

# OBSI



Annual Report  
**2018**

Inspiring confidence in the  
Canadian financial services sector



**OBSI**  
**OSBI**

# 2018 Highlights

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**5,218** 

total inquiries

**760** 


opened cases

**\$4,841** 

average banking compensation

**5%** 

increase in total cases

**\$21,698** 

average investment compensation

**\$3,408,620** 

total compensation

# Who we are and what we do

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The Ombudsman for Banking Services and Investments (OBSI) is a not-for-profit organization that investigates disputes between a consumer and their financial services firm when they are unable to fix a problem on their own.

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# Message from the Chair



**Jim Emmerton**  
Chair, Board of Directors

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**The past year was my first as Chair of the Ombudsman for Banking Services and Investments. I have been associated with OBSI since 2010 when I first joined the OBSI Consumer and Investor Advisory Council, and I am honoured to have served on our Board of Directors since 2012.**

OBSI plays an important role in Canada's financial services consumer protection framework. When Canadians have disputes they are not able to resolve with their banks or investment firms, they depend on access to an impartial, transparent and public-service focussed ombudsman they can trust to help them understand their situation and try to find a fair resolution to their problem.

All Canadian investors are guaranteed to have access to OBSI's services because provincial securities regulators require all investment firms, including bank-owned investment firms, to offer OBSI's services to their clients.

## **Federal regulations allow banks to choose ombudsman**

While support for a single, not-for-profit ombudsman for the provincially-regulated investment sector is clear, that is not the case for the federally-regulated retail banking sector. The current system to provide access to justice for retail bank consumers permits a bank to choose the dispute resolution service provider who will investigate and decide on its customers' complaints while the customers have no choice.

This policy of allowing banks to choose creates conflicts of interest because it puts the dispute resolution services in the position of having to compete for banks' business. It also exacerbates the already significant imbalance of power, resources and information that exists between consumers and banks.

## **OBSI's Board calls for single, not-for-profit ombudsman**

OBSI's Board of Directors believe that Canada's banking industry and banking consumers would benefit from access to a single, not-for-profit banking ombudsman dedicated to accessibility, openness, transparency, independence, fairness and efficiency for consumers and firms. And in the fall, we called on the Canadian government to establish such a system.

The government in its Fall Economic Statement has asked the Financial Consumer Agency of Canada (FCAC) – which regulates external complaints bodies (ECBs) such as OBSI – to conduct a review and assess banks' complaints-handling processes and the effectiveness of the ECBs. The report is expected in June 2019. OBSI welcomed this opportunity to demonstrate the effectiveness of our services and we look forward to working with FCAC towards the successful completion of the review.

## Provincial securities regulators' strong support

During the year, our board met with the OBSI Joint Regulators Committee (JRC), which provides oversight of OBSI's investment complaints activities on behalf of Canada's securities regulators. We continue to value our open working relationship with the JRC. Early in the fiscal year, the Canadian Securities Administrators (CSA), the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA) released a notice regarding compliance with complaint handling regulations. The notice outlined regulators' desire to ensure firms participate in good faith with respect to OBSI's process and recommendations. The notice also stressed that regulators "strongly support (OBSI) in its role as the independent dispute resolution service made available to clients" of registered firms and commented on regulators' continued efforts to identify options for strengthening OBSI's ability to secure redress as recommended in previous external reviews.

## OBSI's mission and vision

The board remains fully committed to OBSI's vision, mission and strategic directions. You will find these outlined in this report. We continue to be supportive of the progress the organization is making in achieving its objectives, delivering new initiatives outlined in the strategic plan, while continuing to manage expenses effectively. It's also worth noting that 2018 marked the third consecutive year OBSI has reduced its operating budget – which was achieved while making significant investments in new technology platforms and making important efficiency gains as case volumes have increased by over 30% during this period.

## New board leadership

This was a year of change on our board, with the departure of Fern Bélisle, who became Chair in 2011 and ended his term at this year's annual general meeting. Fern played a crucial leadership role for OBSI at a time when it faced significant challenges and helped put the organization on strong footing and a clear path. The board would like to thank Fern for all his efforts and the guidance he provided OBSI. I would also like to thank my fellow directors, the senior management team and staff for their support throughout my first year as Chair. All directors, the senior team and staff have continued to provide excellent performance in furthering OBSI's objectives this year.

Looking forward, the board has tremendous confidence in OBSI. We are proud of the work of staff this past year and the efforts of OBSI personnel to engage meaningfully with all our stakeholders – consumers and consumer advocates, firms and industry associations, and government and regulators. As we look forward, OBSI remains committed to continuous improvement in meeting the needs of consumers and firms, and it is well positioned to continue to deliver excellence in support of its public interest mandate.

**Jim Emmerton**  
Chair, Board of Directors

During the year, our Board met with the OBSI Joint Regulators Committee (JRC), which provides oversight of OBSI's investment complaints activities on behalf of Canada's securities regulators.

# Message from the Ombudsman and CEO



**Sarah P. Bradley**  
Ombudsman and CEO

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## **2018 was a busy year for OBSI, focussed on delivering our 2017—2021 strategic plan and continuing to advance towards the accomplishment of our key objectives.**

This year, we increased our organizational transparency, accessibility and public awareness. We focused on bringing clarity to our communications and efficiently and effectively resolving disputes for Canadian consumers and their financial institutions.

### **Enhanced accessibility and communication**

In 2018, we launched several initiatives to make OBSI more accessible to both consumers and firms.

We improved the clarity and accessibility of our written communications to consumers through our plain language initiative. This initiative included extensive staff training and engagement, as we reviewed and redeveloped many of our key documents, reports and letters to ensure they are clear and easy to understand. We also introduced our 30-day communication commitment. This initiative ensures that both consumers and firms hear from us directly and regularly about their case.

We continued to increase our transparency and public accessibility online. In addition to our quarterly newsletters, regular case studies, approach documents and bulletins, we added helpful consumer resources to our website, such as our new FAQ page and How We're Funded information. We also successfully launched our social media strategy this year, including the launch of our Twitter account, @Ombudsman\_OBSI. In our first year, we gained over 1,000 Twitter followers and had more than two million impressions on Twitter, while on LinkedIn we gained over 700 followers and had over 2,700 page views.

Following a detailed pilot project, we launched our Firm Helpdesk for all participating firms. The Helpdesk provides firms with information about OBSI's experiences and approaches to help them to fairly and effectively resolve consumer complaints internally. We are pleased with the utilization of the Firm Helpdesk and the feedback we've received and we look forward to continuing the service in the coming years.

### **New terms of reference**

In 2017, we undertook a comprehensive two-year project to renew our Terms of Reference (TORs). The project focused on making the TORs clearer and easier to use. The update also aligned the TORs with our current practices and procedures. The public consultation took place in 2018 and we received valuable feedback from our regulators, consumers, consumer advocates and industry representatives and firms. The board approved the final version of the new TORs on December 6, 2018.

### **Increase in case volumes and improvements in efficiency**

OBSI is frequently the first point of contact for Canadians seeking help with financial services problems. In 2018, our consumer assistance officers handled 5,218 separate inquiries. These inquiries involve helping consumers open a complaint, as well as providing information services to answer people's questions and direct them to the appropriate agency or firm for the help they require.

This year, we opened 760 cases, an overall increase of 5% from 2017, largely due to an increase in banking case volumes. We opened 415 banking cases in 2018, a 12% increase compared to 370 cases last year, while we opened 345 investment cases, a slight decrease from the 351 opened last year.

We also realized efficiency improvements in 2018. Overall, the average number of days to close an investigation fell to 61 days in 2018, compared to 69 days in 2017. The average number of days to close a banking investigation increased slightly to 53 days in 2018 from 50 days last year. Investment cases decreased to 72 days, compared to 85 days in 2017.

## Focus for 2019

As we look forward to 2019, our focus is on providing firms and consumers with effective and efficient dispute resolution services and delivering on a number of continuous improvement initiatives. For example, we plan to optimize our complaints and demographic data to enhance our reporting capabilities. This will allow us to include multi-dimensional analysis in our reporting. We will also increase the scope of our communications outreach by improving the accessibility of our website content and continuing to build on our social media efforts. Internally, we will be launching a new knowledge management system to help our staff efficiently share their expertise and effectively find the information that they need.

This year, we also plan to launch our new firm portal. The portal will provide firms with online access to data about the inquiries and cases involving their firm, securely share case documents and allow for easy updates of contact information. In 2019, we will begin developing the requirements and guidelines for a parallel consumer portal to be launched in 2020.

