



Financial Dispute Resolution Service

# Annual Report

2024–2025



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## Year in review

1 July 2024 – 30 June 2025

- » We supported our **1136 members** to resolve **842 complaints**.
- » Complaints **increased by 92.2%** from last year.
- » **94%** were resolved or closed during our initial, informal process.
- » In our formal process, the average timeframe to resolve a complaint was **46 days**.
- » We have strong customer satisfaction, with a great NPS score of **+61** from our service users.

## Our Scheme Members

A full list of members can be found in the 'member search' section of our website, [www.fdrs.org.nz](http://www.fdrs.org.nz)





# Haere mai

## On behalf of the Advisory Council, it is my pleasure to present the 2025 Annual Report.



Financial Dispute Resolution Service (**FDRS**) provides an independent pathway for consumers to resolve complaints with their financial service providers. FDRS has had a standout year, notably with increased awareness, higher volumes, strong early resolution success, timely resolution and excellent service satisfaction. I acknowledge the commitment and dedication of Richard Binner, Jeanie Robinson, Samantha Brennan, and the team of Resolution Coordinators and Resolution Practitioners behind FDRS, along with the direction of the Fair Way Board, for making this such a successful year.

Outside of the core service delivery, FDRS has been progressing a range of initiatives and supporting its membership with newsletters, webinars and presentations to keep them up to date with the latest in legislative, regulatory and industry news. A key highlight has been the review of our scheme rules, simplifying them and ensuring they remain aligned with best practice. The new rules, while meeting the requirements of the Act, are being written to make it easier for participants to understand the formal complaints process. In addition, we will be incorporating the addendum we made following the introduction of the financial services regulations in July 2024, which raised the financial limits for complaints that can be accepted. This work is progressing well, and FDRS intends to share a draft with our members shortly for any feedback. The next step will then be to submit the revised rules to the Minister for approval.

FDRS has a two-fold level of governance, and the Minister has confirmed his satisfaction with this approach. In addition to the Board of Fair Way, which has overall responsibility for the scheme, we have an Advisory Council with a range of experience and qualifications. The Advisory Council provides advice and recommendations to management and the Board of Fair Way. The Advisory Council is made up of five members: an independent chair, two industry representatives and two consumer representatives. We were delighted to welcome, during the year, Jon Duffy, as our newest consumer representative member. Jon is a very experienced champion for consumers. He joined my fellow Advisory Council members: David Whyte, Simon Roughton and Toni Dodds. I would like to thank each of the Advisory Council members for their contributions and ongoing commitment to FDRS.

The year was also marked by a focus on member complaint obligations within their licensing requirements, with a strong approach to non-compliance signalled by then Minister, Hon. Andrew Bayly. We reminded FDRS members of the importance of making their internal complaints processes accessible, publicly available, and of their obligation to advise customers of their membership of FDRS. FDRS provided suggestions and sample communications to assist members in meeting this obligation.

FDRS met with the Ministry of Business, Innovation and Employment (**MBIE**) and the Minister for Commerce and Consumer Affairs, Hon Scott Simpson to discuss effective dispute resolution. Focus areas included potential

changes to the way independent reviews are conducted and ensuring greater consistency in the application of Key Performance Indicators (**KPIs**) across all dispute resolution schemes. FDRS is supportive of a consistent KPI framework for all schemes and is well prepared for this change. FDRS has already been capturing many of the KPI performance measures for our internal monitoring and reporting. These new KPI measures will feature in next year's report.

I look forward to the year ahead and hope to see our members at the upcoming Members' Forum and Annual General Meeting where we will discuss the details from this year's report.

**Stephen Ward**  
Independent Chair of Advisory Council



# Kia ora

## Update from the scheme

This year, Financial Dispute Resolution Service (FDRS) turns 15 in October. The financial sector has evolved significantly since 2010, when Aotearoa was recovering from the effects of the Global Financial Crisis and regulatory changes were made to strengthen the financial system. Some areas of the financial landscape have evolved significantly since then, with the advance of fintech opening up more online services than ever for payments, lending, investment and insurance. While we have seen many changes and advances, the need for dispute resolution services remains strong in 2025.

One thing that hasn't changed in our 15 years is our focus on early resolution. We saw a 92 percent increase in complaints this year. Despite our high volumes, 94 percent were resolved or closed in our first stage, meaning customers had closure on their cases in the shortest possible time or were quickly referred to another place for help.

