



A Financial Ombudsman Service

**FSCL**

FINANCIAL SERVICES COMPLAINTS LTD  
RATONGA PŪTEA PUNA MANAAKI

# FSCL A FINANCIAL OMBUDSMAN SERVICE UPDATE – COMPLAINT NUMBERS, TRENDS AND CASES

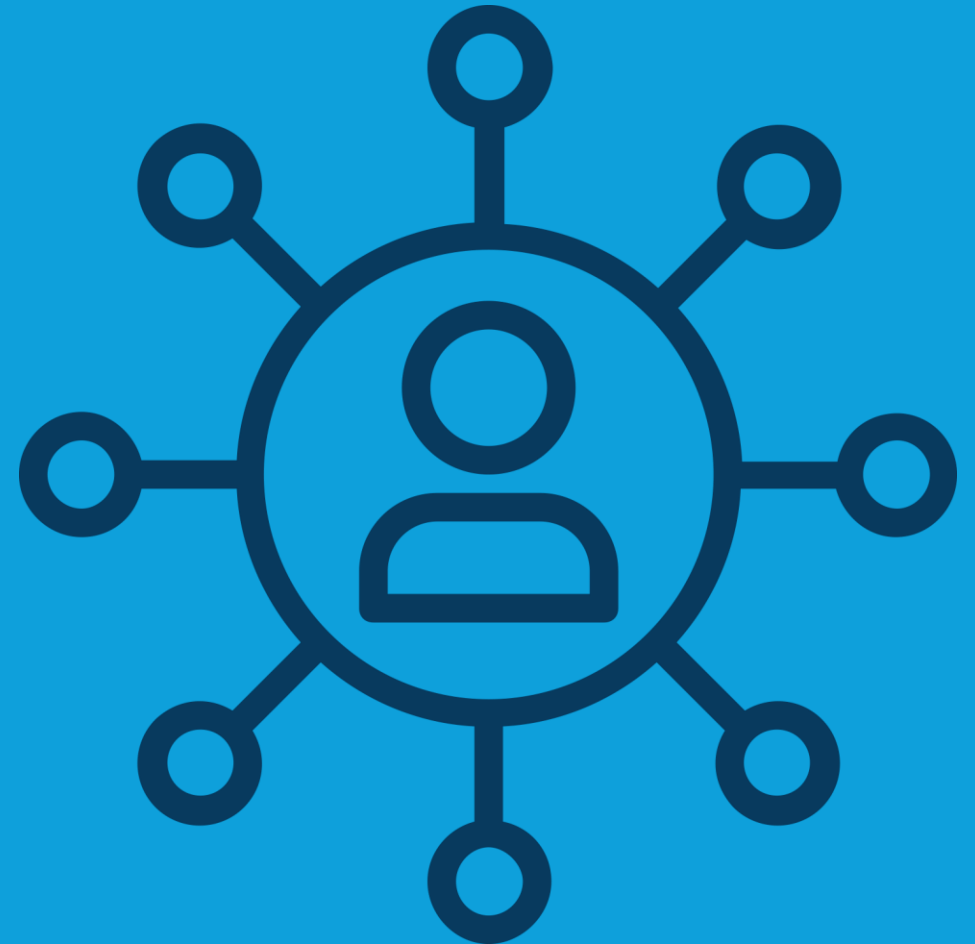
26 JULY 2023

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**SUSAN TAYLOR** | *Financial Ombudsman and CEO*

# ABOUT FSCL

- › a financial ombudsman and dispute resolution service
- › over 7,000 members including over 3,000 advisers



# COMPLAINTS UP

- › for the year ended 30 June complaints up by 25 %
- › disputes (cases formally investigated) up by 37 %



## MOST DISPUTES BY PARTICIPANT TYPE:

- › Lenders – 38%
- › Financial advisers – 19%
- › Insurers – 14%
- › Card issuers – 11%



# ADVISER COMPLAINTS – TOTAL - 53

- › risk - 12
- › mortgage - 13
- › fire and general - 17
- › wealth - 1
- › shares -10



# POOR COMMUNICATION THE MOST COMMON CAUSE OF COMPLAINTS

- › not fully and clearly explaining the advice
- › clients not understanding their duty of disclosure
- › not fully explaining clawback fees
- › poor record-keeping