In 2019, OBSI will also be launching a number of initiatives aimed at addressing mental wellness issues for our staff and members of the public that we are here to help. These initiatives include programs to maintain and support employee mental health, as well as developing and delivering comprehensive staff training and guidelines for dealing with challenging complainant conduct.

Our staff worked diligently together to achieve our key priorities in 2018 and I want to recognize them for all their work this past year. Our people are our strength and I am proud to lead an organization of such engaged and committed individuals.

**Sarah P. Bradley**  
Ombudsman and CEO

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# Mission, vision, values

OBSI has been providing dispute resolution services to Canadian consumers and financial services firms for over 20 years.

Our goal is to further build our reputation as Canada's trusted, independent financial ombudsman, acting as an impartial and fair investigator of banking and investment related complaints.

**In 2018, we focussed on delivering the key initiatives identified in our 2017—2021 strategic plan.**



These initiatives lay the foundation for OBSI to achieve its objectives of delivering high value service and of being the dispute resolution provider of choice for the financial industry and its consumers. This year, our achievements included:



**launch of our Firm Helpdesk**



**modernization of our Terms of Reference**



**initiation of our 30-day commitment for communications**



**release of our updated Consent Letter and What to Expect document**





## OBSI's Mission

OBSI's core business and value proposition is realized by its commitment to its mission that guides the organization's day-to-day operations.

**"We help resolve and reduce disputes between consumers and financial services firms by conducting fair and accessible investigations and by sharing our knowledge and expertise"**



## OBSI's Vision

OBSI's core business and value proposition to its key stakeholders is shaped by its vision for its role in Canada's financial services industry.

**"Inspiring confidence in the Canadian financial services sector"**



## OBSI's Values

OBSI's values are the principles that guide how the organization delivers its core business and effects its value proposition to stakeholders.

### **Fairness**

Our process and approach is fair to consumers and firms

### **Impartiality**

We are balanced and objective in our work

### **Integrity**

We act in a way that is honest and principled

### **Accessibility**

Our services are affordable, straightforward and convenient

### **Independence**

We are free from undue influence

### **Professionalism**

We respectfully listen, understand and engage with consumers and firms



# Progress on our goals

**Four strategic directions  
for 2018**



# 1. Deliver a high-value service and be the dispute resolution provider of choice

## Our goals are to:

- Continue to deliver quality and accessible service to consumers and participating firms
- Leverage expertise and knowledge to increase insights to stakeholders
- Leverage existing capabilities to expand offering of services

Our strategic plan initiatives	Status	What we accomplished in 2018
<b>Explore and evaluate alternatives to name and shame</b>	<p>...</p> <p>Ongoing</p>	<ul style="list-style-type: none"> <li>• We have participated in numerous meetings and conference calls with the Canadian Securities Administrators working group and have engaged as fully as possible with securities regulators on this project</li> </ul>
<b>Conduct survey of participating firms on an annual basis</b>	<p>✓</p> <p>Done</p>	<ul style="list-style-type: none"> <li>• We received the 2017 firm surveys in Q1 with responses from banks and investment firms</li> <li>• We communicated both the survey results and our response plan to all stakeholders and published them on our website</li> </ul>
<b>Conduct survey of participating consumers</b>	<p>✓</p> <p>Done</p>	<ul style="list-style-type: none"> <li>• We sent out our consumer surveys for all closed cases throughout the year</li> <li>• We published results of our 2017 consumer surveys with our response plan on our website</li> <li>• We will be analysing and publishing the full 2018 results in 2019</li> </ul>
<b>Improve consumer demographics data collection and analyze outcomes</b>	<p>...</p> <p>Ongoing</p>	<ul style="list-style-type: none"> <li>• We fully integrated our demographics data gathering with our case management system to improve data collection and analysis potential</li> <li>• We will continue to optimize our complaints and demographic data as we introduce multi-dimensional analysis into our reporting capabilities</li> </ul>
<b>Review and update OBSI's Terms of Reference (TORs)</b>	<p>✓</p> <p>Done</p>	<ul style="list-style-type: none"> <li>• We undertook a public consultation process ending in Q2, analysed the responses received and incorporated this feedback into our amended Terms of Reference</li> <li>• Our finalized TORs were approved by our Board of Directors and our response to all public feedback was published</li> </ul>
<b>Demonstrate value of OBSI services by sharing complaint and restitution expertise to consumers and participating firms</b>	<p>...</p> <p>Ongoing</p>	<ul style="list-style-type: none"> <li>• We improved access to information through continued development and expansion of our website</li> <li>• We increased our presence on social media through regular postings on Twitter and LinkedIn</li> <li>• Our Ombudsman and staff participated regularly in industry, consumer and professional events</li> </ul>

## 2. Build enduring relationships through stakeholder awareness of the value of the OBSI service






### Our goals are to:

- Strengthen firm trust and awareness of OBSI value
- Increase consumer brand awareness
- Demonstrate value and service effectiveness to regulators

### Our strategic plan initiatives

### Status

### What we accomplished in 2018

<b>Implement industry relationship management and communications component of public affairs strategy</b>	 Done	<ul style="list-style-type: none"> <li>• We met regularly with industry associations and participating firms</li> <li>• We shared detailed results of the firm survey and response measures</li> <li>• We regularly report trend data relating to issues/products to all stakeholders through multiple means of communication</li> </ul>
<b>Develop and pilot an early advice program for participating firms</b>	 Done	<ul style="list-style-type: none"> <li>• We launched the Firm Helpdesk for participating firms following the completion of a detailed pilot project</li> </ul>
<b>Explore participating firm interest in OBSI training sessions on dispute resolution and approaches to different case scenarios</b>	 Ongoing	<ul style="list-style-type: none"> <li>• We met with firms and industry associations to increase understanding of OBSI approaches to complaints and complaint experience</li> <li>• Our analyst team held meetings with interested participating firms on loss calculation and risk rating methodologies</li> </ul>
<b>Implement consumer facing PR components of the public affairs strategy</b>	 Ongoing	<ul style="list-style-type: none"> <li>• We improved access to information through continued development and expansion of our website</li> <li>• We increased our presence on social media through regular postings on Twitter and LinkedIn</li> </ul>
<b>Track and leverage opportunities to provide meaningful policy input to government and regulators</b>	 Ongoing	<ul style="list-style-type: none"> <li>• We made formal comments and submissions at both federal and provincial levels on public policy related to consumer protection and potential dispute resolution schemes in new or evolving sectors</li> <li>• We provided data and information to regulators on a regular basis and on request</li> </ul>

### 3. Drive continuous improvement and organizational resiliency

#### Our goals are to:

- Standardize and improve processes and timelines
- Enhance information technology (IT) efficiency
- Effectively manage enterprise risk and prepare for external shocks

Our strategic plan initiatives	Status	What we accomplished in 2018
<b>Standardize processes across investment and banking investigations, including implementing process improvements identified from delay data review process</b>	<p style="text-align: center;">•••</p> <p>Ongoing</p>	<ul style="list-style-type: none"> <li>• We continued to see improvements in average delay days per case – with a 70% reduction from 2015 levels</li> <li>• We enhanced our investigator and manager peer review process</li> <li>• We expanded and updated our investigation guidelines for investigators</li> </ul>
<b>Develop mechanism for regular review and update of internal processes</b>	<p style="text-align: center;">✓</p> <p>Done</p>	<ul style="list-style-type: none"> <li>• We developed investigator and manager dashboards to provide real-time tracking of case progress and to ensure active and efficient management of case flow</li> <li>• We expanded the functionality of our case management database to improve investigation efficiency and reporting capabilities</li> </ul>
<b>Implement expedited resolutions policy on a pilot basis and use learnings to guide full implementation</b>	<p style="text-align: center;">✓</p> <p>Done</p>	<ul style="list-style-type: none"> <li>• We completed analysis of our expedited investigation pilot project</li> <li>• We developed a new expedited investigation policy, with guidance notes and appropriate training materials for our staff for a full implementation in 2019</li> <li>• We developed a program to ensure quality feedback from our reconsideration process</li> </ul>
<b>Design and implement quality improvement program that is responsive to results from firm and consumer surveys and prioritized satisfaction and quality measures</b>	<p style="text-align: center;">•••</p> <p>Ongoing</p>	<ul style="list-style-type: none"> <li>• We reviewed the feedback we received from our consumer and firm surveys and developed and published our findings and response action plans</li> <li>• Key projects for this year have included our plain language initiative; updating our investigation report process to improve efficiency and consistency; and initiating our 30-day contact standard</li> </ul>