For those remaining complaints, they progressed to our formal process. In our second stage we provide facilitation and conciliation, helping 45% to reach a resolution together. Another 41% went to adjudication, where we made an independent decision based on the evidence and what's fair and reasonable by law. We upheld the complaint or found partially in favour of the complainant in 80% of the decisions issued.

We always look to continuously improve, looking for ways we can be more efficient and effective. Timeliness

has been a key focus area for us, and we've been seeing our timeframes steadily reduce year on year from 2018/19 when the average was 124 working days. This year we've seen strong results from our latest enhancement, assessing jurisdiction of complaints earlier in the process. Across all the cases opened in our formal process, the average time to resolve by facilitation, mediation or adjudication was 46 working days.

Our surge in complaints this year was mainly related to the rise in Buy Now Pay Later services. While the convenience, ease of access and low or interest-free instalments are appealing for many, we do caution consumers to not skip over the terms and conditions as they race to the checkout with their new purchase. Buy Now Pay Later services are a form of debt, so it's important to be aware that you are entering into a contract with a lender. While many consumers use these services without problems, it's reassuring to know that dispute resolution protections are available if things go wrong. Like any financial complaint, your first step should be to raise it with your financial service provider and give them a chance to work it through. But if it remains unresolved, you're able to get some independent help to take it further.

FDRS was pleased to see an increase in awareness this year, rising to 18% as measured by the New Zealand Consumer Survey 2024. Promotion is an

ongoing focus for us. Through our digital marketing, community engagement, and members, we strive to reach consumers at the point they may need us. We also enjoy collaborating with the other schemes to raise awareness of our services. Collectively, we have worked together on several initiatives. A highlight was hosting our first ever complaints workshop for financial mentors in South Auckland, where we spent a half-day exploring financial complaints and case studies. We're looking forward to continuing our joint engagement, with a series of webinars and events planned for the coming months.

FDRS continues to be guided by the principles of the Aotearoa best practice dispute resolution framework – user focussed and accessible, independent and fair, efficient, effective and accountable. We remain committed to supporting our members and their consumers. Waiho i te toipoto, kaua i te toiroa. Let us keep close together, not wide apart.

**Jeanie Robinson**  
Financial Dispute Resolution Service



# About us

We aim to resolve disputes as early as possible.

# 1.



## Early assistance

### Aim

Early assistance for your complaint.

### How we help

Our first step is to listen, understand your complaint and check if we can help.

If your complaint is about one of our scheme members, we'll help capture your complaint and connect you with your provider. This gives them an opportunity to resolve the issue directly with you.

If FDRS can't assist with your complaint, we'll help you find the right place.

## Highlights last year

**842 consumers contacted us.**

**94%** were resolved or closed in this stage.

**406 complaints were resolved** with their scheme member during this first phase.

### 373 complaints were closed:

- **94** were referred to other schemes
- **90** were non-relevant, for example non-financial complaints or enquiries
- **88** were discontinued with no further response from the customer
- **67** were outside jurisdiction
- **19** were referred to another body
- **15** were withdrawn by the customer.

### 42 complaints were opened as cases.

These complaints progressed to our next stages.

### 21 remain on hand:

As at 30 June -

- **19** were referred back to the scheme member for initial response and resolution opportunities
- **2** were pending jurisdiction checks.



## 2.



### Work together

#### Aim

Working together on a resolution.

#### How we help

Our second step is about finding a solution through conversation. We do this through:

#### Facilitation

Our team help clarify the issues and options, informally guiding you to an agreement.

#### Conciliation

An experienced mediator brings you together, helping you talk about the complaint and options to resolve it.

### Highlights last year

**54** complaints progressed to our formal process.

**48** were resolved or closed in stages 2 and 3.

#### In this stage:

- **20** were resolved early through facilitation
- **3** were resolved through conciliation
- **5** complaints were closed as 'other' – this included 4 cases which were deemed outside jurisdiction and 1 that was abandoned by the customer
- **6** complaints remain on hand.

## 3.



### FDRS makes a decision

#### Aim

Making an independent decision.

#### How we help

If you can't reach an agreement together, FDRS will decide based on the information provided.

We review the evidence and your submissions, and consider what's fair and reasonable under the law. This decision is binding on the scheme member.

### Highlights last year

**20** complaints required adjudication.

Our decisions found:

- **15%** were upheld
- **70%** were partially upheld
- **15%** were not upheld.

