He claimed that the scheme had misled him by advising that the trust deed would protect his superannuation and any payments made during his bankruptcy from being passed to the Official Assignee.

Sam also believed his superannuation should not have been paid to the Official Assignee because he had been discharged from bankruptcy at the time the superannuation was released. He considered that a recent Court of Appeal decision supported his view.

Sam wanted the scheme to pay him the amount in his superannuation fund at the time it was released to the Official Assignee ($68,000) and compensation for the stress and inconvenience the scheme had caused him.

The scheme responded that it was legally required to release Sam's superannuation to the Official Assignee. It considered it had been consistent in its application of the trust deed and the interpretation of the legislation affecting Sam's position. The scheme said it had not misled Sam and had not provided him with any contradictory advice. The scheme claimed that even if it had given incorrect advice to Sam, this did not cause him a financial loss.

REVIEW

The Insolvency Act 2006 administers the rights and powers of the Official Assignee and a bankrupt during and after bankruptcy. On bankruptcy, all property belonging to the bankrupt passes to the Official Assignee. 'Property' is widely defined in the Insolvency Act and the High Court has confirmed that it includes a person's superannuation scheme.

Clause 12 of the trust deed

Sam said the scheme secretary told him that clause 12 of the trust deed protected his superannuation from being passed to the Official Assignee.

Clause 12 effectively allows for a scheme member's superannuation to be "forfeited" to the scheme's trustees if the person is declared bankrupt. Once the member is discharged from bankruptcy, the trustees can return the superannuation to the member.

Unfortunately for Sam, the High Court found that the Superannuation Schemes Act 1989 expressly repealed these types of clauses. As such, clause 12 was not applicable and did not protect Sam's superannuation being passed to the Official Assignee.

Court of Appeal judgment

Sam referred us to a recent Court of Appeal judgment which found that bankrupt persons are entitled to keep the money saved in their KiwiSaver accounts. Sam argued that this decision also applied to private workplace superannuation schemes.

The Court of Appeal's decision looked at two seemingly inconsistent enactments, the Insolvency Act 2006 and the KiwiSaver Act 2006. Under the Insolvency Act, all property belonging to a bankrupt, including superannuation, passes to the Official Assignee. However, the provisions of the KiwiSaver Act prohibit KiwiSaver funds being passed to any other person. The Court determined that the KiwiSaver provisions prevailed and a bankrupt's KiwiSaver cannot pass to the Official Assignee.

The Court's decision focused on the express purpose and strongly worded provisions of the KiwiSaver Act. This meant that the application of the Court's decision was limited to KiwiSaver. The Court's decision did not affect the law relating to private workplace superannuation schemes.

We therefore found that the Court of Appeal's decision did not apply to Sam's superannuation and, in accordance with the Insolvency Act provisions, Sam's superannuation passed to Official Assignee upon bankruptcy.

Discharge from bankruptcy

At the time Sam's superannuation was released, he had been discharged from bankruptcy but the Official Assignee continued to administer his estate, therefore it was entitled to receive Sam's superannuation funds.

RESOLUTION

We found that the scheme had correctly released Sam's superannuation to the Official Assignee and that this was not a financial loss the scheme was responsible for.

However, we did consider that the scheme secretary's email in January 2011 led Sam to believe that contributions he made during his bankruptcy would not pass to the Official Assignee. This was incorrect and resulted in Sam continuing to make contributions on the misunderstanding these were safe from the Official Assignee. We recommended the scheme refund Sam the contributions he made during his bankruptcy – a total of $4,000.

We found Sam had been inconvenienced by the scheme not clearly communicating to him that his superannuation would be forfeited to the Official Assignee. Sam suffered considerable disappointment and distress when the scheme told him his superannuation would be passed to the Official Assignee. This was contrary to his expectations and what the scheme had previously advised Sam.

We also found that Sam had been inconvenienced due to the scheme's responses to him over the course of his complaint and we recommended the scheme pay Sam $2,000 as compensation for inconvenience.