**Our strategic plan initiatives****Status****What we accomplished in 2018**

<b>Implement recommendations from the IT infrastructure and security review on a prioritized basis, including identifying, procuring and deploying updated IT infrastructure requirements</b>	●●● Ongoing	<ul style="list-style-type: none"><li>• We implemented core improvements to our case management system</li><li>• We launched a new billing system to improve processes and facilitate integration with the new firm portal, which will be launched in 2019</li><li>• We significantly invested in our IT security programs</li><li>• We reviewed and transitioned our key IT vendor relationships to enhance reliability and security</li><li>• We introduced a new phone system to improve efficiency for our teams and enhance the consumer contact experience</li></ul>
<b>Develop, and monitor on a quarterly basis, a specific enterprise risk management (ERM) plan, processes and internal staff training to prepare for sudden changes in case volume and other internal and external shocks</b>	●●● Ongoing	<ul style="list-style-type: none"><li>• We implemented all the priority risk mitigation initiatives identified in the ERM plan</li><li>• We updated the ERM plan quarterly</li></ul>

## 4. Invest in OBSI's people

### Our goals are to:

- Focus on staff retention and professional development
- Continue to develop knowledge management capabilities
- Strengthen employee engagement

Our strategic plan initiatives	Status	What we accomplished in 2018
<b>Implement training to meet needs of the internal succession plan and professional development framework</b>	 Ongoing	<ul style="list-style-type: none"> <li>• We have implemented a cross-training program for all our service teams to enhance internal development opportunities and ensure succession continuity</li> </ul>
<b>Ensure OBSI performance objective setting and assessment aligns with corporate strategy and Board approval objectives</b>	 Done	<ul style="list-style-type: none"> <li>• All staff performance objectives are aligned with strategic plan goals</li> <li>• Quarterly performance reviews supporting accountability</li> </ul>
<b>Increase frequency of case debriefs at investigative meetings that enable all staff to share in the learnings from individual cases</b>	 Ongoing	<ul style="list-style-type: none"> <li>• Case debriefs occur regularly at weekly management and team meetings</li> <li>• Our Employee Engagement Committee (EEC) has launched a Case Discussion Series in which participants review practical case studies and share best practices</li> </ul>
<b>Develop business case for a knowledge management system</b>	 Ongoing	<ul style="list-style-type: none"> <li>• Completed business case and selected vendor for internal knowledge management system to be developed and launched in 2019</li> </ul>
<b>Implement Employee Engagement Committee (EEC) recommendations, as practicable</b>	 Done	<ul style="list-style-type: none"> <li>• Our EEC continued its internal and external speaker series and renewed the committee's membership</li> <li>• Our secondment to the OSC was completed in Q2 and we are seeking new opportunities</li> <li>• We adopted other EEC recommendations</li> </ul>
<b>Conduct follow-up engagement survey and analyse results</b>	 Done	<ul style="list-style-type: none"> <li>• We conducted our employee engagement survey and reported the results to our board. The feedback showed strong improvements in the areas of vision, immediate management and innovation</li> </ul>

# Inquiries from Canadians

**OBSI's services are free and available in both English and French. In 2018, more than 5,000 Canadians from coast to coast to coast and all walks of life came to OBSI for help resolving their financial complaints.**

OBSI hears the public's complaints about most banking and investment matters such as mortgages, mutual funds, bonds and GICs, debit and credit cards, loans and credit, unauthorized trading, transaction errors, fraud and investment advice. Our Case Assessment Officers (CAOs) document each of these unique interactions with the public as an inquiry.

**5,218** inquiries in 2018





# How and why Canadians contact us

**We often hear from consumers who are confused: Where do they turn to resolve their financial services issue? What regulator oversees their dispute? What regulations apply to their financial services complaints? What financial services dispute resolution provider is mandated to handle their complaint? And what steps do they need to take to resolve their issues? Our CAOs are here to help.**

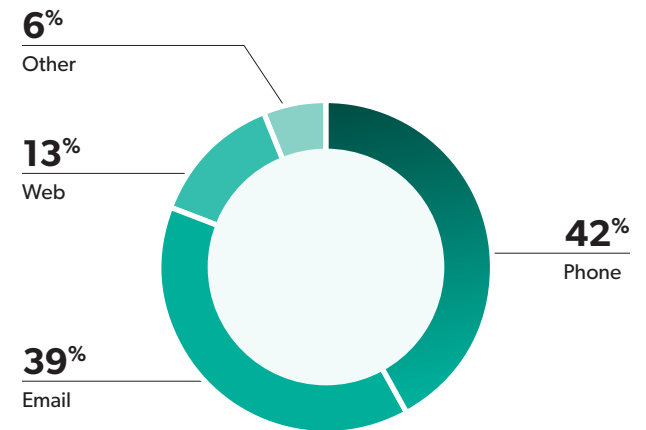
In addition to helping consumers file a complaint with OBSI, our CAOs are trained to guide consumers to the most appropriate avenue if their issue is outside of our mandate. As an integral part of Canada's financial services consumer protection framework, we help consumers navigate a complex and often confusing financial system.

Consumers contact OBSI when they wish to submit a complaint about their bank, investment firm, or financial institution. In these cases, a CAO will collect basic information, such as the individual's contact information and details about their complaint. The CAO will review the consumer's complaint and determine if the complaint is within our mandate. If more information is needed, the CAO may request supporting documents. In 2018, we found 16% of inquiries to be within our mandate. If this is the case, our next step is to ask the consumer to sign and return a Consent Letter which will allow us to begin our investigation. In the event a complaint is considered to be out of mandate the complaint will be closed and we will communicate our reasons with the consumer.

## How Canadians contact us

We offer several ways for consumers to contact us. The most common ways consumers contact us is through email and by phone. Our service is available in both official languages, English and French. We can also answer questions about our dispute resolution process in over 170 languages using a translation service.

This past year, we experienced a significant shift in how Canadians contact us. Compared to 2017, email inquiries increased 10% and the launch of our new website led web inquiries to more than double. Consumers can now quickly access the information they need and use our improved tools to submit an online complaint. In 2018, fewer consumers chose to make inquiries by phone. This type of inquiry decreased by 25% compared to 2017.



Note: percentages may not total 100 due to rounding.

## What do Canadians inquire about?

We receive complaints and questions about our participating firms and the products and services they offer. Our CAO team monitors public inquiries and consumer complaints for potential trends in financial services products and issues. Early identification of potential product, sector or systemic issues is an important public service we provide.

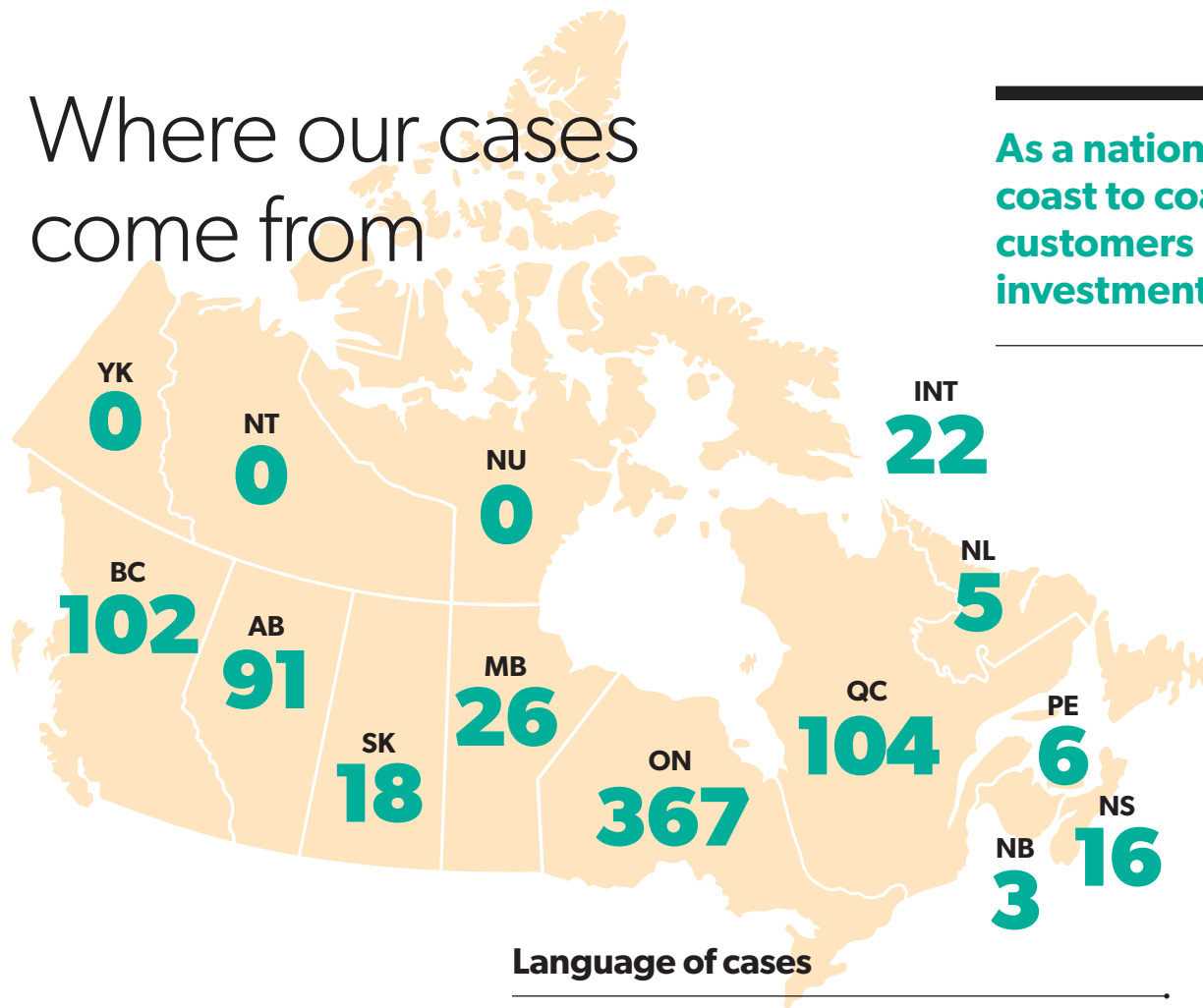
About one-quarter of our inquiries come from the investment sector and the rest are related to banks. We also redirect a number of calls for non-participating banks such as Royal Bank, TD Bank Group and National Bank. In 2018, we saw a 20% increase in investment-related inquiries and a 16% decline in bank-related inquiries. Non-participating bank inquiries remained flat.