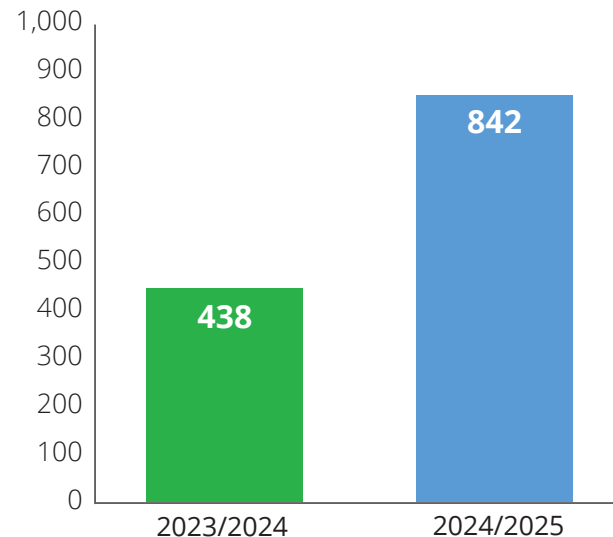
# The year in review



## Complaints increased 92.2%

We received **842** complaints in 2024/2025, which is an increase of 92.2% from last year.

**94%** were resolved or closed during our early, informal process.

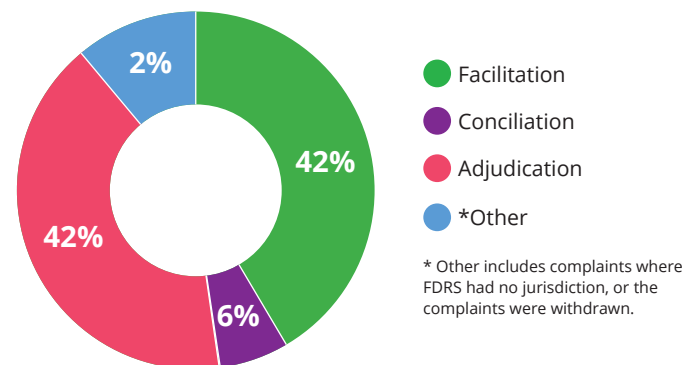


## How complaints were resolved

**45** complaints progressed through to our formal process. In addition, 9 carried over from the previous year.

Of the total 54 complaints investigated, **48** were resolved or closed this year. This chart shows how they were resolved.

**6** cases remain under investigation.



## Timeliness

**2023/2024**  
98%

**98%** were completed within the benchmark of **180 days**. The average being 46 days.

**2024/2025**  
100%

**100%** were completed within the benchmark of **180 days**.

This is measured from when a case is opened in our second phase.

## Feedback

**Customer**  
**NPS +61**

“The FDRS representative who contacted me was pleasant to talk to, helpful and completely non-judgmental. The information they gave me was clear with no waffle.”

“Our first contact when we called was great, we felt heard and supported during a very stressful time!”

“FDRS involvement prompted the lender to interact with me more effectively to resolve the situation.”

“Mediation helped to get a desired and fair outcome.”

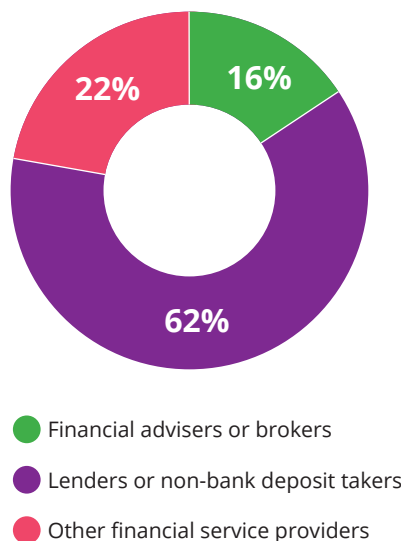


## Complaints by member type

Here is an overview of the 45 complaints that progressed to our formal process by member type.

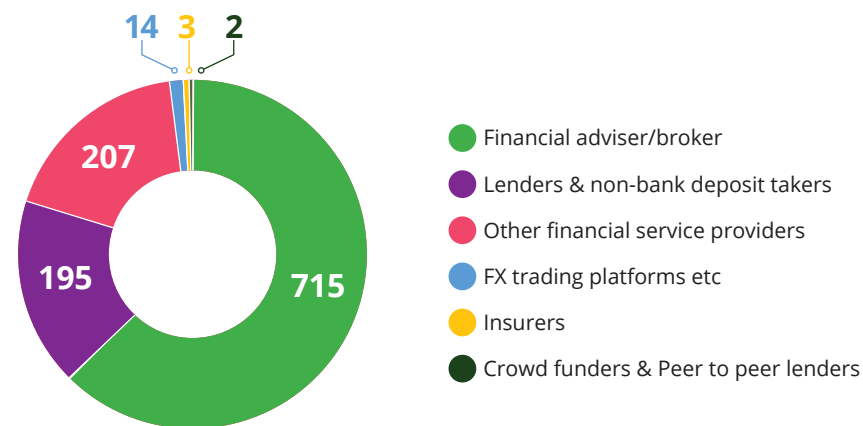
Lenders or non-bank deposit taker complaints remained steady at 62%.

