

# FACT SHEET



21 April 2024

**EMBARGOED UNTIL 2PM 21 APRIL 2024**

## Supporting better financial outcomes for Kiwis

### Financial dispute resolution schemes

Today's announcement is accompanied by changes to the dispute resolution scheme, which will improve dispute resolution services to better protect customers.

The rules of the four approved financial dispute resolution schemes will be aligned and the maximum amount the schemes can award will increase to \$500,000. This means that more consumers will be able to settle financial disputes without going to court.

A further step for improving access to high quality dispute services is the Government's support for the proposed merger of the Insurance & Financial Services Ombudsman Scheme (IFSO) and the Financial Services Complaints Limited (FSCL) from 1 July 2025, which was announced earlier this week (Friday 19 April). This will help streamline services, create operational efficiencies, and remove duplication.

The four approved financial dispute resolution schemes are the Banking Ombudsman, the Insurance and Financial Services Ombudsman, Financial Services Complaints Limited, and the Financial Dispute Resolution Service.

### New role for Financial Markets Authority

Today's announcement follows the proposal to transfer the responsibilities for overseeing CCCFA from the Commerce Commission to the Financial Markets Authority, announced by Minister Andrew Bayly in January this year.

FMA is already the conduct regulator for the financial sector. Moving the CCCFA into their remit, makes sense as it relates to financial conduct. This change better aligns with the existing roles and responsibilities of the various financial service regulators.

### Financial services reforms

Cabinet has agreed to the following phase one changes:

- The rules for the four approved financial dispute resolution schemes are being aligned. The regulations providing for Dispute Resolution Scheme rules changes will be in place by 18 July. [Financial Service Providers \(Rules for Approved Dispute Resolution Schemes\) Regulations 2024](#).
- Local authorities will be exempted from the CCCFA to allow them to administer voluntary targeted rates schemes – such as loans to install insulation or heat pumps – without incurring unnecessary compliance costs. This exemption will take effect by 25 April. [Credit Contracts and Consumer Finance Amendment Regulations 2024](#).
- Entities whose primary business is non-financial goods and services, such as certain car dealers, will be fully exempted from duplicative reporting requirements under the CCCFA by 25 April. [Credit Contracts and Consumer Finance Amendment Regulations 2024](#).
- The detailed requirements for assessing the affordability of loans will be revoked in coming months.
- The Responsible Lending Code will be updated to clarify for lenders how they are expected to ensure lending is affordable once the affordability regulations have been revoked.
- Redundant Covid-19 exemptions from the CCCFA will also be removed.

#### Phase two reforms:

The next stage of reforms will further streamline the CCCFA, Financial Markets (Conduct of institutions) Amendment Act 2022 (CoFI) and Financial Service Providers (Registration and Dispute Resolution) Act 2008. Public consultation on these reforms will commence in the next few weeks.

Cabinet has agreed to progress the following phase two changes:

- Reviewing the CCCFA to address areas of under-performance, including the liability settings and disclosure obligations.
- Reviewing the CCCFA's high-cost credit provisions to ensure there is adequate regulation surrounding these lending practices.
- Improving the effectiveness of the financial dispute resolution system.
- Making amendments to support transferring responsibility for the CCCFA from the Commerce Commission to the FMA.
- Clarifying the requirements of the CoFI regime and reviewing the conduct licensing framework in the Financial Markets Conduct Act to ensure there is balance and flexibility.