In 2018, we saw a 20% increase in investment-related inquiries and a 16% decline in bank-related inquiries. Non-participating bank inquiries remained flat.

Financial sector	# of inquiries
<b>Deposit-taking firms</b>	
Banks	3,308
Credit Unions	47
<b>Investment firms</b>	
IIROC	464
MFDA	287
Scholarship Plan Dealers	67
Portfolio Managers	57
Exempt Market Dealers	23
Other	6
<b>Non-participating firms</b>	
Banks	572
Other	387
<b>Total</b>	<b>5,218</b>



# Where our cases come from



As a national service, OBSI hears cases from coast to coast to coast. We also see files from customers living abroad who have banking and investment relationships with firms in Canada.

## Total cases

# 760

English 693 French 67

## Language of cases

Jurisdiction	English	French
Saskatchewan (SK)	17	1
Ontario (ON)	366	1
Quebec (QC)	41	63
New Brunswick (NB)	2	1
International (INT)	21	1
All other provinces	246	0
<b>Total</b>	<b>693</b>	<b>67</b>

Jurisdiction	# of complaints	% of complaints
Ontario (ON)	367	48%
Quebec (QC)	104	14%
British Columbia (BC)	102	13%
Alberta (AB)	91	12%
Manitoba (MB)	26	3%
International (INT)	22	3%
Saskatchewan (SK)	18	2%
Nova Scotia (NS)	16	2%
Prince Edward Island (PE)	6	1%
Newfoundland and Labrador (NL)	5	1%
New Brunswick (NB)	3	<1%
Nunavut (NU)	0	0%
Northwest Territories (NT)	0	0%
Yukon (YK)	0	0%
<b>Total</b>	<b>760</b>	<b>100%</b>

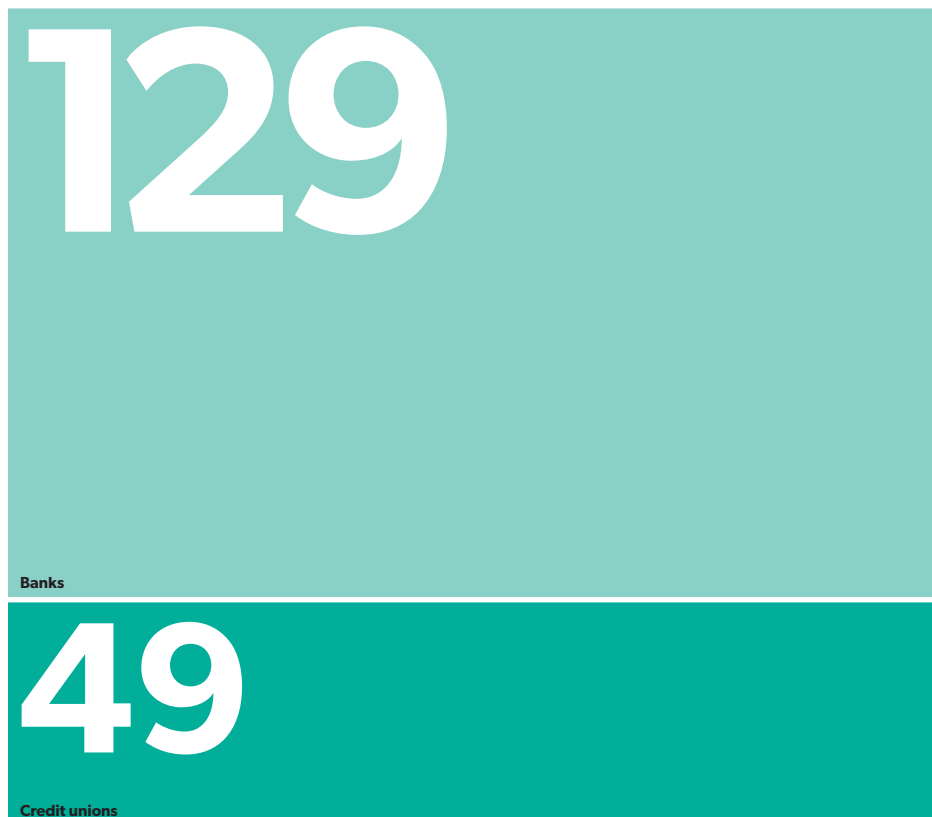
Note: percentages may not total 100 due to rounding.

# Participating firms

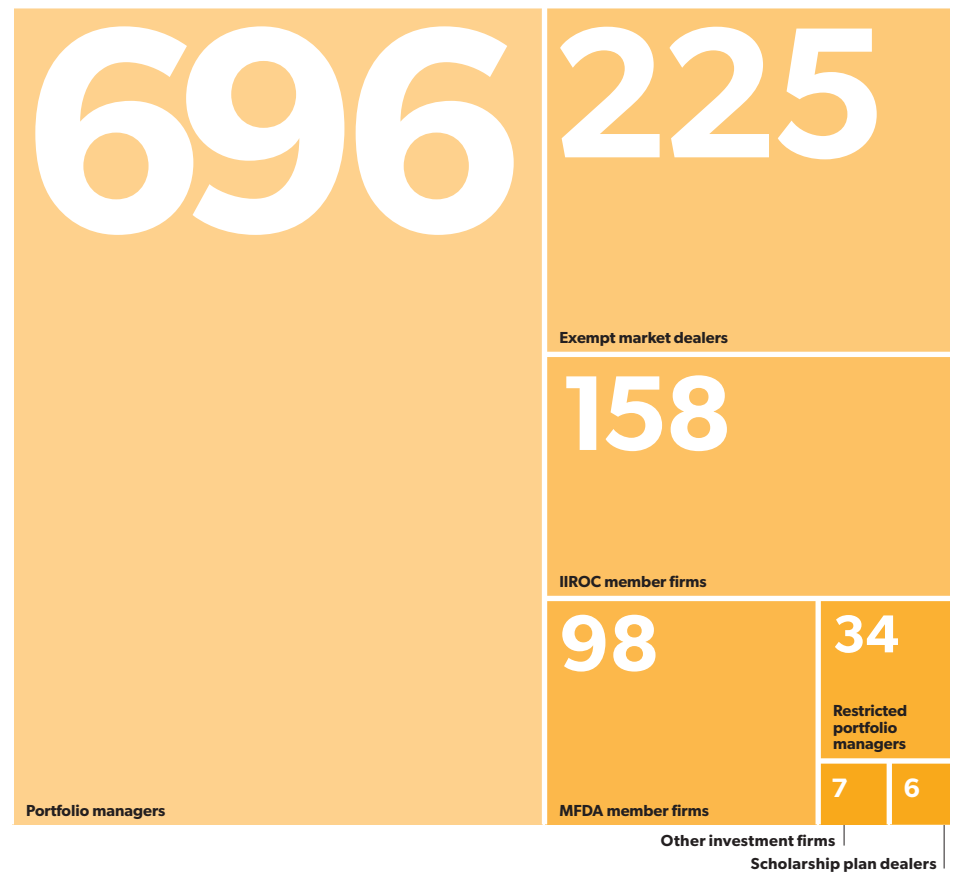
**About 1,400 financial institutions and firms across Canada participate in OBSI's dispute resolution process.**

Most federally-regulated banks and all investment firms regulated by the Canadian Securities Administrator (CSA), the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA) are OBSI participating firms. Participating firms also include credit unions, trusts, portfolio managers, exempt market dealers and scholarship plan dealers. Any regulated firm in the banking services and investment fields is eligible to join.

