

Annual Report 2022

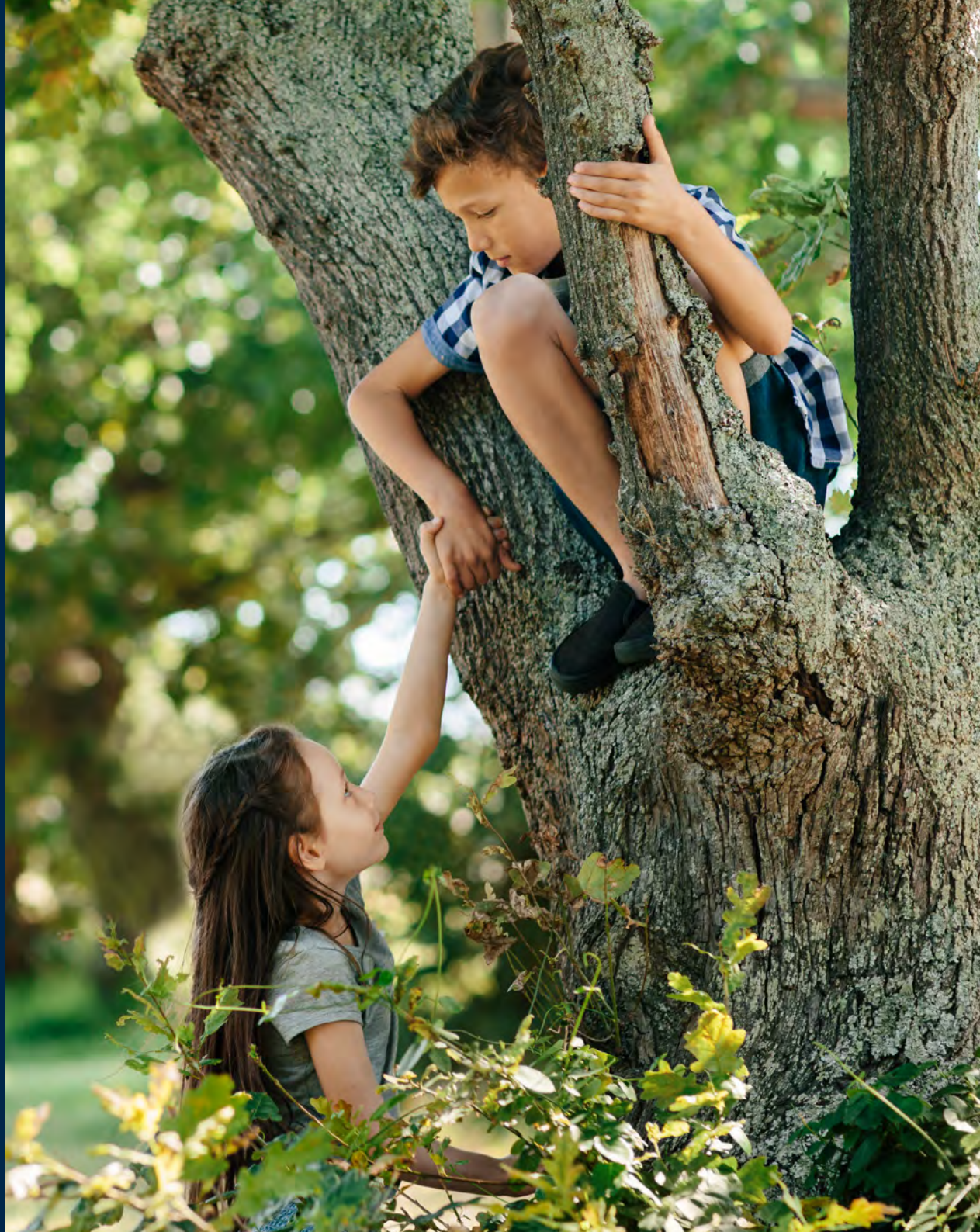
The Insurance & Financial Services
Ombudsman Scheme resolves complaints
about insurance & financial services.

Our service is independent and fair,
and free for consumers.

 **0800 888 202**

 **info@ifso.nz**

 **www.ifso.nz**





We resolve complaints and respond to enquiries about:

Insurance –
including house,
contents, vehicle,
travel, health and
life insurance

Superannuation,
investments and
securities

Foreign
exchange and
money transfer
services

Financial
advice

Loans
and credit

The IFSO Scheme has provided an independent, fair and free-for-consumers dispute resolution service for 27 years.

Since the IFSO Scheme was established in 1995:



72,928

complaint enquiries
have been responded to



7,625

complaints have been
investigated

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Sue Suckling – IFSO Scheme Commission Chair



NZ financial sector

It has been another year of disruption and change but, by sharing our experience and expertise with the financial sector, the IFSO Scheme has continued to provide a positive framework for resolving complaints for consumers. The background of unprecedented natural events, supply chain problems, inflation and Covid-related disruptions, have taken a toll on all New Zealanders. In such an environment, it is of fundamental importance for the IFSO Scheme to provide a free disputes resolution service to consumers when they need assistance. I'm pleased that, over the last year, the IFSO Scheme has maintained an excellent and uninterrupted service for all stakeholders.

