

12 June 2025

Committee Secretariat
Finance and Expenditure Select Committee
Parliament Buildings
Wellington

SUBMISSION on Financial Service Providers (Registration and Dispute Resolution) Amendment Bill

1. Introduction

Thank you for the opportunity to make a submission on the Financial Service Providers (Registration and Dispute Resolution) Amendment Bill (the Bill). This submission is from Consumer NZ, an independent, non-profit organisation dedicated to championing and empowering consumers in Aotearoa. Consumer NZ has a reputation for being fair, impartial and providing comprehensive consumer information and advice.

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2. General comments on the Bill

While we support measures to enhance the effectiveness and independence of financial dispute resolution schemes in Aotearoa for the benefit of consumers, we are disappointed the Bill doesn't go further and consolidate the schemes into a single dispute resolution scheme, like that in Australia and the UK.

We have been calling for this for many years as we consider it would resolve many of the issues with the current schemes and provide a much better experience for consumers. Therefore, we encourage the Committee to consider implementing the changes necessary to allow the current

schemes to be replaced by a single scheme, or at the very least reduced in number.

If the schemes are not consolidated, it is even more critical that oversight of the schemes is rigorous, transparent, and centred on the people they are designed to serve.

3. Comments on specific clauses of the Bill

Given the large number of submissions due in June, the short timeframes and our limited resources, we have been unable to undertake a clause-by-clause analysis of the Bill. However, we wish to make several comments on the Bill.

Clause 7

We support the Minister being given the power to require an independent review of the dispute schemes and the scheme operators being required to co-operate with, pay for and publish information about these reviews on public websites.

However, to ensure that independent reviews achieve their intended outcomes and fully protect the interests of consumers, we recommend the Bill (or regulations):

- require consumer representatives be included in the review process to provide insights into the effectiveness of the schemes from a consumer perspective.
- specify the criteria and methodology for the reviews to ensure consistency and transparency.
- specify what the terms of reference must assess, rather than being entirely at the Minister's discretion. Although flexibility is important, reviews should consistently evaluate the same key aspects of scheme performance.
- require each scheme to publish its response to the review report.

We also suggest the wording of new section 67B is clarified as section 67B(1) currently states the Minister 'may' require a review but section 67B(5) states that the review must take place at least once every 5 years. In our view, this wording is confusing and would benefit from clarification.

Clause 11

Although we support the intent of clause 11, we recommend it is strengthened to ensure consumer representation on the boards, transparent appointments to the boards, and objective, enforceable independence standards.

Other comments

We also consider the Bill should be amended to ensure consumers can access a dispute resolution scheme if they have had issues with debt collectors. This will help to ensure unfair debt collection practices in New Zealand don't go unchecked.

To promote consumer confidence, dispute resolution processes must be transparent. We therefore consider schemes should be required to publish their decisions. In the UK, FOS is required to publish all determinations unless there are good grounds for withholding them. We consider similar obligations should exist in New Zealand.

Thank you for the opportunity to provide comment.

ENDS