Complaints about financial advisers or brokers decreased by 3%, while complaints about other financial service providers (which includes Buy Now Pay Later and Layby services) increased by 3%.



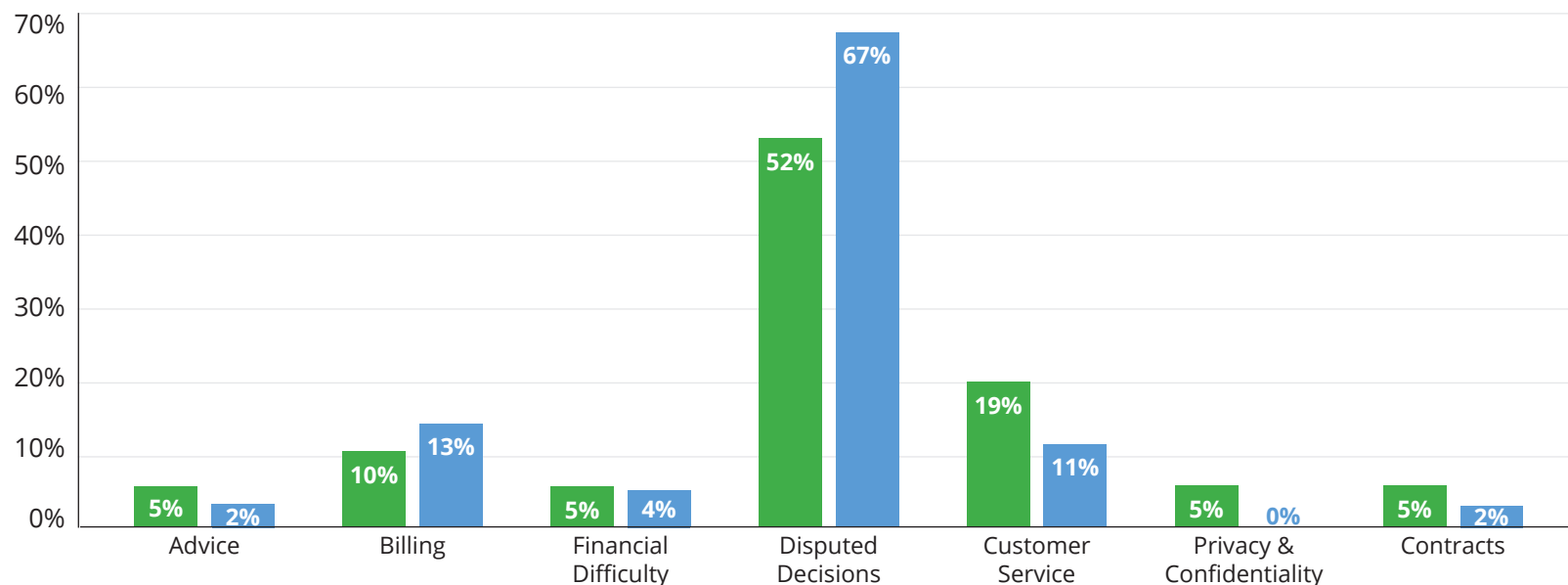
## Membership overview

Here is an overview of our 1136 members.



## Top five complaint themes

The majority of cases investigated were about **decisions** made by financial service providers relating to maladministration in lending, product terms and services.







## Member survey results

We asked our members to rank statements on a scale of one to five, where one is the lowest and five is the highest. Here are some of our results:

“FDRS respond promptly to member enquiries.”

100% of respondents scored us as a three or higher. Average rating **4.0**

“FDRS provides a professional complaint resolution service.”

100% of respondents scored us as a three or higher. Average rating **4.5**

“I feel I can call FDRS and get help with a complaint.”

100% of respondents scored us as a three or higher. Average rating **4.5**

“The FDRS complaint process is easy to understand.”

100% of respondents scored us the top mark of five. Average rating **5**

## Member feedback

“The response time is exceptional!”

