INSURANCE & FINANCIAL SERVICES
OMBUDSMAN SCHEME

ANNUAL REPORT 2025

30

years of independent and fair resolution

The Insurance & Financial Services Ombudsman Scheme resolves complaints about insurance and financial services. Our service is independent, fair and free for consumers.

0800 888 202 info@ifso.nz www.ifso.nz

30 years

of independent and fair resolution

The IFSO Scheme has provided an independent, fair and free-for-consumers dispute resolution service for 30 years.

Since 1995:

86,317

enquiries and complaints have been responded to

9,031

disputes have been investigated

We help resolve complaints about:

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

Contents

Sue Suckling
IFSO Scheme Board Chair

Celebrating 30 Years of Independent Dispute Resolution

This year marks a significant milestone for the IFSO Scheme – our 30th anniversary. On 13 March 1995, the Insurance & Savings Ombudsman Scheme was officially opened by the then Minister of Consumer Affairs, Katherine O'Regan. At that time, with a complaint cap of $100,000 and just five staff – three Investigating Officers, Ombudsman Terry Weir, and a Personal Assistant/Administrator – the Office had already received 200 cases.

Three decades on, the scale and scope of our work has grown significantly, but our purpose remains unchanged: to provide a fair, independent, and accessible dispute resolution service for consumers and financial service providers.

This year

This year, we accepted a record 600 disputes for investigation – a 25% increase on the previous year and a 110% increase from 2022. Insurance remains our biggest area by far, making up 96% of the disputes we investigate.

General insurance disputes rose by 22% from the previous year, and health & life insurance disputes by a striking 69%, while credit and financial advice disputes declined. Our case numbers reflect the pressures of the current economic climate and the rising cost of insurance, which has had a ripple effect through people's lives.

Behind each complaint is a person navigating a stressful situation, and I want to acknowledge the professionalism and empathy the entire IFSO Scheme team bring to every case. My thanks go to Ombudsman, Karen Stevens and Deputy Ombudsman, Louise Peters, for their thoughtful leadership and commitment to high standards during this time.

Recent developments

Because we could not continue operating independently in our previous form under the Incorporated Societies Act 2022, it became clear the structure through which we operate had to evolve. Late last year we began this process and, on 1 April 2025, the IFSO Scheme shifted from being operated as an incorporated society to a limited liability company: Insurance & Financial Services Ombudsman Limited (IFSO). This change is largely administrative and does not affect the way we deliver our services – it is very much business as usual. I would like to thank IFSO Board Director Mariette van Ryn, Ombudsman Karen Stevens, and Deputy Ombudsman Louise Peters for their work on this significant task, which has set the IFSO Scheme up for future sustainability.

The 2024–25 year has seen several important regulatory developments, including the increase in our maximum compensation limit to $500,000 in July 2024, and changes to reporting requirements and terminology recently introduced by MBIE. The new Conduct of Financial Institutions (CoFI) legislation, effective from 31 March 2025, has prompted many Participants to develop robust fair conduct programmes. Additionally, the Contracts of Insurance Act has been passed and is set to modernise New Zealand's insurance law from November 2027, improving clarity and fairness for consumers.

We are aware of concerns raised recently by some financial mentors regarding their confusion over which financial dispute resolution scheme to go to. For the most part, financial mentors help consumers who have consumer credit issues. The IFSO Scheme receives a little over 10% of consumer credit cases and our involvement with financial mentors is very limited – only 4 of the 600 disputes

the IFSO Scheme accepted for investigation in the past year (about 0.7%) involved financial mentors acting as representatives for consumers. The majority of our work continues to be about insurance where consumers can, and do, approach us directly for assistance.

Scheme merger

During our incorporation process, the IFSO Board took the opportunity to review and improve many of the operational aspects of the Scheme. We also considered its future direction. Part of this process included whether there was value in merging with any other scheme. Financial Services Complaints Ltd (FSCL) had approached us regarding this possibility. The Board reached the conclusion that there was no real purpose to be served in pursuing a merger as we feel the risks and downside for our Participants and their customers significantly outweigh any benefit to them.

Financial outlook

As a result of the IFSO Scheme's structural change made during the operating year, closing accounts were prepared at the changeover date 1 April and then a further set of accounts were prepared for the 3-month period to 30 June.

The financial outcome for IFSO Inc. for the 9 months to 31 March 2025 (before IFSO was incorporated on 1 April 2025) was revenue of $2,919,732 and expenses of $2,433,712, with a net surplus of $486,020 before tax. This was against a budgeted surplus of $458,158 for this period and includes one-off expenditure related to the incorporation of IFSO of $394,967. The positive variance can be attributed to the significantly greater number of disputes handled (396) than originally budgeted.

Following incorporation, separate accounts were prepared for the period from 1 April 2025. Revenue for this 3-month period was $459,689 and expenses were $721,656, with a net loss before tax of $261,967. This is as a result of timing of revenue received and the one-off unbudgeted costs of incorporation of $33,059.

In summary, for the 12-month period from 1 July 2024 to 30 June 2025 (over the 2 different legal structures), revenue was $3,379,421 (against a budget of $2,820,611) and expenses were $3,155,368, producing a surplus before tax for the year of $224,053. This includes the one-off incorporation costs. The 12-month operating result reflects our ongoing commitment to prudent financial management.

In line with movements in the Consumer Price Index and to help offset rising operational costs, the IFSO Board approved a modest 2% increase in levies for all Participants for the 2025–26 financial year. This adjustment reflects our ongoing commitment to maintaining a financially sustainable service as a not-for-profit organisation, while continuing to meet the needs of both Participants and their customers. Complaint fees remain unchanged for the 2025–26 financial year.

The 2025–26 operating budget is $30,946 surplus before tax.

IFSO Board

It is with great appreciation that I acknowledge the IFSO Board of Directors and their invaluable strategic leadership in this year of change: Kendall Flutey, COO at Te Rūnanga o Ngāi Tahu and Co-Founder of Banqer; Rob Hennin, CEO of nib New Zealand and nib Travel; Dr Pushpa Wood, ONZM, Director of Massey University's Financial Education and Research Centre; and Mariette van Ryn, Independent Director.

With the change in structure to the IFSO Board on 1 April 2025, several IFSO Scheme Commission Members finished their terms – Blair Turnbull, Amanda Savill, and Teresa Tepania-Ashton, ONZM. I would like to thank them for their excellent service and acknowledge their contributions to the IFSO Scheme.

