



What can you do if you have an issue with your bank?

Recently someone I know asked me to provide written comment on an initial assessment that the banking ombudsman had prepared. While a business may have more resources than an individual, it is very apparent that the major banks hold most of the cards when it comes to their dealings with individuals and small businesses. As their margins come under more pressure because of their exposure to bad debts due to the recession, their questionable lending practices, and the hundreds of millions they owe IRD for tax avoidance, it is likely that they will be less likely to offer to settle - this in itself favours them, as the amount of time required to pursue your grievance is significant. It also encourages the acceptance of any offer received from the bank, even if it isn't the most reasonable offer one could expect.

Quick quotes are good for business

A client wanted a fence built. He met a builder who said he had very little work. Keen to help a fellow traveller, the client decided he only needed one quote. He waited and waited. In the meantime he referred the builder to a friend who wanted a deck repaired.

Eventually, he sent the tradesman an email asking him if he was still interested in doing the job. That brought a proper and prompt response.

If you want to keep your business going, be prompt with your quotes.

Consider the situation from the customer's point of view. He has a problem needing to be solved. If you offer a prompt solution, even if it might be a little while until you are able to start the job, you will get more business.

End of Life - Sage Line 50 v11

Sage Pastel International has issued an end of life statement for version 11, effective 31 July 2009. If you are on this version, and wish to upgrade, please contact me as soon as possible. If you choose to remain on version 11, we will still support this version, however, if you need to upgrade in the future (for instance, if Microsoft changes your operating system and your software stops working) you will need to effectively repurchase the software. No support will be available from Sage international for this package.

The role of the Banking Ombudsman.

The following information is sourced primarily from a leaflet issued by the Banking Ombudsman's office. It is recommended that banks have the leaflet at every branch so that if customers have a complaint they can easily find out how to lodge a complaint with the Ombudsman. Unfortunately, only 65% of bank branches have these leaflets available

You must complain to your bank first. Your complaint should be in writing and it should give the bank a timeframe in which you expect a response to your complaint. If your complaint is not resolved to your satisfaction you can take your complaint to the Banking Ombudsman.

The Banking Ombudsman can consider complaints about all types of banking business. This covers any dealings with your bank including credit cards, insurance, superannuation or similar products. Complaints may be about things like uncorrected mistakes, negligence, poor administration or service, breach of contract or confidentiality.

The Banking Ombudsman often facilitates early resolution of problems by encouraging parties to discuss the issues involved. If this is not possible, and after a full investigation of your complaint shows that your complaint is justified, there is power to award compensation to cover your losses up to \$200,000.

The Banking Ombudsman can also award up to \$6,000 to compensate for inconvenience due to stress, embarrassment or disruption to financial planning.

The Banking Ombudsman cannot deal with complaints about:

- a bank's commercial judgement, e.g. whether it should lend you money
- a bank's interest rate policies or the amount of its standard fees and charges
- anything that happened prior to 1st January 1992
- amounts greater than \$200,000 (unless the bank agrees to the investigation)

The decision of the Banking Ombudsman is binding on the bank, but you are free to accept to accept or reject the decision.

The Banking Ombudsman scheme was set up as a free, external and independent body. Its members include most banks.

Although it is independent, it is funded by its member banks. More information can be found at www.bankombudsman.org.nz

Sage 50 v2009 - User definable Grid Colum Headings

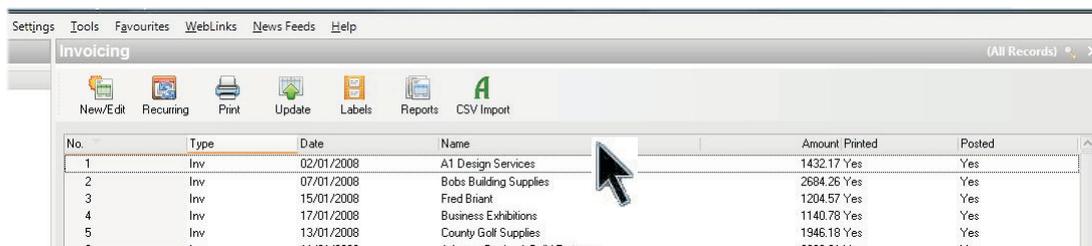
It is now possible to customise the grid columns that appear when lists of data are presented. There are a number of variations possible. You can allow each user to customise the screen to suit their own preference, you can customise the screen but force all users to use this layout, or you can accept the default settings.

