

26 August 2025

[REDACTED]
New Zealand

By email: [REDACTED]

Official Information Act 1982 Request (OIA) – Request for information relating to misleading and fraudulent activities (specifically relating to insurance cases) mentioned in the Financial Conduct Report issued in June 2025 by the FMA

Dear [REDACTED]

We have further assessed your request for information under the Official Information Act 1982 and have decided to grant your request. Please find our response below.

Your Request 1 - The FMA talks about seeing an increasing number of cases where people are being sold mortgages and insurance through misleading or fraudulent activities. Could I please get more context around this: - How big is the increase? Is the FMA able to provide the number of misleading and fraudulent cases as an increase over a set time period in numbers or percentage?

Who is committing the fraud? Where is it occurring and in what types of mortgages and insurance?

Our response:

In addition to the information provided to you on 29 July 2025, you requested we provide information on your queries regarding insurance.

The number of cases alleging fraudulent and misleading conduct in relation to the sale of insurance products (**Insurance Cases**) is as follows:

- FY2021/2022 – 8 cases (including 3 fraud cases)
- FY2022/23 - 3 cases (including 2 fraud cases involving the same financial adviser)
- FY2023/24 - 2 cases (including 0 fraud cases)
- FY2024/25 – 5 cases. (Including 4 fraud cases, 2 of which involved the same financial advisor who is also the sole director of a Financial Advice Provider (FAP))

In addition to the number of Insurance Cases, we have observed them to be more serious and complex in nature compared to previous years.

The Insurance Cases relate to conduct carried out by financial advisers, including individuals who were also the sole directors of the FAPs, or individuals purporting to be financial advisers operating in New Zealand. The misconduct / fraud has occurred throughout New Zealand.

We have received complaints and information from third parties alleging that some financial advisers/FAPs submitted life insurance policy applications to insurance product providers, on behalf of fabricated customers or non-existent individuals, for monetary gain.

In some cases, insurance policy applications were allegedly submitted by financial advisers/FAPs on behalf of customers without their consent or fabricated customers to defraud an insurance provider. There was also an instance where it was alleged that a financial adviser has contravened the Code of Professional Conduct for Financial Advice Services.

Our assessment of these cases led to both formal and informal actions such as licence cancellation, voluntary deregistration, termination of agency agreements, and referral to the New Zealand Police. In cases where misleading conduct was alleged but not substantiated, the FMA did not take further action.

Your Request 2 - Is the FMA looking to prosecute any one in these areas? Is the Authority taking any cases? If so, how many?

Our response:

There are no active investigations or litigation matters that relate to insurance fraud.

You have the right to complain to the Ombudsman regarding our assessment of your OIA requests, in accordance with section 28 of the OIA. Information about how to make a complaint is available at www.ombudsman.parliament.nz or phone 0800 802 602.

If you have any questions, please contact me at christiner.chan@fma.govt.nz.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Christiner Chan', with a horizontal line extending to the right.

Christiner Chan

Legal Counsel