As we celebrate this 30-year milestone, we remain focused on our founding principles – fairness, independence and accessibility – and on continuing to evolve to meet the needs of the next generation of consumers. I would like to thank our Participants for their membership through the years, and the consumers who continue to place their trust in our service as we look ahead to the next chapter.

Sue Suckling OBE
IFSO Scheme Board Chair

Timeline: key milestones over 30 years

1995

Insurance & Savings Ombudsman Scheme launch

- Officially opened on **13 March 1995** by Katherine O'Regan, Minister of Consumer Affairs, with Terry Weir as Insurance & Savings Ombudsman (ISO) and a Commission of 5, with 2 consumer and 2 industry representatives and an independent Chair; and an industry Board to determine the Rules and Terms of Reference
- **62 Insurance Participants** and **200 complaints** dating back to 1993
- Monetary limit $100,000
- Dr Mervyn Probine CB, FRSNZ, Chair
- A staff of 3 investigating officers and a personal assistant/ administrator, plus the ISO

1996

- **276 complaints received**

1997

- **Complaints backlog: 669 complaints eligible** for consideration (496 new + 178 carried over), with 388 resolved
- Launch of **0800 number**
- Independent public review

1998

Leadership change

- **397 complaints received**
- **Karen Stevens** appointed as Insurance & Savings Ombudsman on **25 May 1998**
- Initiated major upgrades to technology, and database systems, and introduced new processes for workflow

1999

- **324 complaints received**
- Backlog of complaints cleared

2000

- **252 complaints received**
- Dame Beverley Wakem DNZM CBE, Chair

2001

- **277 complaints received**

2002

- **236 complaints received**

2003

- **290 complaints received**
- Independent public review

2004

- **172 complaints received**
- Website redesigned and relaunched with information in Te Reo Māori, Hindi and Chinese
- Comprehensive case study search engine developed

2005

- **167 complaints received**
- Alison Timms, Chair
- Monetary limit increased to $150,000

2006

- **191 complaints received**

2007

- **201 complaints received**

2008

Legislative shift

- **202 complaints received**
- **Financial Service Providers (Registration and Dispute Resolution) Act 2008** introduced
- All financial service providers required to join an approved dispute resolution scheme
- Independent public review

2009

- **242 complaints received**
- Dame Paula Rebstock CNZM, Chair
- Monetary limit increased to $200,000

2010

Expansion & statutory approval

- **284 complaints received**
- ISO Scheme became an **approved dispute resolution scheme**
- 47 insurer Participants
- Membership expanded to allow **financial advisers and other financial services providers to join**

2011

- **250 complaints received**

2012

- **242 complaints received**
- **Canterbury earthquakes response:** 600 complaint enquiries and 33 complaints received

2013

- **274 complaints received**
- 2013 Deputy Ombudsman Louise Peters appointed
- Independent public review

2014

- **300 complaints received**
- 4,386 Participants across the financial sector

2015

- **253 complaints received**
- ISO Scheme renamed as **Insurance & Financial Services Ombudsman Scheme on 1 November 2015 with approval of the Chief Ombudsman, Dame Beverley Wakem**
- Celebrated **20 years** and paid **$2.6M to consumers**
- Industry Board disestablished

2016

- **272 complaints received**

2017

Digital transformation

- **314 complaints received**
- **Major IT upgrade** with **Salesforce database and case management system** introduced together with portal for secure transmission of all documents

2018

- **320 complaints received**
- Sue Suckling OBE, Chair
- Independent public review

2019

- **322 complaints received**
- Addition of complaint dashboards and insights from Salesforce data

2020

- **282 complaints received**
- 228 **COVID 19** related complaint enquiries received (predominantly about travel insurance)

2021

- **334 complaints received**

2022

- **285 complaints received**

2023

- **327 complaints received**
- Monetary limit increased to $350,000
- **Auckland Anniversary floods & Cyclone Gabrielle** contribute to 45% increase in complaint enquiries; top issues were **delays** and **customer service**
- Independent public review

2024

- **479 complaints received**
- All approved dispute resolution schemes' monetary limits aligned and increased to $500,000 by regulation

2025

Structural change & record growth

- A record **600 complaints (now called disputes)** accepted for investigation
- Restructured to become a limited liability company: **Insurance & Financial Services Ombudsman Limited on 1 April 2025**

Karen Stevens
Insurance & Financial Services Ombudsman

The IFSO Scheme's 30-year anniversary is not the only milestone this year – so is the most disputes we have ever had: 600 disputes, 96% of which were about insurance. The huge increase from 2022 – 110% – is not just weather event related. Financial pressures are also making a greater number of consumers more likely to pursue a complaint. With 4,295 cases received across the financial sector, 77% of which were about insurance, the IFSO Scheme is well placed to talk about an experienced and accessible dispute resolution service.

In her introductory remarks, my Chair, Sue Suckling, has touched on all the major issues for the IFSO Scheme in the last financial year. Rather than risk repeating what she has said, we decided that I would concentrate on a retrospective sweep across 30 years and reflect more broadly on where we have come from and where we are now.

When the Insurance & Savings Ombudsman (ISO) Scheme was established in 1995, it was because there was a greater focus on consumer protection and also a growing awareness across the insurance industry that free, fair, independent and accessible dispute resolution for consumers was a viable alternative to the courts. 30 years on and those principles still underpin the existence of the IFSO Scheme.

I was appointed in 1998, at a time when the ISO Scheme needed to gear up with better technology, systems and streamlined processes. The ISO Scheme started with a backlog, because it could accept complaints from before it existed. Dr Mervyn Probine was my first Chair and worked with me while I got up to speed. It was a rapid process and my next Chair, Dame Beverley Wakem, arrived to an organisation which had developed into a service with greater capacity and was more nimble in its approach to complaints. As our experience and knowledge grew, we had Alison Timms as Chair and then Dame Paula Rebstock. By the time Dame Paula was heading the Commission, the FSP Act was also about to be introduced and the Christchurch earthquakes had changed the face of insurance in New Zealand forever. We expanded in 2011 from about 47 insurers to over 4,000 financial service providers and changed our name in 2015 to the IFSO Scheme, at the same time condensing the governance structure from a Commission and industry board (which had rule making power) to a single tier structure of a 7-person Commission with equal consumer and industry representation and an independent Chair.