Innovation and technology

We continue to develop our data offering for Participants, providing information about key complaint issues, trends and insights, to help Participants improve their complaint processes and better understand how to prevent the sort of behaviour which can lead to customer dissatisfaction and complaints. Our website, data delivery – including quarterly and 6-monthly dashboards – and insights, provide Participants with a unique opportunity to change and improve behaviour and processes, putting customers at the centre of everything they do.

Funding

Financially, we're making some changes, including an increase in the complaint fee, so it is fairer in regard to Participant complaint volume to ensure the IFSO Scheme's fiscal responsibility going forward. We introduced levy banding in 2022 for FAPs, offering greater economies of scale for those FAPs with more than 50 members. The Commission also initiated a levy review for insurer Participants this year, to better reflect their market share.

After careful consideration and consultation, we combined all insurers across the Fire & General, Health and Life insurance sectors into one group, based on their declared Gross Earned Premium. This will now enable benchmarking across insurer Participants in the IFSO Scheme, and that information should be invaluable, giving Participants better information about how many complaints they receive for their market share. We hope this will assist with ongoing improvement in conduct and culture.

IFSO Scheme Commission

Our Commission has effective industry and consumer leader representatives. It continues working to build awareness of the IFSO Scheme's fair and free dispute resolution service and, in particular, working with key consumer organisations dealing with consumers on the front line. I would like to thank the Commissioners for their dedicated work this year and the valuable contribution each one of them makes to the strategic direction of the IFSO Scheme: Dr Pushpa Wood, Teresa Tepania-Ashton, Kendall Flutey, Lyn McMorran, Chris Curtin and Rob Hennin.

Finally, I would like to thank Karen Stevens and Louise Peters for their significant contribution and leadership of the outstanding IFSO Scheme team.

A handwritten signature in black ink, reading 'Sue Suckling'.

Sue Suckling

IFSO Scheme Commission Chair, OBE

Karen Stevens – Insurance & Financial Services Ombudsman



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 on the Executive Committee of the Australian and New Zealand Ombudsman Association (ANZOA), the professional association and peak body for Ombudsmen in Australia and New Zealand.

It comes as no surprise that this year has continued the challenges of climate change, increased inflation and COVID-19.

The social and financial impact on New Zealanders cannot be underestimated. Wide reaching legislation has been enacted for financial advisers and financial service providers to focus service delivery on good outcomes for customers. Interestingly, in this setting, complaints to the IFSO Scheme have decreased this year. Most complaints arise out of insurance, with complaints about failure in responsible lending on the rise.

We have worked very hard this year to support our Participants to improve conduct and culture. Extensive Participant resources are available on our website and have been created to support a more customer-centric approach. The insights the IFSO Scheme receives from our complaint data is unique, delivering information about complaint data and trends. Our system allows us to share information about what is driving consumers to complain – quarter by quarter. Whether complaints are primarily about the scope of policy cover, exclusions, or mis-selling, we can benchmark individual performance and our Participants can see how they perform against the rest of the sector.

Feedback about performance on each complaint has been very positively received for the most part. We have had

several Participants this year whose poor behaviour required referral to the FMA – a statutory requirement now on the IFSO Scheme when a Participant contravenes, or is likely to contravene any financial markets' legislation.

We continue to work closely with the other Dispute Resolution Schemes to ensure financial mentors, dealing on the frontline with consumers in financial difficulty, are aware of the IFSO Scheme and can easily access the complaint process.

I am very fortunate to have a wise and supportive Commission, led by Sue Suckling, and a dedicated team supported by my great Deputy, Louise Peters.

It is not always easy providing a dispute resolution service in challenging times and, taking into account the current global trends, New Zealanders may face increasing financial stress in the coming year, leading to increased complaints. I am pleased that the IFSO Scheme is in good shape and will be there for all those consumers who need a fair, independent and free dispute resolution service.

Karen Stevens

Insurance & Financial Services Ombudsman

IFSO Scheme financial summary

See www.ifso.nz for the full financial accounts

Revenue



Expenditure



Reserves



“So, no” response leads to complaint

In our experience, consumers don’t understand how policy exclusions work. They are often taken by surprise when they find that their cover is limited in certain circumstances, or not available in others, because an exclusion applies.

Ms K arranged insurance for her trip to Australia in June 2021.

Unfortunately, while on the trip, Ms K’s return flight was cancelled due to the New Zealand government restrictions on travel from Queensland. As a result, Ms K was unable to return to New Zealand until mid-July 2021.

Before Ms K returned to New Zealand, she telephoned the insurer to ask if there would be cover under the insurance policy. She made a claim for the additional costs of the trip, due to the delay in returning to New Zealand.

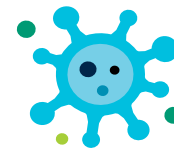
The insurer declined the claim on the basis that it wasn’t covered by the policy. Additionally, it believed that the policy exclusion for government intervention applied.

Ms K complained to the IFSO Scheme. She said, when she phoned the insurer, she had told it she wanted to keep her rental car for the unanticipated extra time added to her trip. Ms K said she’d return it if it wasn’t covered by the insurer. Ms K asked, *“is there a chance it won’t be paid for”* and the response was “So, no”, but then the insurer proceeded to mention a cross border exclusion.

The IFSO Scheme found that it was clear from the call Ms K had only heard the “So, no”, meaning the cost of the rental car would be covered, a somewhat confusing response from the insurer.

After discussion with the insurer, it offered to settle the claim for NZ\$666.31. Ms K accepted this amount in full and final settlement of the claim.