The scheme agreed to pay and Sam accepted the compensation we had recommended.

CASE STUDY 6

Slack security

Rachel was in France when she realised there had been a number of transactions and withdrawals from her travel card without her knowledge.

Rachel had last used her card on 11 September. She recalled last seeing her card while at a train station on 13 September. On 13 and 14 September there was a number of small unauthorised transactions on her card and on 15 September a large unauthorised ATM withdrawal, along with a few smaller unauthorised transactions.

These transactions totalled $3,402. Rachel called her card provider, and was advised over the phone that she would be able to get her money back.

DISPUTE

On her return home, Rachel received a letter from her card provider stating it would not be reimbursing her for the fraudulent transactions.

The card provider said Rachel had breached the card's terms and conditions of use, specifically, that a cardholder will be liable for unauthorised transactions if they fail to take all reasonable steps to keep security features of the card safe.

The card provider claimed that the ATM withdrawals all occurred using the correct PIN, with no incorrect PIN attempts made. The card provider said it was not uncommon for cardholders to be watched while entering their PIN prior to the card being stolen. However, Rachel last saw her card on 13 September, and had last entered her PIN on 11 September. It did not seem to fit the 'typical' thief behaviour for someone to watch Rachel entering her PIN, follow her for two days, and then steal her card.

The card provider said the only explanation was that Rachel's PIN number was with or near her card. This was a breach of its terms and conditions meaning the card provider was not liable for the unauthorised transactions.

Rachel disagreed with this decision and contacted FSCL.

REVIEW

The issue for us to consider was whether it was more likely than not that Rachel had her PIN recorded with or near her card, or whether she failed to take adequate care to keep her PIN and card secure.

Accepting both Rachel's assertion that she did not keep the PIN with her card, and the card provider's evidence that it was not possible the PIN was bypassed at an ATM, the only logical explanation for the unauthorised transactions was that someone observed Rachel's PIN entry on 11 September. In this case, it seemed most likely that the thief was someone Rachel knew, who had the opportunity to note her PIN and then steal the card two days later.

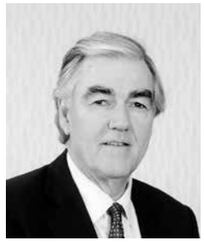
RESOLUTION

This was a difficult case to determine. However, by the very fact the thief had access to both Rachel's card and PIN, we had to conclude that Rachel had failed to take all reasonable steps to keep the card's security features safe, which had breached the card provider's terms and conditions of use.

It followed that the card provider was entitled to decline to compensate Rachel for the disputed transactions, and we recommended Rachel discontinue her complaint.

“A potentially complex situation was very professionally handled by (case manager). FSCL added real value in resolving the client’s complaint. Thanks.”

BOARD DETAILS



KENNETH JOHNSTON QC
Board Chair

Kenneth is a Wellington barrister and past National Managing Partner of one of New Zealand’s large national law firms. Since commencing practice as a barrister in 1997, Kenneth has specialised in commercial litigation, but is also regularly engaged in more general civil litigation, and as an arbitrator and mediator.

Kenneth is a member of the New Zealand Law Society, the New Zealand Bar Association, the Arbitrators’ and Mediators’ Institute of New Zealand, and a member of LEADR’s Advanced Mediation Panel.

BRUCE CRONIN QSM
Consumer representative

Bruce has a management degree (Accounting) from Victoria University and a post-graduate degree in social science (Psychology) from Massey University. He is a Justice of the Peace and a Fellow of the NZ Trustees’ Association (NZTA).

Bruce has been extensively involved with community groups for over 30 years. In 2014 Bruce received the NZTA Trustee of the Year award and was awarded the Queen’s Service medal in the 2016 New Year’s Honours in recognition of his services to the community.

RAEWYN FOX
Consumer representative

Raewyn has been the Chief Executive Officer of the New Zealand Federation of Family Budgeting Services Inc since 1999. Raewyn has worked in budget advice for 20 years starting as the manager of the Porirua Budget Service. She has held numerous governance roles in the community and commercial sectors, including foundation member of the Community Trust of Wellington, a past consumer representative on the Commission of the Insurance and Savings Ombudsman scheme, and a member of the Task Force on the Regulation of Financial Intermediaries.