Our current Chair, Sue Suckling, arrived to lead a well organised service in the process of introducing a new computer system. It was a lengthy, time-consuming and expensive process, but Salesforce was in place by 2017. The new functionality allows us to provide our Participants, particularly our larger insurer Participants, with quality data; not only about their own complaints, but also across the industry sector to allow for their comparison. We have developed quarterly insight reporting, all of which is available through the Participant portal. The portal is essential for the secure and confidential exchange of information. Gone are the days when it's OK to send sensitive information or files by email – we are very aware that a cyber attack is every business's worst nightmare and we don't want to be that business! We are currently working on a better case study search mechanism – it has been a long time coming, but it is nearly there and will allow our Participants to be able to search and find our 9,000 case studies more easily, to learn about the pitfalls to avoid with their customers.

Identifying trends across the industry is also something the IFSO Scheme is uniquely placed to do. Whether we share that information in our very well attended monthly webinars, or case study newsletters, or in our other Participant resources, or in one-on-one meetings with our Participant CEOs, you've told us that is what you want and we aim to deliver an exceptional service to both our Participants and their customers.

As I referred to in last year's Annual Report, following on from Cyclone Gabrielle and the Auckland floods, we know there will be more extreme weather events and natural disasters that will have a greater impact on the lives of New Zealanders. While we all hope that these will be managed without issue, we know that dissatisfaction can occur in the best managed claims and that is the reason for our existence: to provide the customers of our Participants with a free, fair, independent and accessible dispute resolution service.

It would be nice to think that, at 30, we have arrived. However, for most of us who are now older and wiser than that, we appreciate there is a much longer road ahead. We are still able to keep improving what we do and how we do it. Another recent change, by way of example, is the expansion of the first response team, which is now set up to provide not only timely responses to consumer enquiries and complaints, and then follow-up to ensure resolution, but also greater triaging of those complaints at intake. Building capacity and the capability of our people to respond appropriately is as important as having well developed systems and resources.

This is an opportunity to acknowledge the outstanding work of the IFSO Scheme team and, in particular, my deputy Louise Peters and 2 of our senior case managers, Christina Gibson and Claire Benjamin. I would also like to thank Sue, the former Commission Members and the new Board for their support and shared wisdom.

For the year ahead, we will continue to provide the best dispute resolution service to our Participants and their customers, while developing and extending our own capability using technology, our experience and the expertise we have gained over 30 years' dispute resolution.

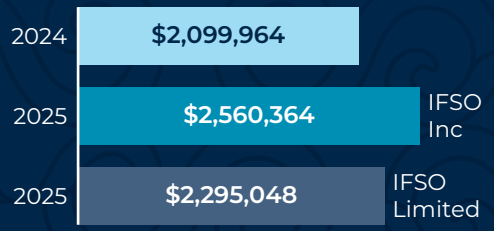
Karen Stevens
Insurance & Financial Services Ombudsman

IFSO Scheme financial summary

Revenue

Total for both entities
(1 July 2024 – 30 June 2025):
$3,379,421

Reserves



(prior to transfer distribution to IFSO Limited)

Expenditure

Total for both entities
(1 July 2024 – 30 June 2025):
$3,155,368

ANZOA and INFO Network

The IFSO, Karen Stevens, is a member and former Chair of the International Network of Financial Services Ombudsman Schemes (INFO Network). She is also a founding member and current Chair of the Australian and New Zealand Ombudsman Association (ANZOA), the professional association for Ombudsmen in Australia and New Zealand.

Our cases

4,295
cases received (enquiries + complaints + disputes)

Our impact is reflected across three key areas.

1,055
enquiries

We help everyone who contacts us by providing tailored information and expert guidance. In 25% of cases, this was enough to resolve the customer's query.

2,640
complaints

In 61% of cases, we supported consumers by listening to their complaints and helping them raise concerns directly with their financial service providers. We then follow up to ensure complaints have been resolved.

600
disputes

14% of cases escalated to disputes that required formal investigation, ensuring fair outcomes for those involved.

How did people contact us?

We have recently changed our terminology to the following:

Case – any enquiry, complaint or dispute handled by the IFSO Scheme

Enquiry – a contact from a consumer seeking general information

Complaint – an expression of dissatisfaction from a consumer about a financial service provider, where a response or resolution is explicitly or implicitly expected

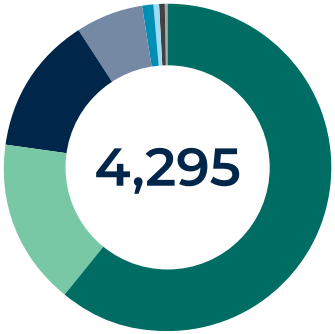
Dispute – an unresolved complaint about a financial service provider, that comes to the IFSO Scheme for investigation

4,295 cases – What did people contact us about?

Top 5 issues across all cases

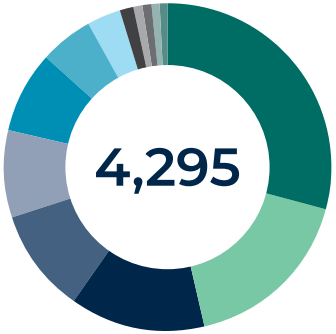
1. Customer service
2. Scope of cover
3. Policy exclusion
4. Delays
5. Repair issues