To change the preferred option, go to the menu bar and select Tools, Options and then click on the Toolbar tab.

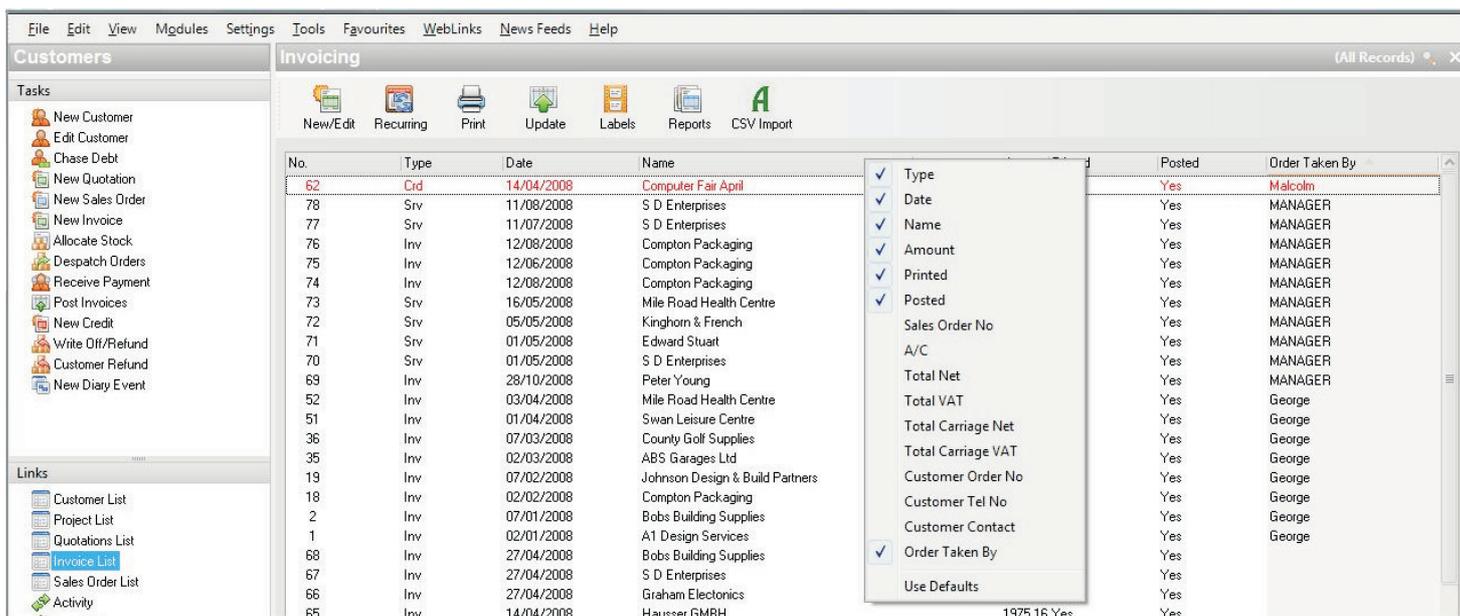
Go to the Configurable Columns section and select the option you wish to use.

The options are as follows:

- Allow columns to be hidden and resized
- Use Manager account settings for column display
- Use default settings for column display



To customise the column headings, move the mouse pointer over the column title bar as shown above, and right click. A list of available column headings will be displayed (they are all fields within the module in use). Click on the field you wish to include - click on the field again if you wish to remove it as a column heading).