## Deposit-taking firms



## Investment firms



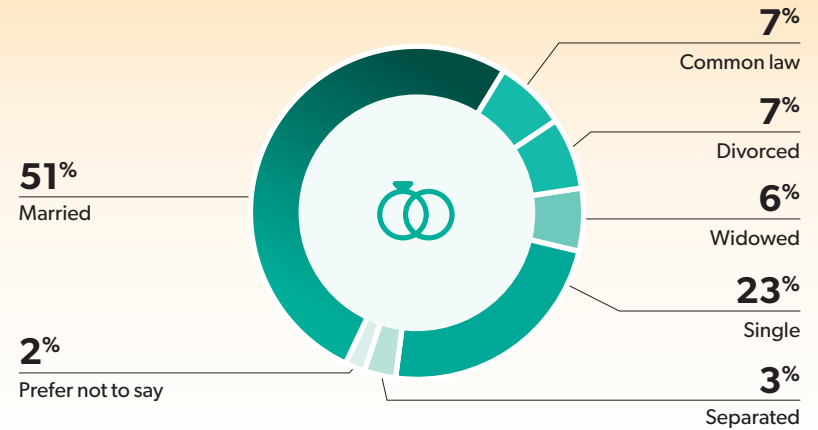
# Consumer profile

## Banking

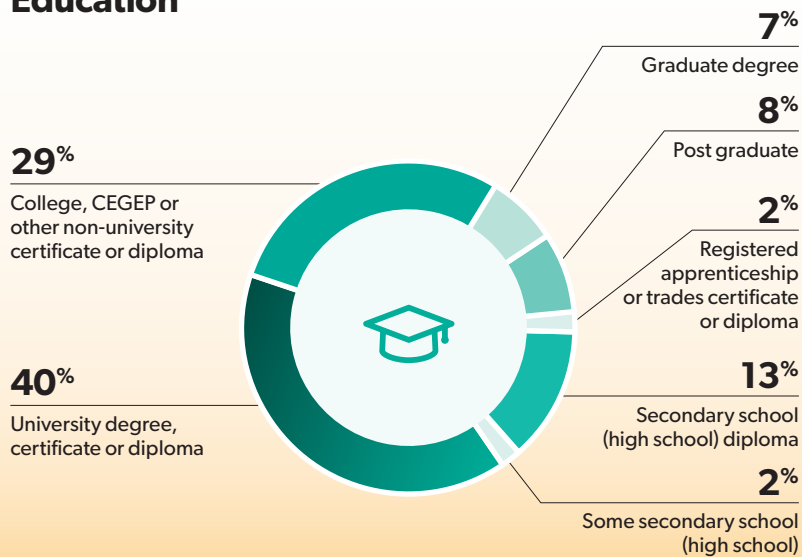
### Gender



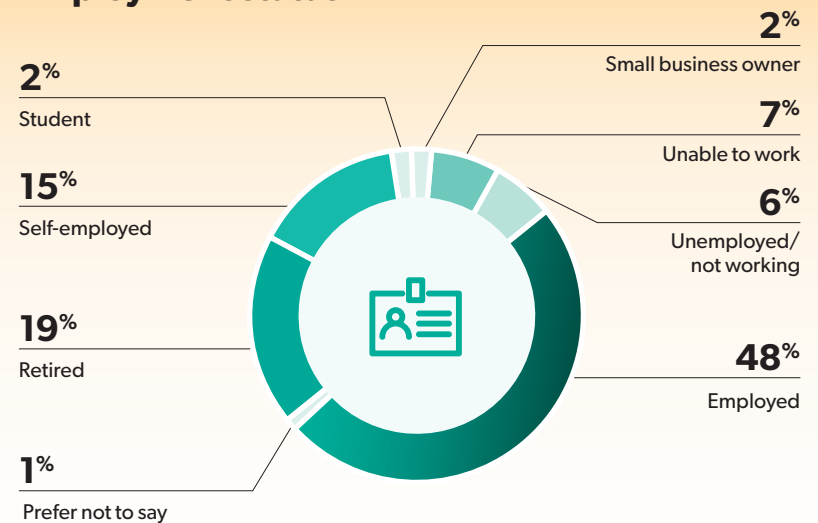
### Marital status



### Education

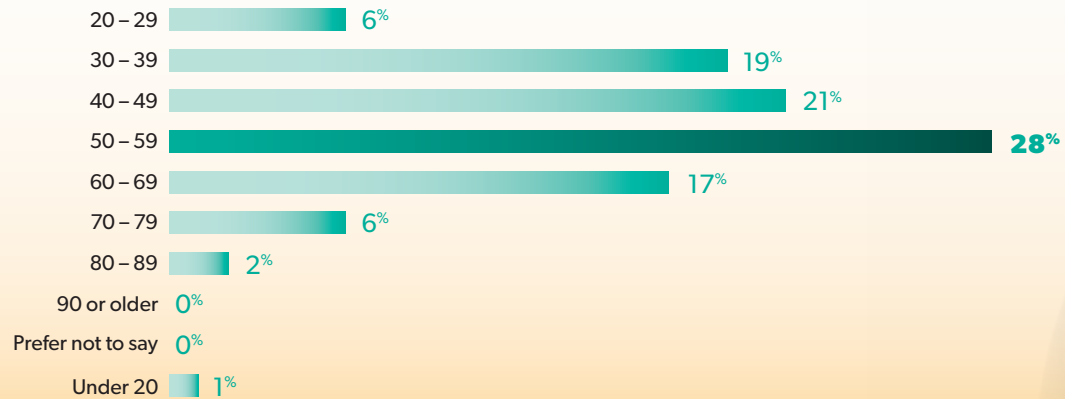


### Employment status

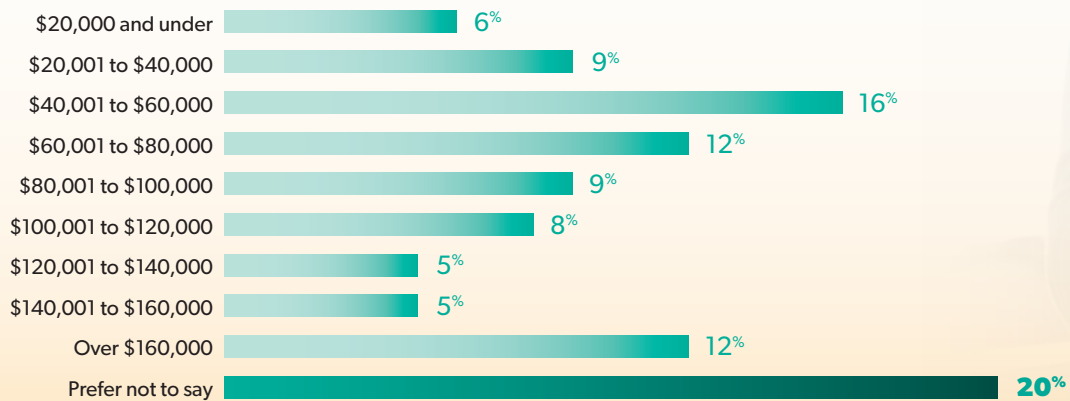


Note: percentages may not total 100 due to rounding.