Cases by sector



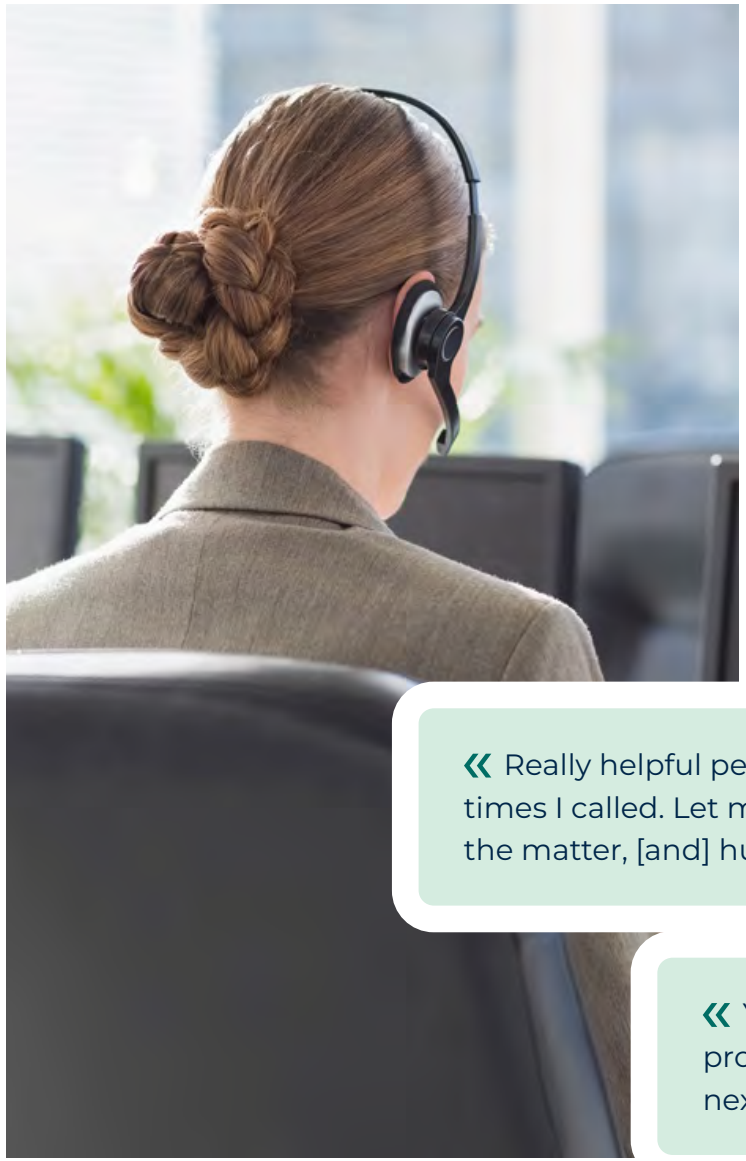
- Fire and General Insurance **2,624**
- Health, Life and Disability Insurance **703**
- Credit Contracts **582**
- Unknown **281**
- Other Financial Services **47**
- Financial Adviser **34**
- Superannuation **15**
- Investment and Savings **9**

Cases by product type



- Motor vehicle insurance **1,263**
- House insurance **730**
- Credit Contracts **578**
- Other **439**
- Health insurance **377**
- Travel insurance **339**
- Life insurance **224**
- Contents insurance **148**
- Income protection **53**
- Pet **43**
- Trauma **40**
- Financial advice **32**
- Commercial property **29**

Support from our frontline team



Our frontline team continues to adapt to the evolving needs of our communities. When people contact us, we guide them through the first step of our process – raising their concerns directly with their financial service providers. This often leads to an early resolution of the matter. We then follow-up to ensure resolution has been reached through the internal dispute resolution process.

If the issue belongs with another dispute resolution service, we make sure they're transferred smoothly and reach the right place, removing any barriers that might prevent consumers from getting the help they need.

We're not consumer advocates, but we are here to help. As an Ombudsman scheme, we must stay neutral and support consumers throughout the process, making sure they understand what stage they're at and what information might be needed.

Our team provides expert guidance across a wide range of insurance and financial services enquiries. Feedback shows that when consumers engage with the IFSO Scheme, they often receive quick responses and resolution of their issue from their financial providers.

> « Really helpful person who answered the phone both times I called. Let me vent and affirmed my feelings on the matter, [and] humanised the process. »

> « Your staff member returned my call promptly and clearly advised me of the next steps that I could take. »

> « After a couple of months of trying to deal with the insurance company directly, the filing of a complaint finally moved things along. The hospital invoices have now been paid. I can't begin to tell you how thankful I am that this happened. »

Disputes: what we saw in 2024–25

600
disputes accepted for investigation

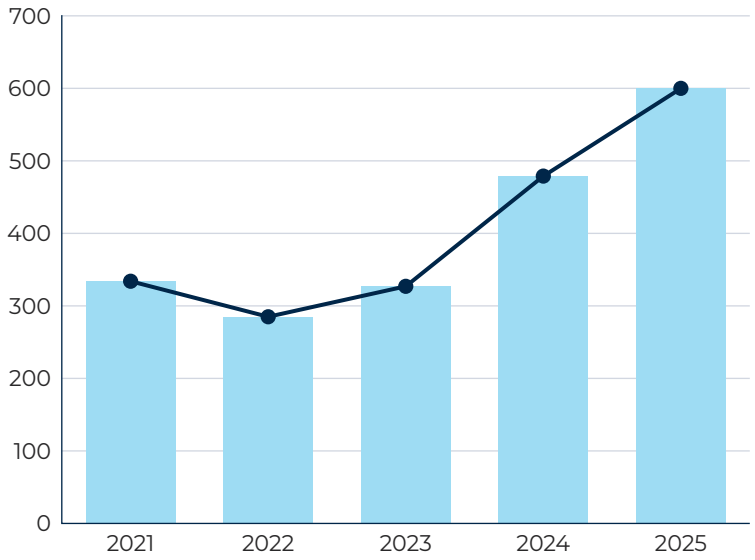
25%
increase from 2024

570
disputes closed

Top 5 dispute issues

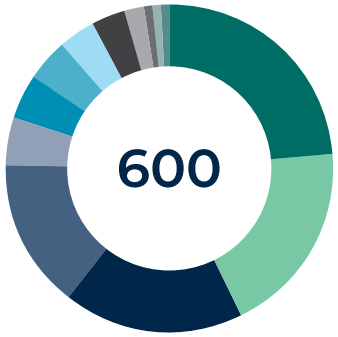
1. Scope of cover
2. Policy exclusion
3. Non-disclosure
4. Gradual damage
5. Misselling/ misleading information/ misrepresentation

Disputes accepted for investigation, previous 5 years



The continued rise in disputes over the last three years reflects the financial pressures many consumers are facing. Our Participants have noted that cost-of-living pressures and expectations around what insurance policies should cover – particularly when premiums have gone up – are factors influencing consumer experiences. This is contributing to the higher volume of disputes brought to the IFSO Scheme.

Disputes by product type 2025



- House insurance **143**
- Motor vehicle insurance **114**
- Travel insurance **107**
- Health insurance **89**
- Income protection insurance **27**
- Life insurance **27**
- Trauma insurance **25**
- Credit Contracts **22**
- Other **20**
- Contents insurance **11**
- Commercial Property insurance **6**
- Pet insurance **5**
- Financial Advice **4**

Dispute outcomes

485
Not upheld (82%)

77
Settled (14%)

13
Partly upheld (2%)

12
Upheld (2%)

3
Discontinued/withdrawn (1%)

702
Outside jurisdiction

We **referred 3 cases to the Financial Markets Authority or Commerce Commission** for further investigation.