Complaint settled



Covid-19 and the IFSO Scheme

We only received 2 enquiries about Covid-19 related issues, a big drop from 71 last year, when 35 of the 39 Covid-19 complaints we received were related to travel.

Complaint enquiries 2022

In the year ending 30 June 2022, the IFSO Scheme received a total of **2,847** complaint enquiries (compared to 3,626 in 2021):



1,285
by phone



409
by email



1,148
via the website



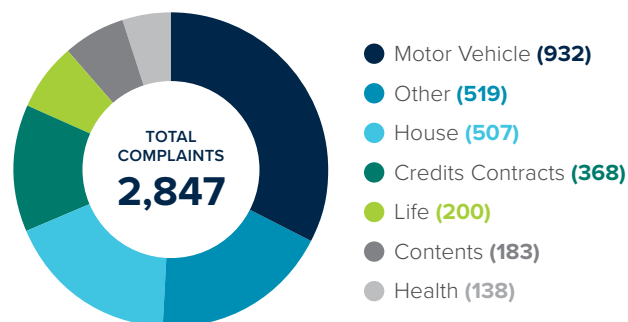
5
by post

TOP 5 complaint enquiry issues

1. Customer service issues
2. Scope of cover
3. Delays
4. Premiums
5. Uninsured third party

“ (The staff) were very helpful and knowledgeable. Also, when I phoned, I went straight through to humans, not a long menu or on hold. ”

Complaint enquiries per service



Complaint enquiries per sector



“ We were given many opportunities to talk and email regarding our concerns. We felt that our side of the story had been heard and understood. ”

Complaint enquiries

Complaint enquiries are any questions or issues the IFSO Scheme is contacted about by:

Phone 0800 888 202

Email info@ifso.nz

Online www.ifso.nz

Our first contact staff give information and guidance on a broad range of insurance and financial services issues. If the enquiry is for another agency or provider, we help them connect. The IFSO Scheme focuses on actively resolving consumer enquiries and providing information on how to raise complaints with Participants.

Online complaint enquiries feedback

Every month we send a survey to complaint enquirers who supply us with an email address.

25 is the IFSO Scheme's Net Promoter Score

We emailed **764 consumers** with **190 (25%)** responding. Overall satisfaction with our complaint enquiries service was:

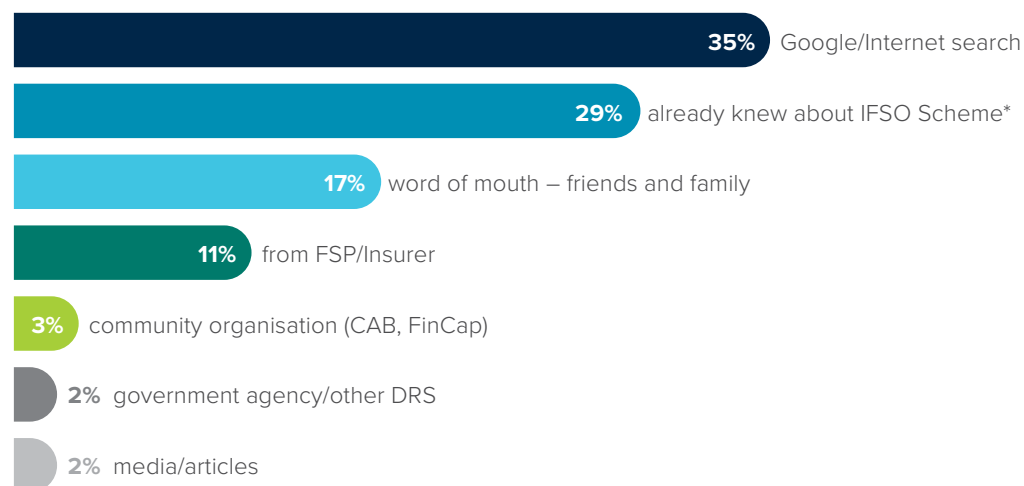


64% were **very satisfied** or **satisfied**



34% received financial service provider action on their issue and commented on the **quick response** to their enquiry (this is up 26% on last year)

How did consumers find us?



* Complaint enquiries are any initial complaints, questions or issues the IFSO Scheme is contacted about.



“ IFSO are very prompt with their responses, and they advise exactly what their next steps will be and what your next steps are to take. ”



Stolen goods lead to more losses

It is so important for a consumer to understand the scope of cover long before a claim is made. The IFSO Scheme often has to deal with consumers who are unhappy, because their expectations haven't been met. Good communication is key to ensuring consumer satisfaction.

A company held various liability, crime and consequential loss covers.

One day it discovered an employee had stolen company property, including property owned by the company's clients. As a result of the theft, the company lost several clients and income from hiring out the stolen items.

The company made a claim to the insurer for the theft and financial loss.

The insurer accepted the theft claim and paid the company \$25,763. However, it declined the financial loss claim, saying employee theft didn't trigger consequential loss cover under the policy.

The company disputed the insurer's decision, because it believed it should be covered.

The IFSO Scheme found that, under the policy, the consequential loss cover was only triggered by a claim under the general, statutory, or employer's liability covers, and the theft claim was accepted under the fidelity cover. In addition, the policy exclusion stated there was no specific consequential loss cover following a claim under the fidelity cover.