“The FDRS process is easy to understand, the steps provided are straightforward.”

“Very friendly and knowledgeable, always an easy to understand answer provided.”

“Good consistent, easy to understand information and communications.”



# Case Studies

Names and identifying details have been changed to protect our customers' identities.

## Taking care of business

### Background

A small company borrowed money to fund their growth. All was going well until the impact of a poor investment decision started to bite, and the company failed to meet its obligations under the Commercial Credit Facility.



The lending was restructured several times before being repaid when the borrower managed to refinance with another lender.

After securing the alternative lender, the company directors laid a complaint with FDRS alleging that the original lender had acted incorrectly in handling their declining financial situation and, particularly, the terms on which their debt had been restructured.

The lender claimed that FDRS did not have jurisdiction to consider the matter as the borrower was a company and the matter involved commercial lending.

### Next steps

The first matter to deal with was jurisdiction. FDRS has jurisdiction to consider all forms of lending and all types of borrowers, including businesses, as long as they do not employ more than 19 full-time staff members and the matter does not involve more than \$500,000.

After carefully working through the considerable amount of evidence provided by both parties it became clear that the lender had, at all times, acted within the terms of the lending and security documents which were standard for the industry.

The lender had further protected itself by ensuring that all documents were signed by the directors in front of their lawyer.

### Outcome

The customer's claim was not upheld.

### Lessons learned

1. Lenders who abide by the terms of their lending and security documents and who keep good records are well placed to defend claims of this type.
2. Lenders who require borrowers to engage a professional advisor prior to signing lending and security documents protect themselves against claims that they have applied undue pressure or duress.



# Case Studies

Names and identifying details have been changed to protect our customers' identities.

## Just kidding about the kid

### Background

Gary\* borrowed \$1,200 from a small local lender. The entire transaction, from making an application to the money being transferred into his account, took less than 90 minutes.



Gary was able to make the first 10 weeks of payments from his benefit and made sporadic payments thereafter, but he was not able to keep up with regular payments.

He approached a social support provider for assistance. The support person laid a complaint with FDRS that the lender did not undertake an adequate affordability assessment.

### Next steps

On looking into the matter, it became clear that there was fault on both sides.

Gary had told the lender that he had a child and was receiving weekly child support as well as the Working for Families tax credit which added significantly to his income, but this was not true.

While the lender took Gary's word that he had this income, the expenses he included in his budget were clearly only for a single man. For example, there was no allowance for school expenses, food or activity costs for a teenager.

It was clear that the borrower had not been honest, but FDRS also had to consider if the lender acted reasonably in accepting the information Gary provided without further investigation. FDRS also considered if the lender adequately assessed the borrower's expenses which, if he was supporting a teenage child, would have been woefully inadequate.

### Outcome

With fault resting on both sides, a compromise solution was needed.

By the time the matter came to FDRS the borrower had repaid several hundred dollars, but the interest and various fees added up over time and increased his balance to almost \$1000.

FDRS decided that the lender would retain the amount paid to date, which covered most of the principal, and that Gary was not required to pay anything further. In effect this abated all interest, fees and costs associated with the lending.

### Lessons learned

This complaint highlights the responsibility of lenders to check information that borrowers provide (especially new borrowers) and not rely on high interest rates to cover their risk. It also highlights the responsibility of customers to behave honestly and responsibly when dealing with credit providers.



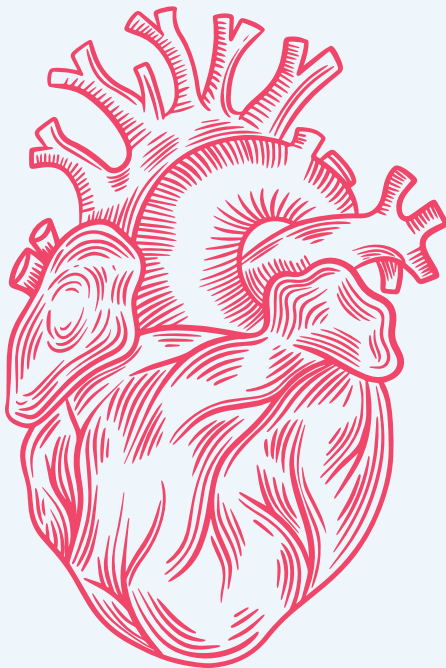
# Case Studies

Names and identifying details have been changed to protect our customers' identities.