$775,395.67*
total payments to consumers

There were 59 (up from 52 last year) complaints with payments to consumers totalling $775,395.67 recorded on our database (down from last year $1,207,018.71).

* This does not include weekly disability benefit payments under income protection, superannuation or life policies.

« [The case manager] has been highly professional at all times. I have been really impressed with her knowledge and support although the decision went against us. »

Driving positive change for consumers

When we complete a complaint investigation, we share tailored insights with the relevant Participant to help them improve their customer service. These insights highlight what's working well and offer practical recommendations to reduce the chance of similar complaints happening again.

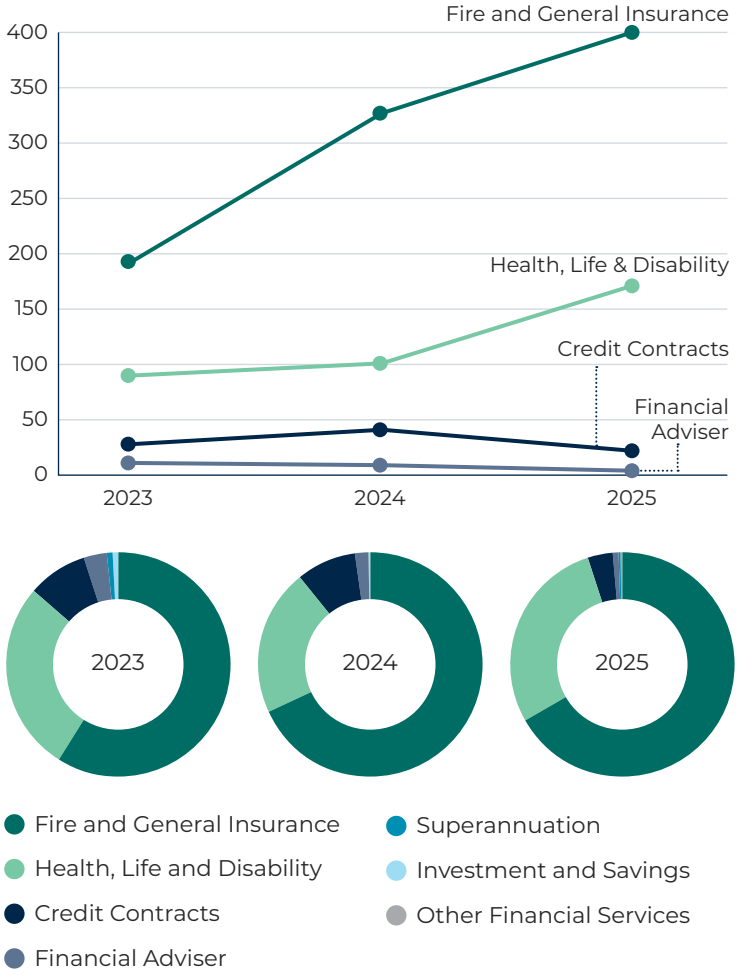
Earlier this year we identified that a Participant's website contained misleading information and lacked clarity around a key distance requirement in their domestic policy terms. As a result of our feedback, the Participant:

- updated their website FAQs to clearly explain the distance requirement for domestic policies; and
- revised the quote process to ensure the distance requirement is clearly communicated upfront.

These changes help customers better understand what they're covered for, reducing confusion and improving trust. It's a great example of how our insights can lead to clearer, more accurate information for consumers.

Sector trends

Disputes by sector (2023–2025)



Note: 'Superannuation', 'Investment and Savings' and 'Other Financial services' are not shown on the lines chart above as the number of disputes for these sectors were under four.

Insurance continues to dominate

Insurance remains the primary area of focus for the IFSO Scheme, accounting for 96% of all disputes investigated this year. Within this category, house and motor vehicle insurance continue to be the most common areas for disputes.

Sharp increase in health & life disputes

Disputes in the health, life and disability insurance sector rose by a striking 69% this year. This may reflect the growing complexity of health-related claims and the increasing financial pressure on consumers.

Credit contracts: a year of contraction

After a notable rise in 2024, disputes in the credit contracts sector declined by 46% in 2025. There were only 3.7% of our disputes in the credit sector. It should also be noted that there were only 0.7% of disputes where financial mentors were involved as representatives of consumers. This may indicate improved lending practices of the IFSO Scheme Participants and their greater compliance with the Credit Contracts and Consumer Finance Act (CCCFA).

Financial Adviser disputes continue to decline

Less than 1% of disputes were about Financial Advisers. Complaints involving Financial Advisers dropped again this year, suggesting that strong attendance to IFSO-provided Continuing Professional Development, industry efforts to strengthen compliance and client communication are having a positive impact.

Superannuation and investments remain low-volume sectors

These areas continue to represent a negligible proportion of disputes, with less than 1% of cases investigated.

Consumer satisfaction

Our team of case managers thoroughly investigate the circumstances of each dispute to determine what happened. They gather the relevant information, supporting documents and evidence necessary to understand the issue. Our service is fair, transparent, independent and free for consumers.

Fast resolution

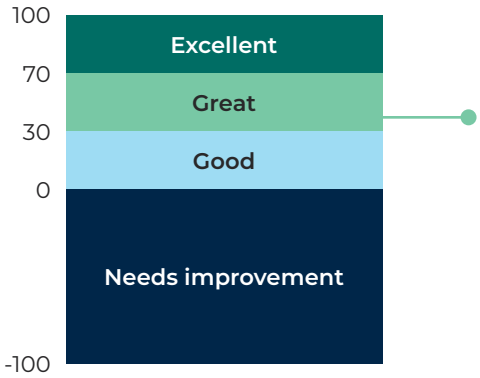
95%
of all disputes were resolved in less than 90 working days

42
working days* was the average time to resolve disputes

* Includes cases where jurisdiction is declined

Feedback

We invite individuals whose disputes we have investigated (600) to provide feedback through a survey. We had a response rate of 28% in 2024–2025 (168).



40
is our Net Promoter Score (from the question "Would you recommend our service to family or friends?")