Therefore, under the terms of the policy, the financial loss was not covered by the policy, as it wasn't a result of one of the defined events.

The IFSO Scheme found that the insurer could rely on the policy to decline the financial loss claim, as it was outside the policy's scope of cover.

Complaint not upheld

“ The reply to my enquiry was very prompt and helpful. Very important that I was made to feel important. ”

“ You are really important – you keep the insurance companies doing the right thing. ”



Complaints statistics for year ended 30 June 2022

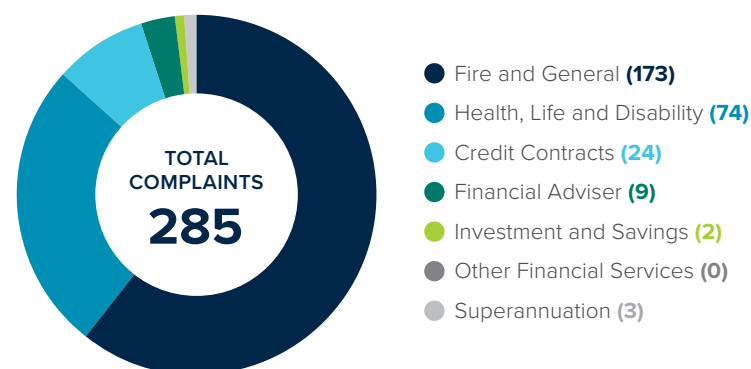
The IFSO Scheme accepted **285** complaints* for investigation and closed **299** complaints.

Our team of case managers apply mediation, negotiation, and conciliation to reach agreement where possible. The process is fair, transparent, impartial and free to consumers.



64% of people surveyed said that **the IFSO Scheme was very easy to use**

Complaints accepted by sector



TOP 5 complaint issues

1. Scope of cover
2. Policy exclusion
3. Misselling/misleading information/misrepresentation
4. Non-disclosure
5. Prima facie claim

* A complaint is accepted for consideration by the IFSO Scheme after it has been considered by a Participant and not been resolved.

“ Very prompt, very helpful, gave good advice. ”

“ We would obviously have liked for it to have gone in our favour however we understand the reasoning behind how the decision was reached and believe it was fair and reasonable. ”

“ Excellent communication. Super fast response. ”

Complaint outcomes

In the year ending 30 June 2022, the IFSO Scheme closed a total of **299** complaints.



285
complaints were accepted
(compared to 334 in 2021)



299
complaints were closed
(compared to 323 in 2021)

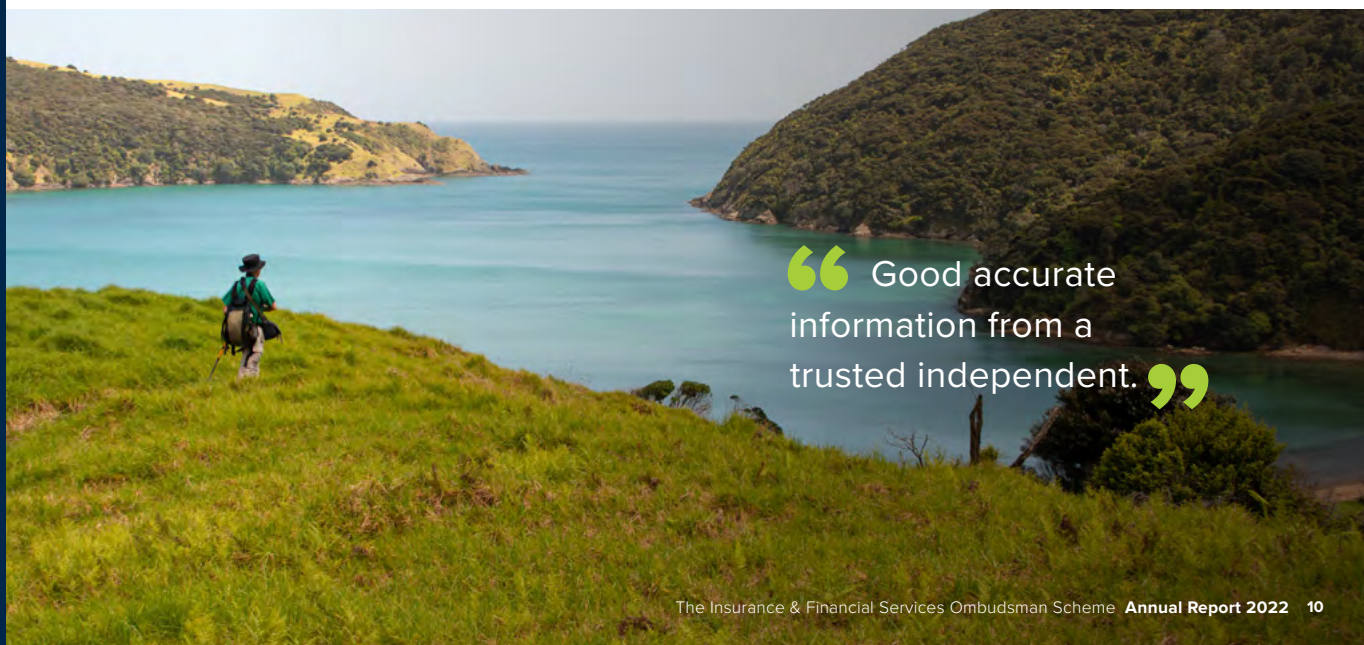
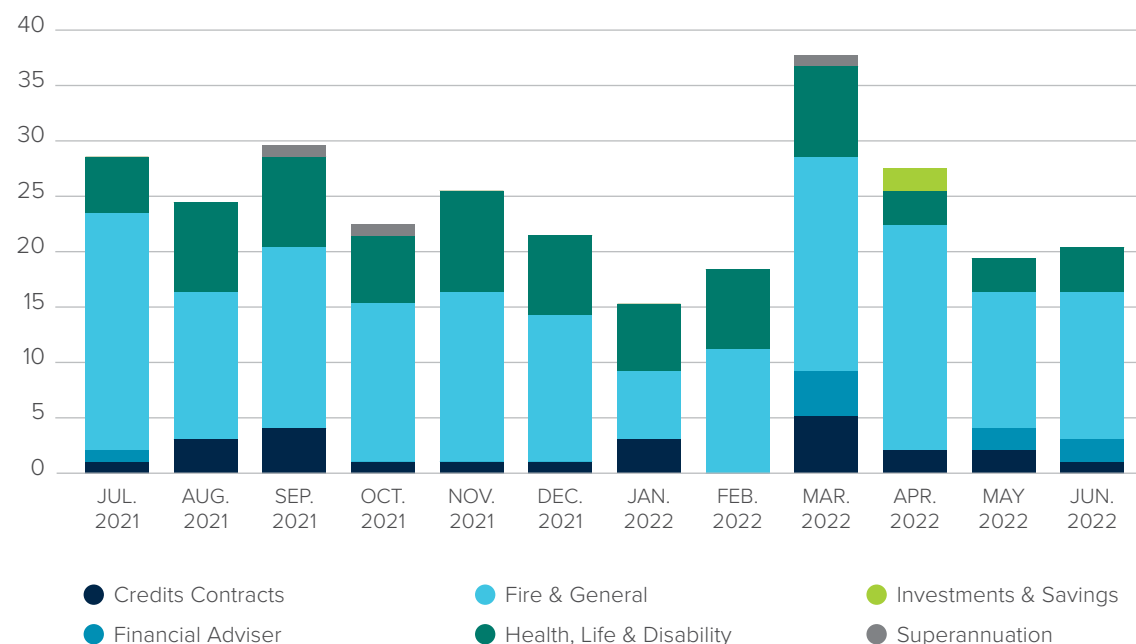


