

COMPLAINT NUMBER	20/237
ADVERTISER	Kōura Wealth
ADVERTISEMENT	Kōura Wealth, Television
DATE OF MEETING	7 July 2020
OUTCOME	Not Upheld No further action required

Summary of the Complaints Board Decision

The Complaints Board did not uphold a complaint about a television advertisement for Kōura Wealth which said “Being in the dark about your KiwiSaver... might just cost you hundreds of thousands of dollars...” The Board said the advertisement was not misleading and did not portray an unrealistic or exaggerated outcome.

Advertisement

The voiceover for the television advertisement for Kōura Wealth included the following: “Being in the dark about your KiwiSaver is no big deal - It might just cost you hundreds of thousands of dollars and delay your retirement...”

Summary of the Complaint

The Complainant was concerned the advertisement was misleading about the amount of savings that could be made, and it targeted Māori in an inappropriate way.

Issues Raised:

- Social responsibility
- Exaggeration of financial expectations
- Truthful presentation

Summary of the Advertiser’s Response

The Advertiser defended the advertisement and provided an example to show how a 25-year-old earning \$55,000 could potentially save “hundreds of thousands of dollars” by the time they reach the age of 65. The Advertiser said while the campaign was not targeted specifically at a Māori audience, they are proudly Kiwi.

Relevant ASA Codes of Practice

The Chair directed the Complaints Board to consider the complaint with reference to the following codes:

CODE FOR FINANCIAL ADVERTISING

Principle 1: Financial advertisements should observe a high standard of social responsibility particularly as consumers often rely on such products and services for their financial security.

Guideline 1 (b) Exaggeration: Advertisements shall not portray unrealistic or exaggerated financial expectations or outcomes.

Principle 2: Advertisements should strictly observe the basic tenets of truth and clarity. Advertisements should not or should not be likely to mislead, deceive or confuse consumers, abuse their trust, exploit their lack of knowledge or without justifiable reason, play on fear. This includes by implication, omission, ambiguity, exaggerated claim or hyperbole.

Guideline 2 (a) Truthful presentation: Advertisements shall be accurate and statements and claims able to be substantiated.

Relevant precedent decisions

In considering this complaint the Complaints Board referred to a precedent decision, Decision 19/337, which was ruled No Grounds to Proceed.

The full version of this decision can be found on the ASA website:

<https://www.asa.co.nz/decisions/>

Decision 19/337 concerned a television advertisement for the Bank of New Zealand, with the following voiceover: “Every day you leave it, your KiwiSaver account could be missing out. Use Bank of New Zealand’s wake up tool and see how a few easy changes could make you more money for your future.”

The Chair of the Complaints Board said the advertisement was not misleading. The KiwiSaver calculator was being advertised as a way to encourage savers to make good decisions about their KiwiSaver funds. The Chair said the amounts used were illustrative, noting that the actual amounts saved would depend on a wide range of variables such as the length of time in the scheme, the level of contributions, the base salary and the long-term performance of funds.

Complaints Board Discussion

Consumer Takeout

The Complaints Board agreed the consumer takeout was if you join Kōura Wealth they’ll make sure your Kiwisaver is tailored to your needs, so that you can save more.

Jurisdiction

The Complaints Board noted it does not have jurisdiction to consider the name of an Advertiser, in this case Kōura Wealth. The Board noted that the word “kōura” means crayfish in Māori but can also be used as a trans-literation of the English word “gold”.

Audience

The Complaints Board noted Kōura Wealth's comment that its target audience is people aged between 25 and 45 years and this advertising campaign was not targeted specifically at a Māori audience.

Was the advertisement misleading or did it portray any unrealistic or exaggerated financial expectations or outcomes?

The Complaints Board said the advertisement was not misleading and did not portray any unrealistic or exaggerated financial expectations or outcomes.

The Complaints Board said the advertisement encourages consumers to actively monitor their Kiwisaver account and how it's performing. The Board said the precedent decision, 19/337, was relevant as that advertisement also encouraged savers to make good decisions about their KiwiSaver funds. The Board noted the use of the word "might" in the sentence "Being in the dark about your KiwiSaver is no big deal - It might just cost you hundreds of thousands of dollars and delay your retirement..."

The Complaints Board said the example provided by the Advertiser in their response to this complaint (See Appendix 2) illustrated how a consumer could potentially save "hundreds of thousands of dollars". The Board said this example was based on a salary of \$55,000, and this was not an unusual scenario. The Board said it is possible for there to be a significant variation in the amount of money a person can save, depending on how their fund is invested.

Does the advertisement observe a high of socially responsibility?

The Complaints Board said the advertisement was socially responsible, taking into account context, medium, audience and product and was not in breach of Principle 1, Guideline 1(b), Principle 2 or Guideline 2(a) of the Code for Financial Advertising.

Outcome

The Complaints Board ruled the complaint was **Not Upheld**.

