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Financial ombud claws back R443m for consumers but the cases carry warnings

The National Financial Ombud Scheme (NFO) returned almost R443-million to South African consumers in only its second year of operation, a sharp rise from the R328.5-million recovered in its first year. The NFO scheme brings together four ombud offices that previously operated separately: the banking ombud, credit ombud, the short-term insurance ombud and the long-term insurance ombud.



By Neesa Moodley

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Head Ombud and CEO Reana Steyn. The National Financial Ombud Scheme has returned R443-million to South African consumers in its second year, significantly up from R328.5-million in its first ye[illegible]upplied)

For households fighting fraud, rejected insurance claims, disputed debt, incorrect billing and financial institutions that sometimes go missing behind call-centre music, that number represents funeral money, a repaired roof or a bank balance restored after a scam.

The NFO opened 50,065 cases and closed 34,277 in 2025. Average monthly case openings rose from 3,585 in 2024 to 4,174 in 2025, a 16% increase across the scheme's banking and credit, life insurance and non-life insurance divisions.

The monetary recovery amounts were split as follows:

- Life insurance: R299.6-million
- Non-life insurance: R82.9-million
- Banking: R53-million
- Credit: R7.47-million

Head Ombud and CEO Reana Steyn says the second year has been about moving from start-up plumbing to a more settled, effective body.

"Our inaugural year demanded greater discipline, system creation, team integration, and process alignment. The year under review marks the next stage in our evolution, moving from foundation to maturity, with greater operational effectiveness and measurable growth," Steyn said.



Overall statistics. (Image: Supplied)

The case studies show where consumers get hurt, where institutions fall short, and what ordinary people need to know before the wheels come off.



Nerosha Maseti. (Photo: Supplied)

One of the starkest credit cases involved a consumer whose financed vehicle was repossessed and sold by a bank without a court order or valid voluntary surrender documentation.

The vehicle was taken while it was in the possession of the complainant's employed driver. The consumer disputed that it had been voluntarily surrendered and said there was no court order authorising the repossession.

The bank could not provide evidence of a court order or a signed voluntary surrender form, even though the vehicle had already been sold.

procedurally improper.

The bank accepted the NFO's recommendation that the outstanding shortfall on the account be written off. The result was that the complainant's debt was fully extinguished.

Banking and credit lead ombud Nerosha Maseti said the credit division's role was changing as consumer risks changed. It was no longer only about contract disputes, but also about financial crime, credit bureau problems, prescribed debt and vulnerable consumers.

"Non-bank lenders must continue to ensure that their practices are fair, transparent, and customer-centric. This includes clear disclosure of terms, responsible lending practices and ethical declaration," Maseti said.

Consumer lesson: Being behind on payments does not strip you of your rights. A credit provider cannot repossess or retain financed goods without following the law. If you are pressured into signing a surrender form, do not sign in panic. Ask for the documents, ask what process is being followed, and keep copies of every message.

Life insurance: You cannot disclose what you don't know



Denise Gabriels. (Photo: Supplied)

In the life insurance division, a medical doctor lodged a disability claim under his Discovery Life policy. The insurer raised material non-disclosure as a defence, saying he had failed to reveal long-standing foot pronation treated with orthotics and a 2017 diagnosis of plantar fasciitis.

Discovery characterised these as “chronic pain” requiring “constant pain management”.

was exaggerated and unfair.

Discovery appealed, arguing that because the complainant was a medical doctor, he had particular knowledge of his symptoms and their possible consequences. The NFO rejected that reasoning, finding that an applicant cannot disclose information that is unknown or unforeseeable at the time of application.

A final ruling found that Discovery had failed to prove material non-disclosure and could not reconstruct the policy. The insurer abided by the ruling and paid the benefit under the original cover.

Consumer lesson: When you apply for life or disability cover, answer every question honestly and fully. You should not guess, hide or minimise, but insurers also cannot use hindsight to punish you for something you could not reasonably have known or disclosed at the time.

Funeral benefits remained the most complained-about product in the division, making up 46.2% of cases, followed by life cover at 33.9% and disability at 7.4%. Declined claims, especially funeral benefit complaints and disability disputes, were the biggest driver.

Life lead ombud Denise Gabriels said the work was a constant balancing act.

“Fairness goes both ways. It’s not just for the complainant. We do recognise that complainants are underrepresented. Insurers often have big legal departments, so we do look out for the complainant,” Gabriels said.

Short-term insurance: Silence is not service

A short-term insurance case shows how damaging delays can be even before the final decision arrives.

The consumer lodged a claim after storm damage to the roof of their outbuildings on 27 November 2024. The claim was submitted on 3 December and the insurer’s service provider assessed the property on 9 December.

she escalated the complaint to the NFO.

A second desktop assessment was only done on 28 March 2025, using photographs taken in December. The claim was rejected four months after submission. The insurer admitted there had been delays due to problems with the first service provider, but offered no apology.

The NFO found that from December 2024 to April 2025, the claimant had received no constructive feedback. She was left in the dark while the insurer failed to explain the delays. The NFO viewed this as maladministration and a breach of fair treatment standards.

A compensation award of R3,000 was recommended. The insurer resisted and refused to apologise, arguing that the material inconvenience threshold had not been met. The non-life insurance division's escalation committee disagreed, finding maladministration and a breach of Policyholder Protection Rule 17, which requires insurers to keep claimants informed of progress, delays and decisions.

The insurer eventually agreed to pay.

Consumer lesson: If your insurer is not communicating, do not wait indefinitely. Keep a timeline. Record every call, email and promise. Ask for reasons for delays in writing. A rejected claim can be challenged, but poor claims handling can also be a complaint in its own right.

Banking: Fraud is getting nastier, and the response time counts

Banking produced the highest case volumes, driven largely by digital banking fraud. Complaints involving unauthorised transactions, account hijackings and social engineering scams rose sharply as fraudsters became more adept at manipulating online platforms and consumers.

The NFO says fraud remained the highest category of banking complaints. More than R53-million was awarded to banking customers who lodged formal

In many cases where monetary awards were made, the findings showed that banks had failed to act quickly enough after becoming aware of fraudulent activity.

The top banking complaint categories included current accounts, savings accounts and personal loans. Digital banking accounted for a large portion of complaints under current and savings accounts. The scam menu is now depressingly familiar: phishing, smishing, vishing, spoofed bank numbers, malware apps, fake investment schemes, card-not-present fraud and consumers being manipulated into approving payments themselves.

Maseti said fraud is forcing a tougher conversation about where responsibility sits.

“There is a growing pressure on banks across all jurisdictions to reconsider traditional liability models, and whether they remain appropriate in today’s reality,” she said.

Steyn is also worried that older consumers are being pushed too quickly into digital banking channels without enough protection.

“I genuinely believe more should be done,” she said. “They can also see who their old clients are, they can see how much money they have, they can see their products, they can see the safeguards.” **DM**

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