79%
of all complaints were **resolved**
in less than 90 days



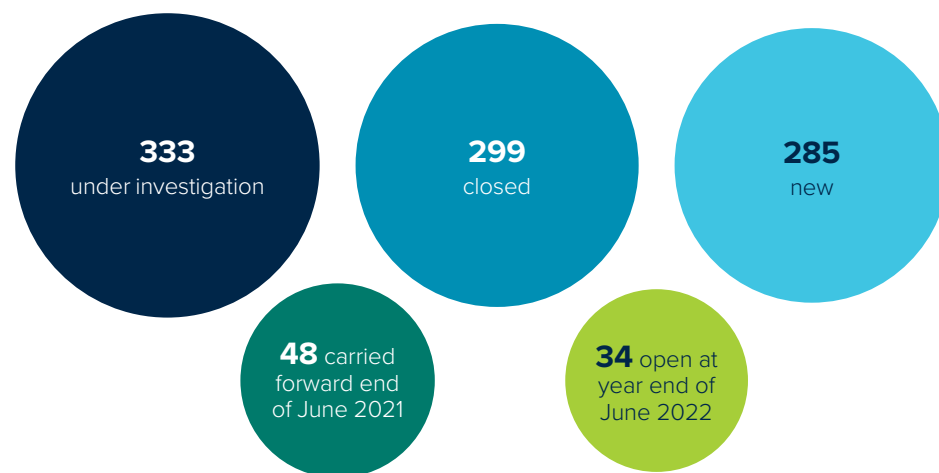
64 days
was the **average time**
to close complaints
(compared to 78.16 in 2021)

Complaints accepted per month

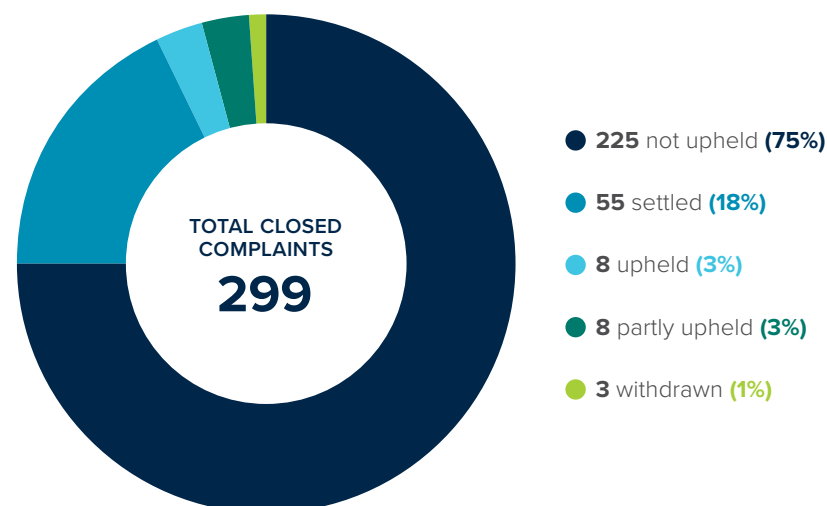


“ Good accurate
information from a
trusted independent. ”

Overall case summary



Outcomes for closed complaints



50 complaints resulted in \$1,200,466.29* paid to consumers

(up from 34 complaints totalling \$752,556.03 last year)

There were a further 7 complaints where the amount paid to consumers was not known when the file was closed, or a non-financial solution was applied.