« First time dealing with IFSO. Was really nervous, however the communication has been awesome, I have been well informed, and I would encourage anyone to use IFSO if appropriate. »

« [The case manager] provided an excellent experience. I was concerned my case may go under the radar. I was pleasantly surprised by the consideration and effort towards my issues. »

42%

of those who contacted the IFSO Scheme said they already knew about the service or have family or friends that knew about it

77%

of people surveyed said it was easy to find information about the IFSO Scheme

86%

said it was easy to contact the IFSO Scheme

Informing customers about complaints processes

Financial Service Providers are required to inform their customers about their complaints process and their IFSO Scheme membership. We remind our Participants that there should be no barriers to access the IFSO Scheme, and we provide them with resources to promote and publicise our service.

How did consumers find us?

- **32%** Google/internet search
- **29%** Already knew about the IFSO Scheme
- **13%** Word of mouth – friends and family
- **12.5%** From financial service provider / insurer
- **5%** Other
- **4%** Community organisation (Citizen Advice Bureau, FinCap)
- **3%** Social media / news media
- **1.5%** Government agency / other dispute resolution service

This data is collected at the initial enquiry stage, so most consumers do not know they need to contact their financial service provider first to make a complaint. The IFSO Scheme helps consumers through this process.

28% of New Zealanders are aware of the IFSO Scheme, according to the 2024 New Zealand Consumer Survey. This figure reflects awareness across the general population – not just those who have engaged with financial services. Notably, 96% of the IFSO Scheme's complaints are about insurance.

Facebook.com/IFSOScheme

Linkedin.com/company/IFSO-scheme

Promoting consumer access and awareness

We promote awareness and access of our services among consumers and small businesses.

97
media interviews, responses and articles

22
case studies shared across our website and social channels

5,800
views of our case study videos on Facebook

14
media releases issued

158,668
people reached via social media

1
animated video produced

106,000
visits to our website

19
boosted social media posts

7
presentations delivered to community groups with other Dispute Resolution Schemes

Promoting consumer access and awareness

Social media

We share timely, relevant, and engaging content on social media platforms, regularly boosting posts to reach a wide and diverse audience.

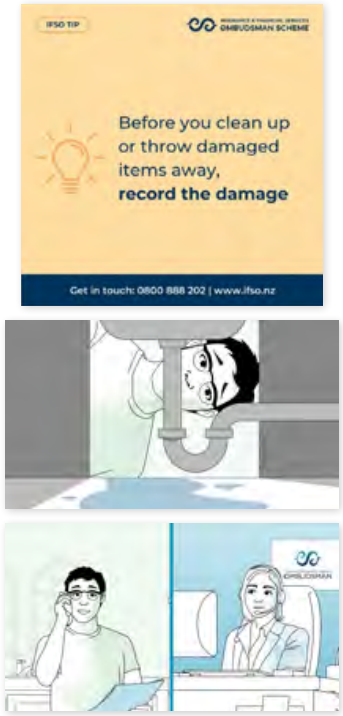
19,745 people

were reached through our social media posts on how to avoid insurance issues after severe weather events.

We create engaging videos to explain concepts and case studies to consumers in a simple, accessible and easy to understand way. One of these was an animated video explaining gradual damage, which had

36,787 impressions

on Facebook.



Media

We enhance consumer awareness through consistent media releases, focusing on real case studies and frequently misunderstood issues. One media release, “Can I wear jandals while driving? Insurance tips for a smooth summer holiday” was picked up by

8 different media outlets,

including RNZ, TVNZ and Stuff.

Website

Our website is frequently updated to offer valuable information to consumers and to address current priority topics. In the past year, we had:

5,166 visits

to our case studies page

3,627 visits

to our FAQs page.

Community

We educate community groups on how to assist consumers throughout the complaints process through regular webinars, newsletter contributions, and in-person events. Our complaints workshop with financial mentors in Auckland had

50 registrations.

We continue our partnership with Banqer,

a financial education organisation which features several IFSO Scheme resources on its platform to help young people navigate insurance and financial service issues effectively.

We use the New Zealand Relay Service,

which is a telecommunications service that ensures access for people who are deaf, hard of hearing, deaf-blind or speech-impaired.

We can also arrange an interpreter by telephone and have information available about the IFSO Scheme on our website in 7 languages.

Supporting Participants

11
Coffee Time webinars delivered

78%
of Participants said our Coffee Time webinars were **"very relevant"** or **"relevant"** to their role in financial services

86
case studies shared in webinars and newsletters

2,313
total registrations for Coffee Time webinars

8
presentations to professional adviser organisations and advice groups

10
Participant newsletter editions

210
average registrations per webinar

2,841
visits to our resources webpage

185
enrolments to date in the Massey University short course Complaint Response and Management*

*** The IFSO Scheme is the content provider for this micro-credit qualification.**

Supporting Participants

We share our expertise, best practice, case studies and data

with our Participants so they can better understand the root causes and common issues we find in complaints.

We provide Participants with specific insights

about each dispute at the conclusion of the investigation – identifying what was done well and/or providing constructive suggestions for process improvements to avoid future complaints.

Our Participant webpage hosts a growing library

of compliance and learning resources, including twelve toolkits tailored to specific dispute types and compliance needs.

We continue to consolidate our support by providing useful webinars

with illustrative case studies, tools and templates to ensure Participants can build skills for appropriate and timely complaint response and management.

> « I found the course to be extremely useful in my day-to-day work. Having senior members of the IFSO provide comments and feedback as the course progressed was very validating. »
>
> **Darlene Heard, Specialist, Customer Resolution, IAG**

> « As a financial adviser specialising in providing investment advice I found the Complaint Response & Management course to be very valuable with good insights and plenty of practical ways of how I can build robust and resilient client relationships during difficult times in the client/adviser relationship, as well as making sure I am also keeping up with my regulatory obligations. »
>
> **Peter West, Financial Adviser, Thorner Investment Services Ltd**

Our annual conference not only features invited speakers but also offers case study workshops.

Presentations cover a wide range of topics, including the latest trends and developments in the financial services sector, best practices in case management, and innovative approaches to resolving disputes. Our case study workshops provide attendees with the chance to delve into cases in-depth and gain valuable insights from the IFSO Scheme case managers.