CASE STUDY 1

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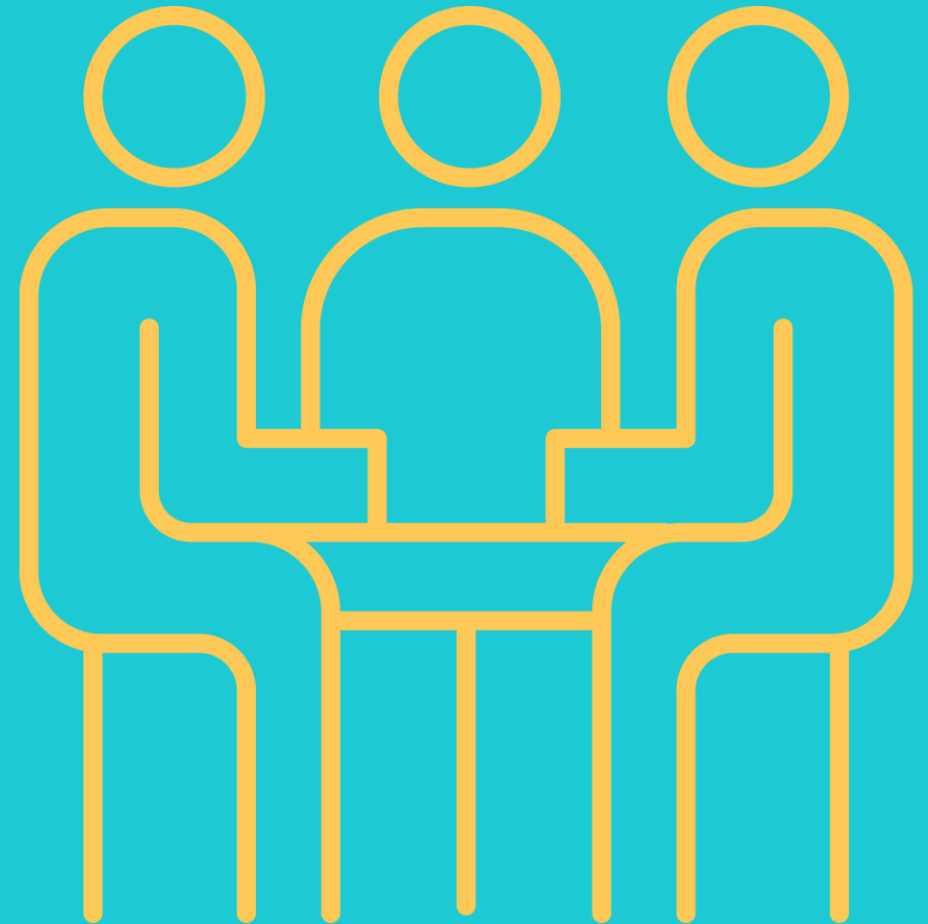
## INTEREST RATE RISE CAUSES UNWELCOME SURPRISE

- › December 2021 – clients fix half of their loan for 1 year and half for 2 years through an adviser
- › clients paying a low equity premium on their rates
- › October 2022 – clients complain that adviser should have recommended longer term rates





- › clients said the adviser should have known that interest rates were on the rise
- › we thought adviser's advice was reasonable in the circumstances
- › complaint could not be judged with benefit of hindsight





CASE STUDY 2

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## UNSUITABLE INVESTMENT ADVICE

- › in August 2021 client's mother gifted her \$500,000 to put towards buying her first home
- › adviser recommended investing all the money in a high growth fund
- › 15 months later fund had lost \$160,000
- › adviser said she did not know money needed for house purchase



- › poor handover from one firm adviser to another
- › inadequate “cookie cutter” SOA
- › inadequate advice about risk
- › negotiated settlement



## LOOKING AHEAD

- › challenging economic times – complaints will continue to increase
- › increasing people displaying challenging behaviours – FSCL engagement charter
- › greater focus on client fairness – FSCL’s fairness checklist
- › duty to report material breaches to the FMA – more reporting?
- › weather-related complaints about insurers and fire and general advisers later this year





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**THANK YOU FOR LISTENING,  
ANY QUESTIONS?**

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