

26 July 2017

New Zealand Bankers Association
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By email: nzba@nzba.org.nz

**SUBMISSION on
Draft Code of Banking Practice**

1. Introduction

Thank you for the opportunity to make a submission on the draft code of banking practice. This submission is from Consumer NZ, New Zealand's leading consumer organisation. It has an acknowledged and respected reputation for independence and fairness as a provider of impartial and comprehensive consumer information and advice.

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2. Comments on the draft code

We support the development of a more concise and user-friendly code of practice and are pleased the association has reflected some of our preliminary comments in this draft.

However, we have a number of concerns about the draft code. Our comments are as follows:

1. We are concerned the draft code waters down some of the obligations in the existing code. For example, on page 1, the code states "we will ... respect your privacy and confidentiality and keep our banking systems secure." This is repeated in the heading on page 2 but the actual obligation only requires banks to "keep your information and the ways you bank with us **as secure as we can.**" In contrast, under the existing code banks are required to use "best endeavours to make sure that our banking systems and technology are secure." There is no equivalent obligation in the new code.
2. The existing code also contains other consumer protection provisions relating to security that are not reflected in the draft. For example, clause 8.1(n) states customers will not be held liable in the event their ID, password or other security information is obtained by an unauthorised person, provided the customer notifies the bank reasonably promptly. We consider there should be an equivalent provision in any new code.

3. Under the heading "We will treat you fairly and reasonably", the draft code states banks must ensure their staff are aware of the code and how to comply with all their responsibilities. However, there is no specific obligation on banks to ensure staff comply with the code.
4. The introduction on page 1 says the code sets out what customers can do if they're not happy with "anything we've done" but further on, the draft code states customers can contact the Banking Ombudsman if they're not happy with the result of the bank's complaints processes. The code should make it clear customers can contact the Banking Ombudsman if they're not happy with the result, process, timeframe etc.
5. Under the draft code, banks agree to make information about their free complaints process easily available, "including on our website". The current code says brochures relating to the complaints procedure and dispute resolution will be available in all branches. We suggest adding "at branches and on bank statements". Requiring this information on websites, branches and on bank statements would result in consumers being better informed about their bank's complaint process.
6. We are pleased to see a specific timeframe of five working days for banks to acknowledge receipt of a complaint. However, we are still concerned that banks are only required to let their customers know the results of the complaints process within a reasonable time. We think this is too vague and suggest a timeframe be stipulated.
7. We think the code should state the Banking Ombudsman is **free and** independent.
8. There is a line break on page 3 in the wrong place.
9. Finally, we think the information about guarantors in footnote 2 should be part of the main body of the code, rather than a footnote to the code.

Thank you for the opportunity to make a submission on the draft code. If you require any further information, please do not hesitate to contact me.

Yours sincerely

Aneleise Gawn
Consumer Advocate