No further action required

APPEAL INFORMATION

According to the procedures of the Advertising Standards Complaints Board, all decisions are able to be appealed by any party to the complaint. Information on our Appeal process is on our website www.asa.co.nz. Appeals must be made in writing via email or letter within 14 calendar days of receipt of this decision.

APPENDICES

1. Complaint
 2. Response from Advertiser
 3. Response from Media
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Appendix 1

COMPLAINT

Deceptive - a kiwisaver product that talks about saving hundreds of thousands of dollars! What percent of new Zealanders have kiwi saver balances of that much let alone would save that much? Further & I'm not sure this is covered by the code but the name koura feels to be targeted at the maori market who have lower financial literacy. Investigating the company online there seems to be no legitimacy in having a maori name with all directors being pakeha.

Appendix 2

RESPONSE FROM ADVERTISER, KŌURA WEALTH LIMITED

Thank you for your letter of 23 June outlining the complaint that has been laid against kōura Wealth. We do not believe that the complaint has merit, so will therefore defend the complaint. If anything, we believe that this complaint reinforces our purpose and demonstrates the importance of getting consumers to engage and better understand their KiwiSaver.

Our goal as a business is to help people make better KiwiSaver decisions so that they can have the retirements that they deserve. We need the general populous to understand that their KiwiSaver will be one of their largest financial assets and it needs the care and attention that such a large asset deserves – it is not something to be hidden in a closet and never thought about again.

1. Addressing the complaint

From our perspective, the complaint can be broken down into three separate components:

- a) **Deceptive – a KiwiSaver product that talks about saving hundreds of thousands of dollars! What percent of New Zealanders have KiwiSaver balances of that much let alone would save that much?**

This is not deceptive - whilst current KiwiSaver balances are not yet at hundreds of thousands of dollars, if a person contributes over their entire working life (which is the goal of KiwiSaver) they will save hundreds of thousands of dollars by the time they reach the age of 65.

Based on our analysis, a 25-year-old earning \$55,000 today will contribute 3% of their salary (matched by employer contributions and Government contributions) will have a KiwiSaver balance of \$587k by the time they turn 65. This value has been calculated using FMA approved assumptions (Salary growth of 3.5%, Equity fund returns of 5.5%, Fixed Income returns of 2.5%) applied to a kōura glide path.

To achieve this balance though, the client will need to make appropriate fund choices along the way through, two of the most common scenarios we are trying to protect clients from are:

- If they remain in a default / conservative fund the whole way through their KiwiSaver journey they will only end up with a KiwiSaver balance of \$326k at retirement (\$261k less than the base case).

- If the client is in a very high risk fund at the time they need to retire and there is a market crash (similar to March 2020 or 2009 with the GFC), their KiwiSaver balance may drop up to 30% (down to \$411k, a \$176k difference). That client should have been in a conservative option to protect their balance.

Kōura is unique in the market, we are the only digital adviser that will take an assessment of your KiwiSaver objectives (retirement vs first home) and your risk appetite to make a recommendation on the type of funds that is best for you. We are therefore trying to protect our customers from the two scenarios that we show above, that can cost a client “hundreds of thousands of dollars”.

b) We have targeted the Māori population who have lower financial literacy

Whilst we would love to help Māori achieve better retirement outcomes, and we firmly believe that our tools will help them make better decisions, this campaign was not targeted specifically at a Māori audience. [...]

c) There is no legitimacy in kōura having a Māori name

We are a very proud Kiwi business and in choosing a name we wanted our customers to know and understand that we were proudly Kiwi. An important part of being Kiwi is our Māori heritage, which we feel should be embraced by all of New Zealand’s many ethnicities, Pakeha, Polynesian, Asian etc. We would love to see more New Zealand brands embrace the Māori language.

We have registered the trademark kōura in financial services and this was approved by the Māori Trade Marks Advisory Committee.

2. Is the advertisement still accessible?

The advertisement is no longer on air. The last screening was Saturday 27th June. [...] We may choose to reuse the advertisement in the future.

3. Where did the advertisement appear?

The advertisements appeared on TV [...] and on YouTube and Facebook.

4. Who is the target audience for the product / brand / service? And what tools and/ or data were used to target this audience

Kōura’s target audience is people aged between 25-45 years old with average incomes over \$65k, people that have KiwiSaver or are interested in joining KiwiSaver. [MBM to give information on what tools / data was used for the targeting].

Appendix 3

RESPONSE FROM MEDIA, COMMERCIAL APPROVALS BUREAU

Koura Wealth Limited Key number KOURA152407 Classification G

This commercial was approved by CAB on 25/05/20 and is categorised as a financial advertisement.

The complaint challenges a specific claim with a quoted dollar amount/range. It is not a guaranteed figure by any means, nor is it presented as such - the advertisement presents a higher range opportunity cost for mismanaged finances, and the large majority of viewers will

appreciate that fact. Given that financial advertising in general and this commercial in particular deal with quite complex calculations of value, CAB will defer to the advertiser for a fuller description and substantiation of their claim.