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

“ Because action was taken straight away, I don’t believe I’d have the same outcome without the support of the Ombudsman. ”

Informing customers about complaints processes

Financial Service Providers are required to inform their customers about their complaints process and their IFSO Scheme membership.

44% of Complainants surveyed said they had received enough information from their provider about their internal complaints process, and 43% said they received enough information about the IFSO Scheme.

Better customer outcomes include ensuring customers know where to make complaints. We will be reminding our Participants that there should be no barriers to access the IFSO Scheme.



No tick, no payment

To comply with their legal obligations, Financial Advisers must provide information to clients about their fees, including cancellation clawbacks.

Ms B signed a contract for a financial adviser to source a home loan. Later, when Ms B refinanced the loan, she was surprised when the adviser sent her an invoice for a “*cancellation clawback*” fee, as indicated in the Service Fee of the contract.

The Service Fee box stated that if the product/service was cancelled within 24 months, Ms B agreed the financial adviser could “recover its costs” by charging her a “*fee ... to recover the cost of time spent by the Adviser and administration staff, and any medical examinations that are required.*”

However, Ms B had not ticked the Service Fee box, so she said she wouldn’t pay the fee.

The IFSO Scheme found that, even if the Service Fee box had been ticked and Ms B had agreed to pay the fee, the financial adviser still couldn’t charge the clawback amount. It needed to more accurately reflect the time spent by the adviser and his staff, and had to inform clients of any fees or charges payable. If he failed to do so, he would be in breach of the Financial Markets Conduct (Regulated Financial Advice Disclosure) Amendment Regulations 2020.

The IFSO Scheme found there was no evidence Ms B agreed to pay the fee, or was given any details about it and, therefore, the financial adviser was not able to charge it.

Ms B had also complained that the financial adviser breached her privacy, by posting about her loan on social media. The IFSO Scheme believed that this breached the financial adviser’s obligations and Code Standards, noting Ms B could take her complaint to the Privacy Commissioner, or the Financial Markets Authority, if she chose to do so.

Complaint upheld



Grieving son duped on Trade Me

Consumers have obligations to take care of their property under insurance policies. It is not theft if you invite someone into your home, or allow them to take something, and it won’t be covered.

Mr P held third party, fire and theft cover on his motorhome. In 2021, Mr P died and his son, Mr G, received his motorhome.

Mr G changed the registration of the motorhome into his name. He also listed the motorhome on Trade Me, and it was purchased for \$35,000 using the “*Buy now*” function. The buyer sent him a screenshot of an online transaction as proof of payment, and the motorhome was collected later that evening.

The following morning, Mr G had still not received the payment and realised the screenshot was a fake.

Mr G made a claim to the insurer. The insurer declined the claim, because there was no cover for the motorhome at the time of the loss, because the policy was not in Mr G’s name. It also said the loss was not covered under the policy, because the loss was the proceeds of the sale, not the motorhome.

Mr G complained, because he believed the loss was not the proceeds of the sale but, rather, the theft of the motorhome, and that it should be considered an accidental loss.

The IFSO Scheme found that Mr G voluntarily gave the motorhome to the buyer. This meant that the motorhome was not stolen and, therefore, the loss was not caused by “*theft*”. Because ownership had been transferred to the buyer, the buyer became the new owner.

The IFSO Scheme believed the evidence indicated the loss was the proceeds of the sale; however, even if the loss was the motorhome, the loss was not caused by “*fire, theft or illegal conversion*”. This meant there was no cover under the policy and the insurer was able to decline the claim.

Complaint not upheld

Supporting consumer awareness

The IFSO Scheme raises consumer awareness of its fair and free dispute resolution services through social media, consumer groups and the wider media.

Awareness of our service is important, because consumers need to know where they can seek help if they are not happy with their financial service provider.

With a new regulatory regime now in place for financial service providers, there is even more emphasis on conduct and culture, with a customer-centric focus.



Social Media

The IFSO Scheme posts engaging content on social media and its website to build awareness of our independent, fair and free consumer service. Our information and contact details are regularly boosted to reach diverse ethnicities and communities.

Media

We raise consumer awareness through regular media releases, highlighting real cases and commonly misunderstood issues. We add tips and advice to upskill our audience. This is an effective way for our service to be visible and understood by consumers.

Consumer groups

The IFSO Scheme has been engaging with several consumer groups, including FinCap. In regular webinars, our senior case managers answer Financial Mentors' questions, discussing how to support consumers throughout the complaints process.

We appreciate working with consumer, industry and government organisations, including:

- FinCap
- the Citizens Advice Bureau (CAB)
- Age Concern
- the Ministry of Business, Innovation & Employment (MBIE)
- the Commerce Commission
- the Financial Markets Authority (FMA)
- the Commission for Financial Capability
- the Insurance Council of New Zealand (ICNZ)
- Financial Advice New Zealand
- the Australian and NZ Institute of Insurance and Finance (ANZIIF)
- the Financial Services Council (FSC)
- the Financial Services Federation (FSF)

We encourage our Participants to highlight our free service to their customers on their website homepage.