## Age



## Annual household income

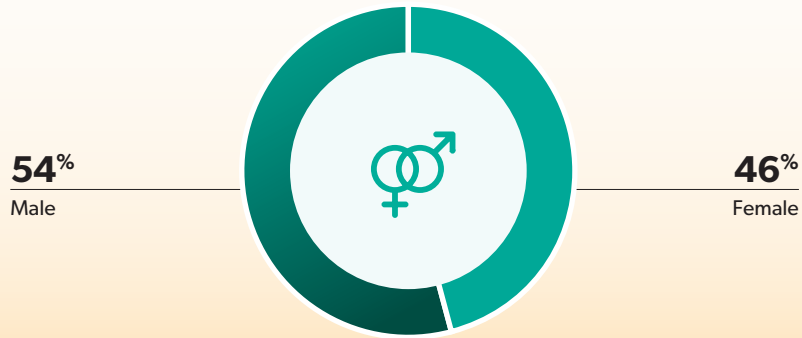


Note: percentages may not total 100 due to rounding.

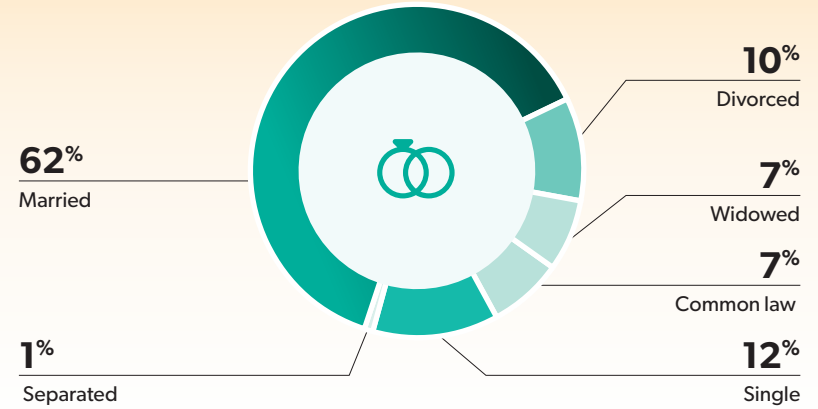
# Consumer profile

## Investments

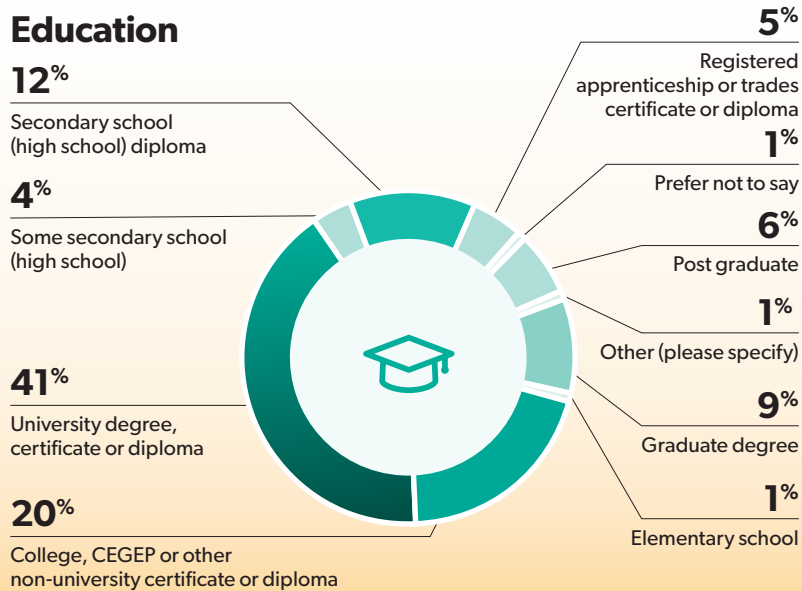
### Gender



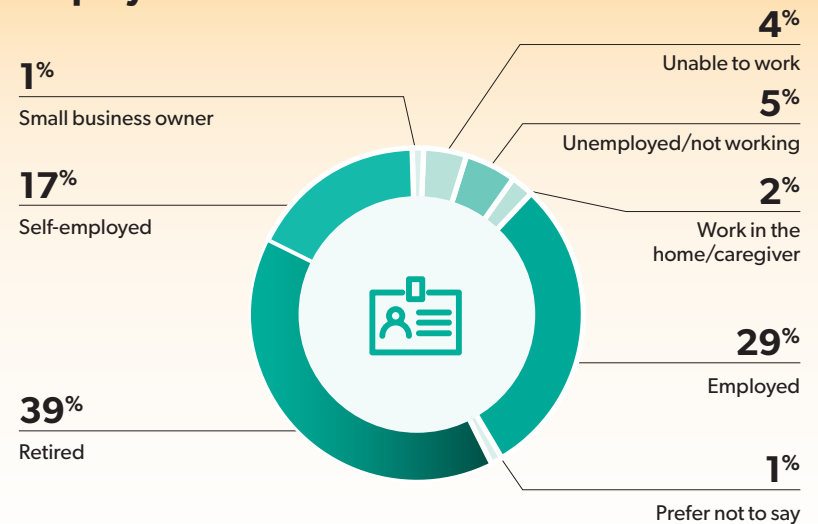
### Marital status



### Education



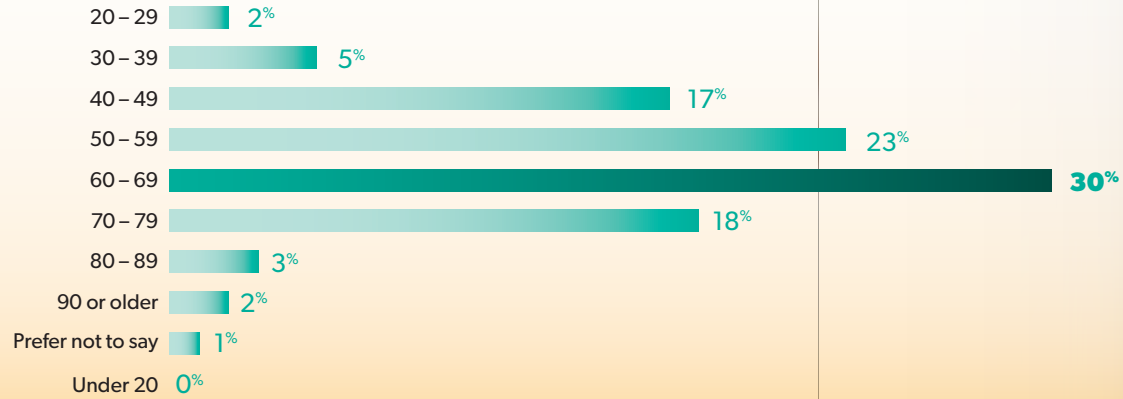
### Employment status



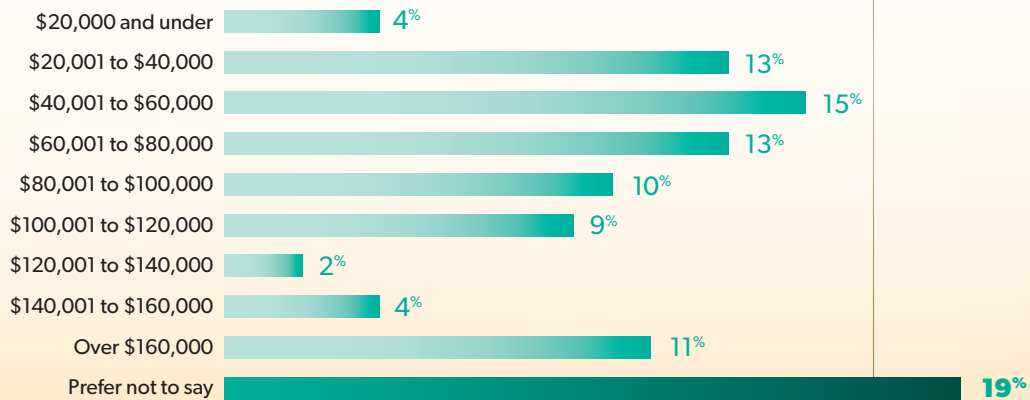
Note: percentages may not total 100 due to rounding.



## Age



## Annual household income



Note: percentages may not total 100 due to rounding.



Year in review:

# Banking services

Banking cases opened continued a multi-year trend, increasing from 370 in 2017 to 415 in 2018, a 12% year-over-year increase.

In 2018, banking-related complaints continued an upward trend and have more than doubled in the past five years.

