Case study

Superannuation situation

Background

A Customer's complaint concerning the transfer of their Australian superannuation funds to their New Zealand KiwiSaver fund was referred to the Financial Dispute Resolution Service (FDRS). The Customer claims they were misinformed about the process of transferring their funds by cheque when there were other options available that would not have caused significant delays and subsequent monetary loss.

The cheque was posted from Australia to New Zealand using standard postal services, which at the time were experiencing significant delays due to the pandemic. This delay meant that the cheque was in transit for a considerable period.

Further delays were compounded by administrative processes and clearance issues. In total, it took seven weeks to complete the Customer's request to transfer funds from their Australian superannuation account to their New Zealand KiwiSaver account. The Customer believes this resulted in almost two months' worth of investment earnings being lost.

Next steps

As per FDRS process, mediation was suggested to both parties, but they declined to participate. The next available step is adjudication, in which an impartial professional makes a decision based on submissions provided by both parties.

The Customer admitted that they missed the fine print about the transfer by cheque. They assumed a telegraphic transfer would take place and argued that neither the procedure for posting a cheque nor the possibility of transferring payments by EFT had been explained. According to the Customer, even though the cheque was issued following their completion of an application form, it does not mean that they were fully informed about it.

The Australian superannuation fund believes they had adequately advised the Customer. They noted that they had a phone conversation, in which the Australian superannuation provider had explained the withdrawal choices with the Customer. They also provided a fact sheet for the Customer.
The Customer's superannuation fund transfer adhered to the requirements for the Departing Australia Superannuation Payment (DASP) which requires the use of a cheque. However, the Customer states they currently hold dual citizenship of both Australia and New Zealand. Therefore, a DASP would not apply to them.

The New Zealand KiwiSaver fund acknowledged delays due to covid-19 restrictions, with staff not permitted to be on site and local banks operating remotely, limiting the ability to complete the physical transaction of processing the cheque. General practice allows fourteen days for the cheque to clear, be converted and the funds to become available in the new account.

Outcome

The overall conclusion of FDRS is that the Customer's dispute is not upheld after considering all of the issues identified by the parties, in their final submissions. The adjudicator expressed sympathy for the Customer and their experience, however, could not find in their favour.

The process to transfer by cheque and postal service was approved by the Customer, regardless of the Customer's statement that they were not informed about the possibilities of the Digital Funds' transfer and had no alternative options to move the funds. The Australian superannuation provider had no control or responsibility, over the postal and administrative delays. They could not expedite the process and the delays, both in transit and processing within New Zealand, were outside their influence.

Both the Australian and New Zealand providers acknowledged that delays had a taken place and that it had been a challenging and stressful process for the Customer. However, the factors were external and beyond their control once the process was initiated.

**Names have been changed to protect our customers' identities*