 Facebook.com/IFSOScheme

 Linkedin.com/company/IFSO-scheme



8,277
0800 enquiries



40,700
website users/visits



41
media interviews,
responses and releases

Supporting Participants

We share our expertise, best practice, case study insights and data with our Participants so they can better understand the root causes and common issues we find in complaints.

We continue to provide Participants with useful webinars and illustrative case studies, together with tools and templates to better manage customer complaints.

We have supported Participants to respond to changes from legislative and regulatory reforms across all financial services.



The IFSO Scheme Support Services

COMPLAINT RESPONSE



Assistance
helpline



Internal
complaint
templates



Checklists
and registers

LICENSING COMPLIANCE



Policy and
procedures



Process-map
and controls



Toolkits

COMPLAINT MANAGEMENT



Case study
database



Claims
management



Conduct
and culture

SERVICE IMPROVEMENT



Professional
development



Insights
and data



Financial
capability

PARTICIPANTS

52
insurers

1,559
financial
advisers

641
financial advice
providers

1,713*
other financial
service providers

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

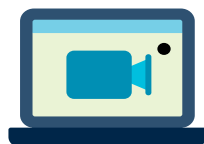
Online resources

We monitor the usage of our learning and compliance resources, accessible from the Participant Dashboard. Regular improvements reflect the new compliance requirements of regulation and licensing. We actively promote these resources through business social media and Participant newsletters. Our goal is to engage our Participants, ensuring topics covered in our live webinars provide timely insights into the complaint issues and trends we see.



Professional development

We have continued the popular monthly Coffee Time format of short instructional webinars for the various sectors within our membership. From our Participant surveys, we found there is a demand for short navigation videos to assist Participants to access our large case study library and toolkits. Each toolkit is designed to meet the particular skills and compliance needs of our Participants when responding to complaints. The registrations for our Coffee Time webinars have grown to average over 220 per session, with wide appeal to those in claims and compliance teams with customer-facing staff, advisers and credit providers.



Coffee Time webinars

10
Coffee Time
webinars

2,202
registered for
Coffee Times

220
average registration
for Coffee Times
(up from 170 last year)



Satisfaction level

Topics varied over the 10 Coffee Time webinars. The average rating across ten Coffee Time webinars:

92%
said “Very helpful and helpful
and informative to my role”

“The more case studies shared, the more informed we all are.”

“Very informative and the scenarios are varied and interesting.”

“The time slot is great. I enjoy that information is straight to the point.”

“The format, timing and professionalism of these are excellent. Easy to slot into a workday and free of any ‘waffle’. I find your webinars more valuable and professional than all other providers.”

Top 3 webinars

1. Reviewing your policy and processes: Clients in vulnerable circumstances

Karen Stevens, the IFSO Scheme
Andrew Gunn, the IFSO Scheme

2. Psychology of a Complaint

Melanie Purdey, Compliance Refinery, with
guests Christina Gibson, Karen Stevens
and Andrew Gunn, the IFSO Scheme

3. It's a Match

Claire Benjamin, the IFSO Scheme

TOP 5 Participant toolkit topics

1. Complaint response
2. Vulnerability and threats of harm
3. Build a complaint process
4. FAP and advisers
5. Interactive complaints process



“ The live IFSO Scheme webinars are valuable to stay across industry changes. We can access webinar recordings in our own time, fitting our schedules. ”

Alesha Keeler

Finance/Operations Director – Executive Team
Allianz Partners – AWP Services New Zealand Limited

“ We are very satisfied members of the IFSO Scheme – a reliable source of non-partisan advice and information on many areas of practice. ”

Allan Mearns

Head of Practice – The Spratt Financial Group

“ The IFSO Scheme has excellent case studies, toolkits and webinars, designed to help advisers improve communication skills. ”

George Hill

Milestone Financial Services (Southern)



Claim statement not “complete and correct”

Consumers must always tell the truth. If they don’t, they might find that they are not covered when they make a claim, and it could be difficult to get any insurance in the future.

In October 2020, Mr W visited his tenanted house and then phoned his insurance broker saying it was “*in a very bad state. The tenants were... ruining it quite badly – the carpets, the walls, and everything.*”

In January 2021, Mr W telephoned his broker and asked about his policy cover. He was told the cover didn’t cover malicious or intentional damage, only accidental damage by the tenants. The broker suggested he upgrade the policy so that it included malicious damage and loss of rent due to non-payment by tenants, which is what Mr W did.

A week later, Mr W’s wife inspected the house. Mr W contacted the broker to make a claim for the damage and loss of rent, stating the damage had only just been noticed and neglecting to mention he had first noticed it in October 2020.

The insurer declined the claim and cancelled the policy, on the basis that Mr W had not been honest. It said Mr W had upgraded the policy before making the claim, because he knew the damage wasn’t covered by his previous policy.

Mr W complained that he had been honest and transparent, and he did not understand the cover provided by the policy.

However, the IFSO Scheme found the policy allowed the insurer to decline a claim if statements Mr W made were not “*complete and correct in all respects*”.

Consequently, the insurer was able to decline the claim and cancel the policy.

Complaint not upheld



Pre-existing damage?