**415** opened cases

**417** closed cases

**\$4,841**

average compensation

**12%** increase in cases from 2017

**53** days on average to complete an investigation

**\$778**

median compensation

## Top products & issues

- Credit card chargebacks
- Credit card fraud
- Mortgage loan penalties

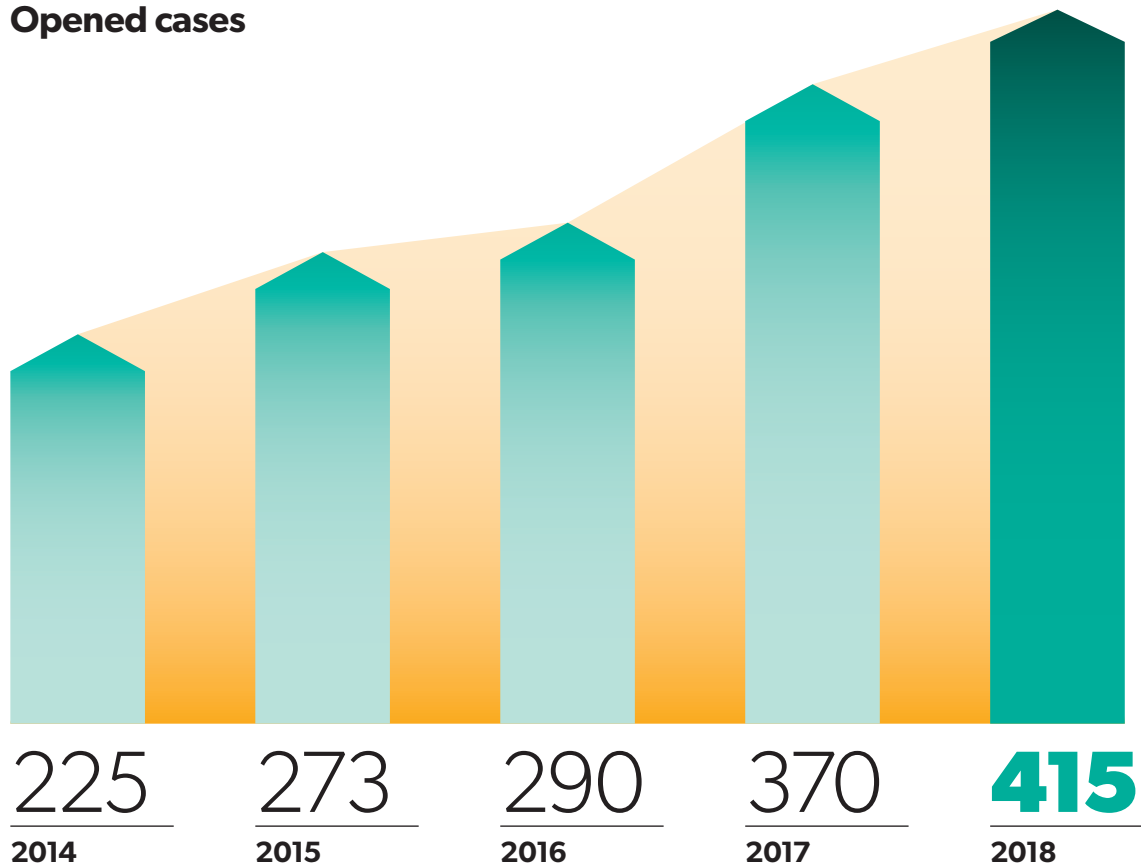
# Cases

**In 2018, credit cards, mortgage loans and personal transaction accounts, such as chequing and savings accounts, continue to be among the top bank products consumers complained about.**

Credit card complaints were down slightly from last year, decreasing to 27% compared to 30% in 2017. Mortgage loan complaints rose from 67 in 2017 to 89 in 2018, representing a 33% increase. Personal transaction account complaints rose 25%.

Chargebacks are the leading credit card issue. Penalties and information that is wrong/incomplete continue to be the top issues with mortgage products. For transaction accounts, relationship ended led concerns, in line with 2017. Total banking cases closed was 417 in 2018 compared to 349 in 2017, an increase of 19%.

## Opened cases

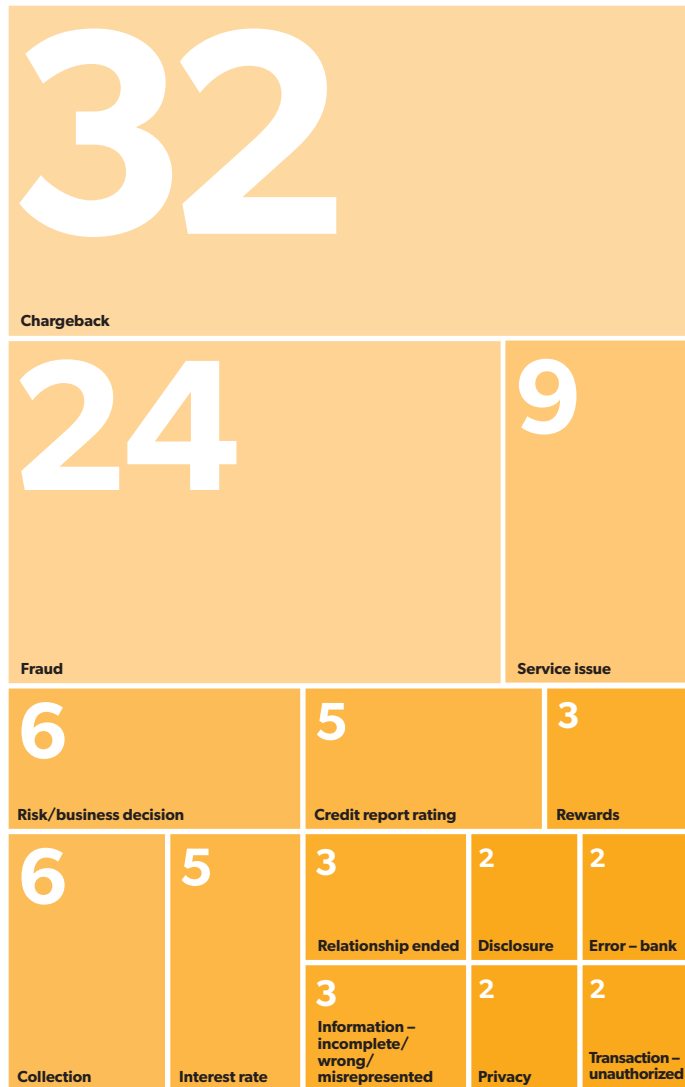


Mortgage loan complaints rose from 67 in 2017 to 89 in 2018, representing a 33% increase. Personal transaction account complaints rose 25%.

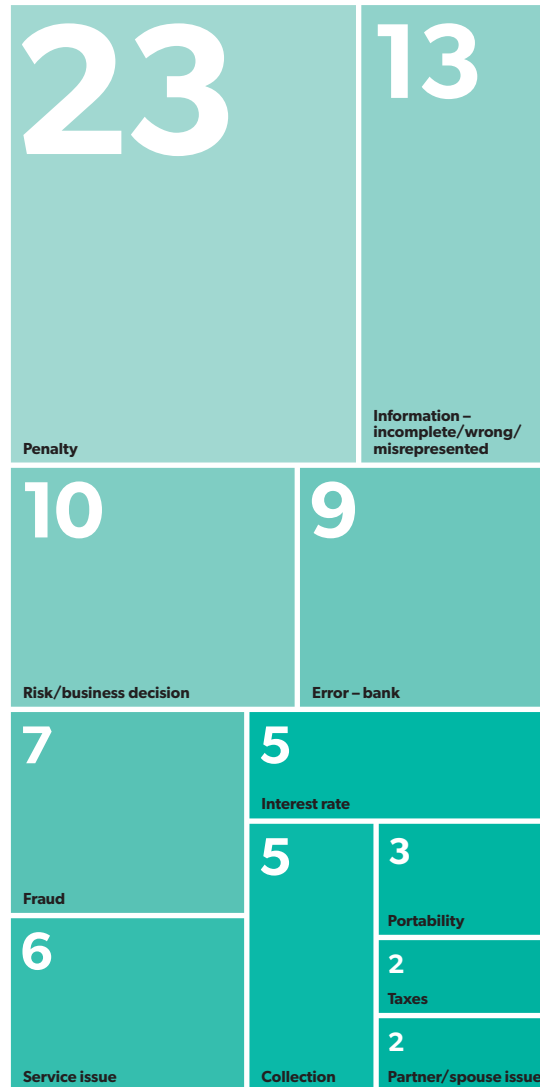
# Products and issues

This is a visual representation of the top five most complained about banking products during the year and the related issues. Each rectangle represents an issue and is nested with a corresponding product. The size of the issue rectangle is proportional to the number of complaints received in relation to the other issues. Please see page 29 for a full list.