ROGER J KERR
Industry representative

Roger Kerr is a Consultant for PwC New Zealand. Roger was formerly a director and one-third shareholder in Asia-Pacific Risk Management Limited and has over 30 years’ merchant and investment banking experience in financial and investment markets.

Roger is regarded as one of New Zealand’s leading professional advisers and commentators on local and international financial markets, the New Zealand economy and corporate treasury management.

Roger was a member of the Board of Trustees of the National Provident Fund from June 2003 to May 2012 and was Board Chairman of charitable trust service provider and fund manager Trust Investments Management Ltd from 2004 until October 2012.

GARY YOUNG
Industry representative

Gary has been the IBANZ CEO since 2006. Prior to this Gary worked in insurance for 30 years mainly in insurance broking with local and international companies as a broker/adviser, CEO, director and shareholder.

Since 2009 Gary has been a member of the Code Committee for financial advisers and is currently a director and CEO of Professional IQ College, an NZQA accredited private training establishment within financial services.

SUMMARY FINANCIAL STATEMENTS

SUMMARY PROFIT AND LOSS STATEMENT

For the year ended 30 June 2016

	2016	2015
Revenue	1,623,922	1,689,226
Gross surplus	**1,623,922**	**1,689,226**
Expenses		
Administration	1,534,867	1,465,407
Finance	1	17
Non cash items	54,124	70,325
	1,588,992	1,535,749
Net business surplus	**34,930**	**153,477**
Other income		
Interest received	82,081	93,737
FSCL conference	-	1,147
	82,081	94,884
Net surplus	**117,011**	**248,361**

SUMMARY STATEMENT OF MOVEMENTS IN EQUITY

For the year ended 30 June 2016

	2016	2015
Net surplus for the year	117,011	248,361
Equity at beginning of year	2,029,486	1,781,125
Equity at end of year	**2,146,497**	**2,029,486**

SUMMARY FINANCIAL STATEMENTS

SUMMARY BALANCE SHEET

As at 30 June 2016

	2016	2015
Equity	**2,146,497**	**2,029,486**
Current assets		
Cash and bank balances	317,092	176,288
Short term deposits	1,695,621	1,651,349
Receivables	53,377	79,936
Prepayments	24,966	25,092
	2,091,056	1,932,665
Non current assets		
Property, plant and equipment	131,221	145,333
Intangibles	76,261	108,006
	207,482	253,339
Total assets	**2,298,538**	**2,186,004**
Current liabilities		
Accounts payable	53,779	54,052
Income In advance	-	1,580
Accrued charges	84,059	74,683
Lease incentive	14,203	26,203
Total liabilities	**152,041**	**156,518**
Net assets	**2,146,497**	**2,029,486**

APPROVAL OF FINANCIAL STATEMENTS

These summary financial statements have been approved by the board on 26 August 2016.
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

As at 30 June 2016

	2016	2015
Cash was provided by (used for)		
Operating activities		
Receipts from Participants' fees	1,623,657	1,691,922
GST movement	3,582	(3,239)
Operating costs	(1,537,639)	(1,452,122)
Income tax paid	21,793	(26,374)
	111,393	210,187
Investing activities		
Payments to property, plant and equipment and intangible assets	(8,397)	(118,275)
	(8,397)	(118,275)
Financing activities		
Increase of term deposits	(44,272)	(226,069)
Net interest received	82,080	93,720
	37,808	(132,349)
Net movement in cash	**51,204**	**(276,998)**
Opening cash balance	176,288	216,725
Closing cash balance	**227,492**	**(60,273)**
Represented by		
Bank balances	317,092	176,288
Closing cash balance	**317,092**	**176,288**

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

The Summary Financial Statements have been prepared for the individual entity Financial Services Complaints Limited for the accounting period ended 30 June 2016. Also included for comparative purposes are figures for the period ended 30 June 2015.