There is a difference between a sudden event and pre-existing damage. Insurers will cover a sudden event that meets the policy’s terms and conditions, but they are not obliged to pay for damage that happened before the policy started.

In January 2020, Mr S made a claim for water damage to his house, which occurred when his washing machine overflowed after he was arrested. He said the police wouldn’t let him turn it off and, by the time he was released 2 days later, the house had flooded.

When the insurer’s loss adjuster visited the house 9 days after the flood, there was water damage to carpet, skirtings and wall linings throughout the house. It was noted that repairs would be difficult due to the condition of the house, its pre-existing damage and lack of maintenance.

The insurer accepted the claim in December 2020 and offered Mr S \$7,504.77. Mr S rejected the offer in March 2021 and provided a quote from a builder for \$40,190.95 to repair the house.

Mr S’s builder told the insurer that the quote was based on the damage he could see. He said he could not provide a breakdown, because he could not say what damage was from the washing machine flood and what damage was not, because he had viewed the damage 14 months after the flood.

The insurer declined to pay Mr S \$40,190.95. It said there was considerable pre-existing damage to the house and Mr S had told it there was unrepaired earthquake damage.

Mr S complained the insurer did not properly assess the damage, which “*far exceeded the value [the insurer] allowed for*”.

The IFSO Scheme found the settlement offer was fair and reasonable and the insurer was not required to make any further payments to Mr S.

Complaint not upheld



Financial mentor helps couple through unaffordable loan

Lenders must meet their obligations under the CCCFA in respect of responsible lending. Reasonable inquiries must be made into a borrower's financial situation, to ensure loan repayments can be made without causing substantial hardship.

On 29 November 2019, a lender arranged to refinance an existing loan of \$4,016 for Mr and Mrs J, and included an additional amount of \$1,000.

Shortly after the loan was arranged, Mr and Mrs J incurred default charges and interest and sought advice from a financial mentor.

The financial mentor found that, because Mr and Mrs J had English as a second language, it was unclear if these loans met their needs. They lived in substantial hardship before being granted the loan top-ups, were frequently in arrears with power and phone bills, and spent little on food. The financial mentor said the loan was unaffordable for Mr and Mrs J.

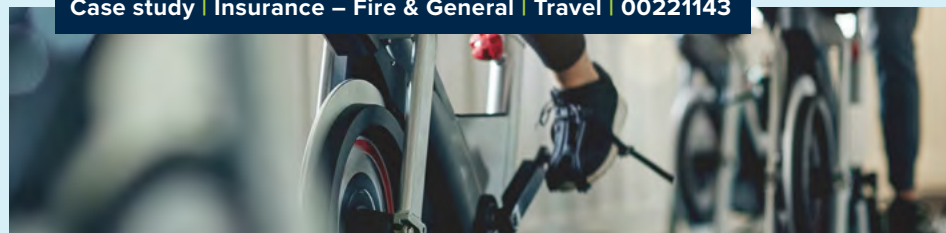
On 23 June 2021, the financial mentor made a complaint to the lender saying it had not met its obligations under the Credit Contract and Consumer Finance Act 2003 ("CCCFA") with respect to the Responsible Lending Principles. The financial mentor said that the lender didn't conduct the necessary inquiries into Mr and Mrs J's income and expenses.

The lender disagreed and said it had followed best practice and complied with the relevant laws at the time.

The IFSO Scheme had concerns that the lender had not met its obligations under the CCCFA. It found the lender had not made reasonable inquiries to be satisfied that Mr and Mrs J could make payments without suffering substantial hardship.

Although the lender disagreed and said it had met its obligations under the CCCFA, it offered to settle the complaint by clearing the remaining balance of the loan and removing any negative information relating to the loan from Mr and Mrs J's credit report. Mr and Mrs J accepted the offer in full and final settlement of their complaint.

Complaint settled



Health pack for depression not 'reasonable'

Consumers should read their policies to understand what cover is provided. Often, the IFSO Scheme receives complaints made by consumers who are disappointed, because they have expectations which cannot be met under the policy.

Ms B had health insurance while she was studying in New Zealand. She was diagnosed with a significant depressive episode and made a claim to the insurer for the cost of \$7,760 for a health pack provided by a gym, which included: 1 year's nutritionist appointments; a nutrition programme; meals designed around Ms B being vegan; a supplementation programme; 4 personal training sessions; 12 months' 3D Body Health Scans; and 1-year free membership at the gym.

The insurer declined the claim, on the basis that the health pack was "*not considered to be reasonable treatment given by a doctor, nurse, hospital or physiotherapist and it [did] not meet the definition of an alternative medical provider.*" Further, it said that the expenses were not considered to be reasonable medical expenses incurred to treat an injury or sickness.

Ms B complained that her doctor prescribed exercise as a treatment for her severe depression. She said the health pack was cheaper than other recommended treatment. Ms B provided an academic article and a letter from her doctor, in which the doctor recommended Ms B stay physically active and noted a gym/ supervised exercise programme would be beneficial, because it was difficult for Ms B to exercise outside in her non-study times.

The IFSO Scheme did not believe the cost of the health pack was a "*reasonable*" expense, "*necessarily incurred*", because Ms B could exercise without incurring this cost.

The IFSO Scheme decided it was fair and reasonable for the insurer to rely on the terms and conditions of the policy in these circumstances.

Complaint not upheld



 **0800 888 202**

 **info@ifso.nz**

 **www.ifso.nz**