## Heart stopping investment

### Background

Mr and Mrs Bakerson\* were looking to invest their retirement savings. They sought an investment with low risk, low costs, medium to high returns and which allowed quick access to their money if it was needed for unforeseen expenses.



They attended a seminar hosted by an investment firm and decided to put their savings into a unit-based investment fund.

Before signing up, the firm provided a prospectus and invited the Bakersons to obtain independent advice. They declined the offer and choose not to read the prospectus.

The following year, Mrs Bakerson suffered a heart attack while overseas and required urgent treatment in hospital. They were not insured, and the cost of her treatment was expensive.

Mr Bakerson contacted the firm and requested that they withdraw their funds. He was told that this was possible but that he would have to wait for a buyer on the secondary market before he could sell the units at the market price at that time.

Several months later, the Bakersons sold their units and had made a modest gain, but they approached FDRS claiming that the fund had misrepresented the nature of the investment they had entered into.

### Next steps

It was necessary to investigate exactly how the fund had been represented to the Bakersons – was it described as being suitable for short-term or long-term investing?

On analysing the prospectus, there were 12 separate references to the fund being suitable for long-term investment. The fund was also able to produce a copy

of the presentation slides used during the seminar that also described the fund as being suitable for long-term investment

### Outcome

The complaint was not upheld,

There was no evidence of misrepresentation, in fact the firm went to significant lengths to specify that the fund was suitable for long-term investment.

There was also evidence that the Bakersons had not taken reasonable steps to protect their own interests such as reading the prospectus and obtaining independent advice.

Finally, there was no evidence of loss – in fact the Bakermans made a small profit when their units were sold on the secondary market.

### Lessons learned

Investors are required to take reasonable steps to ensure they fully understand the risks and benefits of any investment they are considering, and this will usually require that they undertake their own independent research and seek advice.





# Case Studies

Names and identifying details have been changed to protect our customers' identities.

## Cleaning up

### Background

Bernadette\* purchased a new vacuum cleaner online on 'buy now, pay later' terms and paid in full over several instalments.

The item did not arrive on schedule, so Bernadette contacted the merchant who checked the delivery details, showing it had been signed for while she was not home.

The merchant refused to provide a refund, so Bernadette contacted the buy now pay later lender. The lender credited the payments she had made back to her bank account by way of chargeback and put a freeze on her account to ensure that there was no unauthorised activity.



Bernadette contacted FDRS when the lender refused to remove the freeze on her account until she repaid the amounts they had charged back to her in full. Bernadette refused to pay for a vacuum cleaner she had not received.

### Next steps

FDRS asked the lender for further information. The lender demonstrated that they had gone to considerable efforts to try to explain the situation but it was clear that the customer did not understand why they were asking her to repay the instalments.

### Outcome

Upon analysis it was clear that the customer had entered into two separate contracts when she purchased the vacuum cleaner. The first was between herself and the merchant (the purchase contract) and the second between herself and the lender (the finance contract).

The delivery of the vacuum cleaner related solely to the purchase contract, so this was outside of jurisdiction for FDRS.

FDRS had jurisdiction to consider the finance contract. We looked at all of the evidence and determined that the lender had met its obligations by paying the merchant in full for the vacuum cleaner and so they were entitled to be paid in full by the customer. Because they had refunded the customer's payments to her by way of chargeback, they were therefore entitled to freeze the customer's account until the full amount was received back.

### Lessons learned

This complaint highlights the limited levels of financial literacy among some consumers and the efforts that lenders must go to in order to clearly communicate terms of credit to consumers. For consumers, this complaint shows the importance of reading through all terms and conditions and understanding the role of third-party buy now pay later services as lenders.



# Finances

	2024 \$000	2025 \$000
<b>Income</b>		
Membership Fees	529	524
Complaint and other Fees	31	81
<b>Total Income</b>	<b>560</b>	<b>605</b>
<b>Expenditure</b>		
Advisory Council	28	32
Travel and Marketing	2	6
Personnel	150	201
Other	1	1
Office and Corporate Support	383	347
<b>Total Expenditure</b>	<b>564</b>	<b>587</b>
<b>Profit / (Deficit)</b>	<b>(4)</b>	<b>18</b>

*“Customer satisfaction is at the heart of any successful dispute resolution service. Using the Net Promoter Score (NPS) methodology, an NPS above zero is considered good and a score above 50 is considered excellent.*

*We are extremely proud of our NPS of +61 which demonstrates consistently high satisfaction with the quality of our service. ”*



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**Fair Way website:** [www.fairwayresolution.com](http://www.fairwayresolution.com)