Our collaboration with Massey University continues to be a cornerstone of our professional development offering,

delivering a nationally recognised level 5 Short Course in Complaint Response and Management through Massey University's Financial Education and Research Centre. This New Zealand-first initiative provides Participants with practical, case-based learning informed by real-world complaint data from the IFSO Scheme.

Feedback from learners has been overwhelmingly positive.

Participants report increased confidence in managing complaints, applying de-escalation techniques, and improving client outcomes. Reflective journals and support meetings have highlighted the professionalism and motivation of learners to apply course insights in their roles.

Supporting Participants

Our top three webinars this year were:

1. Application of the Contracts of Insurance Bill
   presented by Karen Stevens, Insurance & Financial Services Ombudsman, and Andrew Gunn, Strategic Partnerships Manager, IFSO Scheme
2. How FAPs and Advisers can avoid complaints
   presented by Karen Stevens and Andrew Gunn
3. Private Motor Insurance Issues
   presented by Claire Benjamin, Senior Case Manager, IFSO Scheme

Participants belonging to the IFSO Scheme

47
Insurers

513
Financial Advice Providers

1,494
Financial Advisers

1,665*
Other Financial Service Providers

* Includes providers of KiwiSaver, superannuation, investments and securities, loans, foreign exchange and money transfers, and their employees and nominated representatives.

Case study
$31k of clothes and jewellery stolen from car

Leaving high value items in a car overnight, particularly after a recent similar theft, is a failure to take reasonable care.

What happened

Alex* and his wife returned from a trip with designer clothing and jewellery packed in a suitcase and bags. After dropping his wife at work, Alex parked at home on a grass verge but left the items in the vehicle overnight. The next day, he discovered the car had been broken into and the items were gone. The total value claimed was $31,000.

Alex lodged a contents claim, but the insurer declined it, saying Alex did not take reasonable care to protect the items by leaving them in the car overnight – especially given a recent theft of a pair of shoes from their other vehicle. Alex made a complaint to the IFSO Scheme.

What we considered

To rely on a reasonable care condition to decline a claim, the insurer must show that the insured's conduct was grossly careless, grossly negligent or reckless – proving negligence or carelessness is not enough. We look at what a reasonable person would have done in the circumstances.

The case manager noted the following factors in particular:

- High combined value of the items (about $31,000).
- A pair of designer sunglasses left visible between the front seats.
- Alex's wife told the investigator the items were on the back seat (not secured in the boot).
- Alex's wife expressly told Alex to take the items inside.
- Alex and his wife had very recently had a similar theft from a vehicle.

Context we also noted:

- Alex said he thought the items were in the boot.
- The couple had received distressing news immediately before the loss.
- Alex was unsure when/where the earlier theft occurred because his work required him to park in different locations each day.

On balance, leaving high value items in a vehicle overnight created a significant and obvious risk that a reasonable person would have recognised and avoided – particularly in light of the recent similar theft and visible items inside the car.

By taking no precautions to secure or remove the items, Alex disregarded or failed to recognise that risk. This met the threshold of gross carelessness or gross negligence, so the insurer could rely on the reasonable care condition to decline the claim.

NOT UPHELD – the insurer was entitled to decline the claim

Alex and his wife had very recently had a similar theft from a vehicle.

* Names in all case studies have been changed

Case study
160kg man recorded as 81kg

If a financial adviser knows something important, but the information isn't put on the application form, the insurer is deemed to know about it.

What happened

In May 2017, Mr and Mrs Foon* applied for life and trauma cover through a financial adviser. The application was completed electronically.

In September 2024, Mr Foon was diagnosed with cardiomyopathy and made a trauma claim. The insurer avoided the trauma cover and applied a 200% loading to the life cover, saying Mr Foon had not told them about his correct height and weight (BMI) and raised blood pressure readings.

The application listed Mr Foon's weight as 71kg, later changed to 81kg – without initialling or acknowledgment. In reality, Mr Foon weighed 160kg at the time.

Mr and Mrs Foon said they did not remember completing any physical paperwork in person. They suspected the adviser may have deliberately misrepresented Mr Foon's weight on the application form. They made a complaint to the IFSO Scheme.

What we considered

The financial adviser had visited the couple's home and knew Mr Foon personally. Given the significant discrepancy between the recorded weight and Mr Foon's actual weight, it was reasonable to infer that the adviser would have known about the correct information when he filled in the application.

The law says that if a financial adviser knows something important, like a customer's real weight, the insurer is deemed to know about it. That means the insurer can't later claim the customer failed to disclose it on the application.

SETTLED – the insurer could not rely on the incorrect weight to avoid cover, so agreed to reinstate Mr Foon's cover on its original terms, waive the reinstatement premium of $1,463.31, and pay $1,000 in special compensation. The insurer also agreed to apply interest from the date the claim was made, if the claim was payable.

Mr and Mrs Foon suspected the adviser may have deliberately misrepresented Mr Foon's weight on the application form.

* Names in all case studies have been changed

Case study
Bathroom leak

Most house insurance covers sudden damage, not damage caused gradually over time.

What happened

Pania* discovered water damage to the bathroom floor and vanity in her home. Pania lodged a claim with her insurer, believing the damage was caused by a leaking shower and should be covered under her house insurance policy.

The insurer arranged for a builder and a specialist assessor to inspect the property. Both reports concluded the damage had occurred gradually over time, probably from a leak at the shower base.

The insurer declined the claim, stating the policy excluded gradual damage unless it met the hidden gradual damage benefit criteria. Pania disagreed, noting the insurer had previously paid a claim for water damage from a shower leak and argued that policy changes were not clearly communicated. Pania complained to the IFSO Scheme.

What we considered

To uphold the complaint, the IFSO Scheme needed evidence that the damage was sudden and accidental, as required by the policy. The builder's and assessor's reports both indicated the damage developed over time, not instantaneously.

Key factors noted:

- Expert evidence confirmed the damage was consistent with long-term leaking.
- The policy provides only limited cover for hidden gradual damage, which was not proven in this case.
- Previous claim decisions do not bind the insurer for future claims.
- Renewal letters advised of policy changes, and it is the insured's responsibility to review policy terms.

Without new expert evidence contradicting the reports, the claim could not be covered under the policy.

NOT UPHELD – the insurer was entitled to decline the claim

To uphold the complaint, the IFSO Scheme needed evidence that the damage was sudden and accidental.

* Names in all case studies have been changed

Case study
CCTV disproves airport theft claim

If an insurer has strong evidence that claimed items were not stolen, it can decline the claim on the basis of fraud.