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.

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 the preparation of a statement of service performance.

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 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 2016 were authorised for issue by the directors of Financials Services Complaints Limited on 26 August 2016 and an unmodified audit report was issued by BDO at that date.

The Full Financial Statements for the year end 30 June 2015 were authorised for issue by the directors of Financials Services Complaints Limited on 28 August 2015 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/.

SUMMARY FINANCIAL STATEMENTS

BDO WELLINGTON

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 statement of financial position as at 30 June 2016, and the statement summary of comprehensive income, and summary statement of changes in equity for the year then ended, and other related notes and other explanatory information are derived from the audited Financial Statements of Financial Services Complaints Limited for the year ended 30 June 2016. We expressed an unmodified audit opinion on those financial statements in our report dated 26 August 2016.

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 Financial Statements
The directors are responsible for the preparation of a summary of the audited 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 audit. We conducted our audit in accordance with International Standards 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 Statements of Financial Services Complaints Limited for the year ended 30 June 2016 are consistent, in all material respects, a fair summary of those special purpose financial statements in accordance with FRS-43.

BDO Wellington

BDO WELLINGTON
26 August 2016
Wellington
New Zealand

COMPANY INFORMATION AND DIRECTORY

Financial Services Complaints Ltd (FSCL) was incorporated as a limited liability company on 26 August 2009, incorporation number 2303993. The registered office is at level 4, 101 Lambton Quay, Wellington.

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

BOARD OF DIRECTORS

FSCL's Board of Directors is responsible for overseeing the operations of the company, for ensuring independent decision making by the Chief Executive Officer and staff of the company, and for preserving the independence of FSCL's dispute resolution scheme.

Under its constitution, FSCL's Board of Directors is made of up of:

- an independent Chairman appointed by the Board
- two participant/industry directors appointed by the Board to represent the participants of FSCL
- two consumer directors appointed by the Board to represent the interests of consumers.

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer:

- has overall management responsibility of the FSCL's dispute resolution scheme
- is empowered to make binding recommendations and determinations in relation to consumer complaints made against FSCL participants
- is responsible for establishing systems and procedures to maintain FSCL's efficient and effective operations in accordance with FSCL's terms of reference
- has all the other powers, functions and duties conferred by FSCL's constitution and terms of reference, and as conferred and delegated by the Board from time to time.

INDEPENDENCE IN DECISION-MAKING

The decision-making process and administration of FSCL's dispute resolution scheme are independent of its participants who provide its funding. The Chief Executive Officer and FSCL's staff are:

- entirely responsible for the handling and termination of complaints
- accountable only to the Board of Directors.

FSCL'S TERMS OF REFERENCE

Complaints about participants are dealt with by FSCL in accordance with the terms of reference promulgated by FSCL's Board and as approved by the Minister of Consumer Affairs.

FSCL'S PARTICIPANTS

A list of FSCLs participants is available at www.fscl.org.nz.

SHAREHOLDER

The shareholder of the company holds the shares on trust for the fulfilment of the company's objects which are to provide an external dispute resolution service for its participants. There are 100 ordinary shares.

STAFF MEMBERS

Susan Taylor
Chief Executive Officer

Rhonda Singleton
Administration and Finance Manager

Carl Schreiber
Case Manager

Meryn Gates
Case Manager

Stephanie Newton
Case Manager

Josephine Byrnes
Early Assistance Officer

Michael Saywell
Membership and IT Officer

Kylie Gore
Administration Assistant

Erika Anderson
Scheme Support Assistant (part-time from April 2016)

REGISTERED OFFICE

Level 4
101 Lambton Quay
Wellington 6011

INCORPORATION NUMBER

2303993

IRD NUMBER

103-018-668

DIRECTORS

Kenneth Johnston QC
Bruce Cronin
Raewyn Fox
Gary Young
Roger J Kerr

SHAREHOLDER

The Board Chairman 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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FINANCIAL SERVICES COMPLAINTS LTD

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