

New Zealand Association of
Citizens Advice Bureaux Inc
Ngā Pokapū Whakahoki Pātai mai i te Iwi Whānui

15th September 2005

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SUBMISSION ON THE INDEPENDENT REVIEW OF THE BANKING OMBUDSMAN SCHEME

INTRODUCTION

1. Thank you for providing the Association with the opportunity to comment on the review. In making our comments we draw on the knowledge and experience from bureaux' contact with clients and the fact that, nationally, over the past three years bureaux have dealt with just under 20,000 enquires relating to financial matters including banking related enquires.

2. The Association believes that the Banking Ombudsman Scheme provides a valuable service to consumers and we are generally very satisfied with the Scheme. We acknowledge the contribution the scheme makes in helping to resolve a variety of problems consumers' encounter with member banks.

3. We do, however, wish to raise some issues relating to accessibility - including accessibility of the service for new migrants, the Banking Ombudsman's Terms of Reference, compliance and incentives, efficiency of the complaints investigation and resolution processes, and the scope of the Banking Ombudsman Scheme. We make a number of recommendations in relation to the issues we raise.

ACCESSIBILITY

4. Bureaux appear to have a good level of awareness about and access to the Scheme through the following:

- The information brochure published by the Ombudsman, dated April 2004 (with an updated addendum of participating banks, dated March 2005);
- A CAB information sheet, dated April 2005, which provides information on making a complaint, including reference to the Banking Ombudsman;
- Information about the scheme and a link to the Banking Ombudsman website on the Association's CABaccess database (which each of our bureaux around New Zealand have access to);

- Reference to the Scheme in the Association's manual 'Handling Consumer Enquiries'; and
- The Banking Ombudsman Scheme website

5. Therefore, our bureau workers tend to be well informed about the scheme and very proactive in making clients aware of it and in making contact with the Ombudsman's office on behalf of clients, as and when appropriate.

6. However, from our work with clients it is evident that the level of public awareness of the scheme is not as great as it should be. We believe that member banks have a pivotal role to play in public awareness of the scheme, yet we know from anecdotal evidence from our bureaux that some banks are failing to provide information about the Scheme to customers, whether through display and provision of brochures in branches or through information from staff to clients with complaints. We have dealt with clients who have presented at bureaux unaware of the Banking Ombudsman Scheme even after having been through their bank's internal complaints process.

7. We note that these experiences resonate with the findings of recent surveys undertaken by the Banking Ombudsman which show that a number of banks are failing to comply with the requirement of the Code of Banking Practice for banks to display in all their branches brochures relating to the Banking Ombudsman's services (as well as the banks own internal complaints system)¹. We are also aware that the willingness of bank staff to provide information about the banks' internal disputes resolution processes has declined in recent years.²

Recommendation

8. The Association recommends that the Banking Ombudsman explore options for ensuring that all branches of member banks do in fact display information on their internal complaints procedures and the Banking Ombudsman Scheme and that bank staff are fully informed of the scheme and are proactive in informing clients about it.

ACCESSIBILITY FOR NEW MIGRANTS

9. New migrants make up a significant proportion of our client base. In the year from July 2004 to June 2005, our bureaux and specialist services handled almost 43,000 immigration-related enquiries. Our volunteers also assist new migrants with a range of other issues relating to their needs in the first months and years of settlement.

10. Our experience with these clients tells us that new migrants have special information and service needs. They can experience barriers to accessing services due to language difficulties and a lack of familiarity with 'the way things are done' in the New Zealand setting.

11. We acknowledge and commend the initiative of the Banking Ombudsman in providing, through its website, basic information about the Scheme in Māori, Samoan, Korean, and Chinese (in addition to English). However, we are aware that there are communities of new migrants in New Zealand whose first languages are different to those listed here and who may also benefit from the provision of information about the scheme in their own language.

¹ Annual Report 2003-2004 of the Banking Ombudsman.

² Ibid.

Recommendation

12. The Association recommends that the Office of the Banking Ombudsman undertakes research to determine the need for information about the scheme in other languages and that it seeks to meet the needs that the research uncovers.

BANKING OMBUDSMAN'S TERMS OF REFERENCE

13. The Association believes that the Banking Ombudsman has a key role to play in working more closely with banks to ensure that customers have access to good information on their rights when something goes wrong, including the complaints mechanisms available to them and that customers are provided with appropriate information and assistance by banking staff. This needs to be reflected in the terms of reference for the Banking Ombudsman Scheme and the resourcing of the Scheme.

Recommendation

14. The Association recommends that the terms of reference are broadened to include:

- Assistance of member banks through the development of good practice guidelines for staff of member banks in handling consumer complaints, and provision of assistance for the implementation and monitoring of compliance with the guidelines.