What happened

Felipe* made a travel insurance claim to his insurer for a backpack he said was stolen at Brisbane airport in July 2024. He reported that the backpack contained a gold chain, AirPods Pro, Kindle, headphones, and a phone. He said the theft occurred when someone reached over the top of a toilet stall and took the backpack while he was inside.

The insurer declined the claim, stating that CCTV footage from Customs New Zealand showed Felipe returning to New Zealand wearing a backpack and headphones that appeared to be the same items he had claimed were stolen.

Felipe said the items in the footage were borrowed from his partner and not the ones he had claimed for. He said he felt overwhelmed during the investigation and that the tone affected his ability to explain the situation fully. He made a complaint to the IFSO Scheme.

What we considered

The case manager reviewed the CCTV footage and interview transcripts. The photo of Felipe departing New Zealand showed him wearing a backpack which looked the same as the backpack in the photo of him returning to New Zealand.

During the insurer's investigation Felipe had said that it was "crazy" to suggest there was a photo of him wearing headphones and a backpack returning to New Zealand. His later explanation that the items were borrowed was inconsistent with this statement.

The insurer also asked to view Felipe's Apple iCloud device list but he declined due to privacy concerns. When asked to confirm his Amazon account for the

Kindle, Felipe said it was under his email address, however, there was no device associated with the account and no purchase history.

The IFSO Scheme found that Felipe made misleading representations that were relevant to the claim and intended to gain a benefit he was not entitled to. This met the legal threshold for fraud.

NOT UPHELD – the insurer was entitled to decline the claim

Claimed items seen on CCTV – not stolen.

* Names in all case studies have been changed

Case study
Chest masculinisation surgery declined

Insurers' decisions must follow the policy wording and consider all the evidence. This policy only excluded procedures which changed a person's appearance if the procedure was not "medically necessary".

What happened

Jordan* had health insurance. In 2020, Jordan phoned his insurer to ask whether chest masculinisation surgery was covered, and the insurer informed Jordan that it was excluded by the policy.

In 2024, Jordan asked again and requested pre-approval for the surgery, providing reports from mental health specialists saying the surgery was essential for treating gender dysphoria and would greatly improve his wellbeing.

The insurer declined the claim, relying on an exclusion for cosmetic or reconstructive surgery that isn't medically necessary.

Jordan made a complaint to the IFSO Scheme.

What we considered

The key question was whether the surgery was medically necessary. The specialist mental health reports were detailed and compelling. They confirmed the significant psychological impacts of Jordan's gender dysphoria and outlined how the surgery would significantly improve this.

The case manager noticed that, while some of the insurer's other policies had a clear exclusion for gender-affirming surgery, this policy didn't. The case manager also noted the harm caused by long delays and unclear communication; Jordan had first applied in 2020 and again in 2024, and over that time, the psychological impact on him worsened.

SETTLED – the insurer accepted the claim and, because the claim should have been accepted back in 2020, they agreed to pay an extra $8,000 in special compensation for the delay

Jordan's doctors said the procedure was medically necessary.

* Names in all case studies have been changed

Case study
Garage damaged by landslip... or flood?

The Earthquake Commission Act 1993 only covers damage directly caused by a natural disaster.

What happened

Wei* held house insurance in Auckland, which included Earthquake Commission (EQC) cover for natural disaster damage.

In January 2023, heavy rain events caused widespread flooding and landslips in the Auckland region. A landslip occurred at the house and Wei made a claim to EQC for the land damage and minor damage to the house exterior.

A dispute arose about damage to the interior of the garage. EQC and the insurer considered this damage to be the result of storm or flood, so it belonged under the house policy rather than the land damage cover. The insurer agreed to accept the garage damage under the house policy, subject to the $1,000 excess.

Wei made a complaint to the IFSO Scheme because, in his view, the landslip caused the damage, and he wanted it to be covered in the claim to EQC. He described how debris from the slip moved downhill along the driveway, pressed against the closed garage door, and, with continued pressure, breached the door seal and soaked the interior.

What we considered

Under the Earthquake Commission Act 1993 (as it applied at the time), the garage damage needed to be a direct result of the landslip to fall within EQC's land cover.

The legal principle of proximate cause applied: the direct cause is the dominant, effective cause of the loss.

An independent builder's report said that a significant amount of water had travelled down the driveway, followed by the landslip which blocked drains with muddy debris, which led to water entering the garage. Based on this evidence, the storm generated water was the dominant cause of the damage.

NOT UPHELD – the insurer had correctly determined the direct cause was the storm, so the garage damage was covered under the house policy (with the $1,000 excess) rather than by EQC.

The garage damage needed to be a direct result of the landslip to fall within EQC's land cover.

The Earthquake Commission (EQC) is now the Natural Hazards Commission Toka Tū Ake, or NHC. The IFSO Scheme does not investigate complaints about NHCover (relating to damage that occurred after 1 July 2024).

* Names in all case studies have been changed

Case study
Flood damaged furniture later found

Providing false statements in support of a claim can lead to it being declined and the policy cancelled.

What happened

In January 2023, after severe flooding in Auckland, Heather* reported that numerous household contents at her property had been damaged and thrown away. When asked for details by her insurer, she emailed a list of 43 items – including several large furniture pieces – and told the investigator that all the items on the list had been thrown into a skip.

The investigator found that some of the listed items were actually stored at a storage facility. Heather then provided a revised list with only 10 items on it. The inconsistency led the insurer to conclude that Heather had made false statements in support of her claim.

The insurer declined the claim and cancelled the policy. Heather made a complaint to the IFSO Scheme.

What we considered

The policy contained a condition allowing the insurer to decline a claim and cancel cover if a false statement is made in relation to a claim.

The case manager accepted that family members helped move and dispose of items and that Heather had not visited the storage unit. However, they found it was at least deliberately reckless for Heather to confirm disposal and seek compensation without taking reasonable steps to verify whether items had been thrown out or stored – particularly larger furniture that could potentially have been cleaned.

Because a significant proportion of the items on the original list had not been disposed of, Heather's false statements were relevant to the claim, and the insurer was entitled to rely on the policy condition to decline the claim and cancel the policy.

NOT UPHELD – the insurer was entitled to decline the claim and cancel the policy

The inconsistency led the insurer to conclude that Heather had made false statements in support of her claim.

* Names in all case studies have been changed

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