Premises Lease Checklist helps avoid mistakes

If you are looking to lease premises, develop a checklist so that you are able to make informed comparisons. You might like to include some of the following:

Which floor
Lift Access
Car Parks
Light or Dark
Air Conditioning
Double Glazing
Carpet Condition
Windows - leakage
Roof Condition - leakage (!)
Kitchen Services
Bathroom Services

Entrance Appeal
Layout
Who cleans:
- bathroom
- kitchen
- windows
Paintwork
Security system available
Body corporate charges
Lease duration and rights of renewal
Rent increase clauses

Retirement Planning

How much do we need when we retire? Investment income and government superannuation to a level of seventy percent of our current income is suggested on www.sorted.org.nz. As the future is uncertain regarding government superannuation (demographics indicate that it will not be possible to pay to the same level in the future) everyone should carefully consider their income requirements when in retirement, and how many years it is before they expect to retire.

Retirees in 5-10 years are likely to receive government superannuation, 15-20 years, changes will probably occur, and beyond this only relying on your own investments would be sensible. Not since the mid-1990s have New Zealanders been forced to seriously consider that they must plan and save for their retirement, and that the government itself is unlikely to pay for our retirement in the way it has in the past.

ANZ - ING Regular Income Fund (RIF) and Diversified Yield Fund (DYF)

My involvement with the banking ombudsman related to the ANZ's promotion of the ING funds to their clients. The person involved was retired and had some money in a call account, and the amount was about 75% of their retirement savings. She wished to invest it as a lump sum so that the capital was protected, and she wanted to set it up in such a way that she might receive the interest earned on a monthly basis. The bank had a financial adviser who analysed her requirements and said she was a defensive investor and should adopt the most risk averse strategy available. This meant the capital should be invested in bank call accounts, term deposits and government bonds (as recommended in the financial plan).

So far, so good. This advice was prudent based on what the client had asked for and the total value of her investments. I discussed this case with an independent accountant, and his opinion was that a retired person should not accept any risk in their investments unless the person has close to \$1 million dollars in bank deposits and/or government bonds in addition to the freehold property that they live in.

The bank's financial planner then recommended the ING RIF investment. Unfortunately, this investment is now worth only about 20% of its original value (so obviously not a low risk investment). ANZ has offered to buy back the investment, but will pay about 60% of its original value (as long as investors waive their rights to sue ANZ, ING or the financial advisers who sold the product). They can still pursue their claim through the banking ombudsman's office if it was sold through ANZ. If they don't sign away their rights to sue, they are only likely to get 20% or less back on their investment. The bank and ING are effectively forcing customers to sign away their rights in order to gain at least some of the value of their original investment back.

As an aside, ANZ owns 49% of ING in New Zealand. While they said they received no fees directly when selling the ING funds (the financial planner received \$1500), they obviously were sharing in the profits generated in the initial years that the fund operated.

Be very careful of investment advice given by people who will gain financially if you purchase the product that they are promoting. You should be able to trust your bank, however the above has shown that this is not always the case.

Read the financial plan and the investment prospectus. Despite assuring many of their customers that these investments were low risk the following wording is present in the prospectus, "the fund invests in a globally diversified portfolio of (but not limited to) collateralised debt obligations, bank bills, bonds, commercial paper, mortgages, loans, convertible notes, mortgage and asset backed securities, cash equity securities and derivatives including credit swaps." Any financial planner reading this description should have been aware that the funds were not low risk. While the ANZ has been forced to account in some instances, most financial planners have not.

14,000 investors have been affected by the failure of these funds. Many are retirees with no chance of rebuilding their investment portfolios.

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As small investors, how can we change the behaviour of major corporates? The above shows how two companies have treated their customers - we have to decide whether this is the type of treatment we want to receive. In this case it might involve choosing which bank we use, or which Kiwisaver scheme is recommended to our employees.

Shane Durrant

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