COMPLIANCE AND INCENTIVES

15. The Association is of the opinion that that there is currently a lack of incentives for banks to comply with the requirement of making information about complaints processes, including the services of the Banking Ombudsman, accessible to their customers.

16. We believe that the responsibilities of the banks and the Ombudsman in relation to complaints procedures should be more clearly defined and outlined in a Memorandum of Understanding or similar agreement between the parties. Compliance of the parties involved can then be measured against these responsibilities.

17. An example of how responsibilities might be defined and allocated is provided in the table below:

Goal	Responsibility of the Banking Ombudsman	Responsibility of the Member Bank
Increased awareness of banking customers of the Banking Ombudsman Scheme.	Provide member banks, the general public, and consumer representatives with up-to-date information about the scheme.	Display up-to-date information about the scheme at every branch and on the bank website.
Increased accessibility of the Banking Ombudsman Scheme to new migrant customers.	Undertake research to determine the need for information about the scheme in other languages and provide information in other languages where the needs	Ensure information about the Banking Ombudsman Scheme in other languages is made available at every branch and on bank websites and that it is made clear in displays etc that

	exist.	information in other languages is available.
Robust complaints handling practices in member banks.	Work with member banks to develop good practice guidelines for bank staff in handling consumer complaints, and provide assistance for the implementation and monitoring of compliance with the guidelines.	Participate in the development of good practice guidelines for bank staff in handling consumer complaints, and implement and monitor compliance with the guidelines.

Recommendation

18. The Association recommends that the responsibilities of banks and the Ombudsman in relation to complaints procedures are clearly defined and outlined in an agreement between the parties, and that compliance with the agreement is monitored.

EFFICIENCY OF COMPLAINTS INVESTIGATION AND RESOLUTION

19. The Association acknowledges and commends the efforts made by the Office of the Banking Ombudsman to progress cases as quickly and efficiently as possible and notes that headway has been made in recent times to reduce the backlog of cases awaiting resolution.³ However, through the experience of our bureaux we are aware of cases that have been waiting for a reply from the Ombudsman’s Office for many months, causing some anxiety for the clients. We believe that timely and efficient processing of cases is important if public confidence in the Scheme is to be maintained.

Recommendation

20. The Association recommends that there is a closer examination of both the internal processes within the Office of the Banking Ombudsman and the adequacy of current resourcing levels of the Office with a view to reducing the time it takes for complainants to have their cases processed, investigated and resolved.

SCOPE OF THE BANKING OMBUDSMAN SCHEME

22. The Banking Ombudsman Scheme provides a good service to customers of member banks and there are significant potential benefits for those customers who access its services. We would like to see the service made available to as many members of the public as possible. In particular, the Association suggests that clients of Building Societies and Credit Unions may benefit from having access to the Scheme.

Recommendation

23. The Association recommends that consideration is given to further extension of the Scheme, including to clients of Building Societies and Credit Unions.

³ Ibid.

SUMMARY OF RECOMMENDATIONS

24. Following is a summary of recommendations contained in the main body of this submission:

Accessibility: The Association recommends that the Banking Ombudsman explore options for ensuring that all branches of member banks do in fact display information on their internal complaints procedures and the Banking Ombudsman Scheme and that bank staff are fully informed of the scheme and are proactive in informing clients about it.

Accessibility for new migrants: The Association recommends that the Office of the Banking Ombudsman undertakes research to determine the need for information about the scheme in other languages and that it seeks to meet the needs that the research uncovers.

Banking Ombudsman Scheme Terms of Reference: The Association recommends that the terms of reference are broadened to include:

- Assistance of member banks through the development of good practice guidelines for staff of member banks in handling consumer complaints, and provision of assistance for the implementation and monitoring of compliance with the guidelines.

Compliance and incentives: The Association recommends that the responsibilities of banks and the Ombudsman in relation to complaints procedures are clearly defined and outlined in an agreement between the parties, and that compliance with the agreement is monitored.

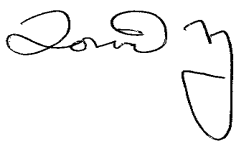
Efficiency of complaints investigation and resolution: The Association recommends that there is a closer examination of both the internal processes within the Office of the Banking Ombudsman and the adequacy of current resourcing levels of the Office with a view to reducing the time it takes for complainants to have their cases processed, investigated and resolved.

Scope of the Banking Ombudsman Scheme: The Association recommends that consideration is given to further extension of the Scheme, including to clients of Building Societies and Credit Unions.

CONCLUSION

Thank you once again for the opportunity to provide feedback to the review of the Banking Ombudsman Scheme. If you have any questions relating to this submission, please do not hesitate to contact me at the Association ph 03 382 8759, or email policy@cab.org.nz.

Yours sincerely,



Louise May
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