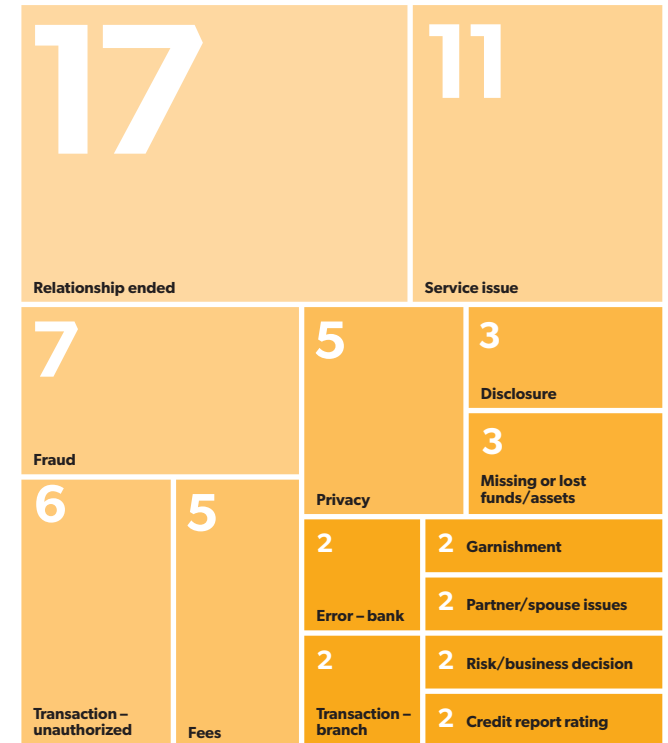
## Credit card



## Loan - Mortgage



## Transaction account - Personal



## Loan - Line of credit



## Debit card



Banking products	# of cases	% of cases
Credit Card	110	27%
Loan – Mortgage	89	21%
Transaction Account – Personal	76	18%
Loan – Line of Credit	23	6%
Investment – GIC/ Term Deposit	14	3%
Debit Card	14	3%
Transaction Account – Commercial	11	3%
Cheque	9	2%
Transaction Account – Joint	7	2%
Loan – Car	6	1%
Transaction Account – Estate	6	1%
Safety Deposit Box	6	1%
Transfer – Wire/ Swift	5	1%
Investment – Tax-Free Saving Account (TFSA/ CELI)	5	1%
Loan – Personal	5	1%
Loan – Commercial	3	1%
Cheque – Bank Draft	2	<1%

Banking products	# of cases	% of cases
Investment – RRSP	2	<1%
Other	2	<1%
Loan – Home Equity Loan	2	<1%
Transfer – Electronic	2	<1%
Loan – Other	2	<1%
Loan – Student	2	<1%
Transaction Account – In Trust	1	<1%
Investment – Brokerage Service	1	<1%
Insurance – Credit Protection	1	<1%
Insurance – Disability	1	<1%
Investment – RESP (REEE)	1	<1%
Cheque – Official	1	<1%
Investment – RRIF	1	<1%
Insurance – Life	1	<1%
Loan – Overdraft Protection	1	<1%
Common Shares	1	<1%
Investment – Principal-Protected Notes	1	<1%
Merchant Card Services	1	<1%
<b>Total</b>	<b>415</b>	<b>100%</b>

Note: percentages may not total 100 due to rounding.

Banking issues	# of cases	% of cases
Fraud	59	14%
Risk/Business Decision	33	8%
Service Issue	33	8%
Chargeback	33	8%
Information – Incomplete/ Wrong/ Misrepresented	26	6%
Error – Bank	25	6%
Relationship Ended	23	6%
Penalty	23	6%
Collection	21	5%
Interest Rate	15	4%
Transaction – Unauthorized	13	3%
Missing or Lost Funds/Assets	13	3%
Credit Report Rating	12	3%
Fees	11	3%
Disclosure	10	2%
Privacy	7	2%
Hold on Funds	6	1%
Partner/Spouse Issues	4	1%
Transaction – Branch	4	1%
Transaction – Unauthorized	4	1%
Claim Denied	3	1%
Portability	3	1%

Banking issues	# of cases	% of cases
Rewards	3	1%
Transaction – Online	2	<1%
Transaction – ABM	2	<1%
Misleading Publicity/ Promotion	2	<1%
Dementia/Mental Incapacity	2	<1%
Error – Client	2	<1%
Statement/ Passbook	2	<1%
Garnishment	2	<1%
Stop Payment	2	<1%
Transfer Delay	2	<1%
Taxes	2	<1%
Other	2	<1%
Forged Signature	1	<1%
Transaction – Direct Deposit	1	<1%
Amortization	1	<1%
Elder Abuse	1	<1%
Power of Attorney	1	<1%
Right of Survivorship	1	<1%
Cashback	1	<1%
Bankruptcy	1	<1%
Guarantor/ Security	1	<1%
<b>Total</b>	<b>415</b>	<b>100%</b>

Note: percentages may not total 100 due to rounding.

# Timeliness

**All banking-related cases were closed well within the federally regulated timelines. In 2018, banking-related investigations took 53 days on average to complete compared to 50 days on average in 2017. Complaints involving only federally regulated banks also took an average of 53 days.**

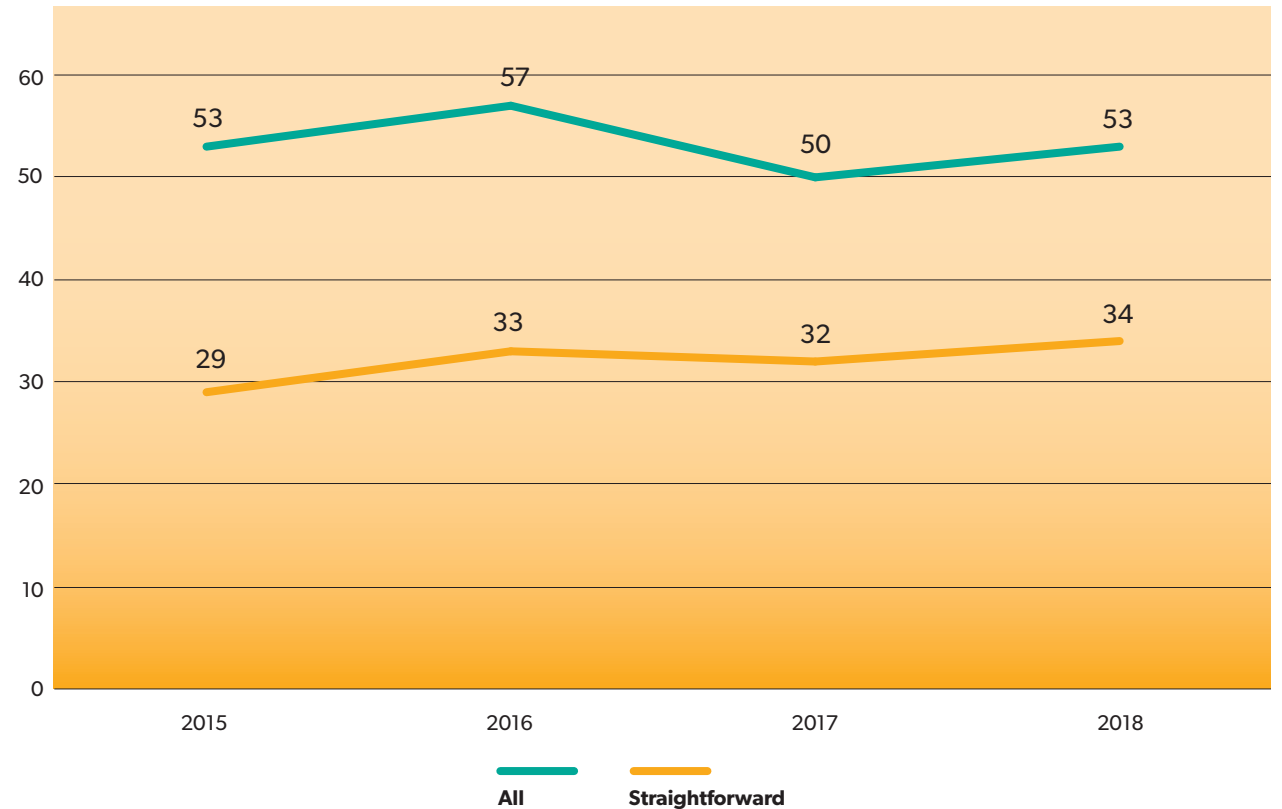
OBSI follows the federal government’s standards for the reporting of complaint resolution timeliness by external complaints bodies. These standards provide OBSI with 120 days to make a final written recommendation to the parties to a complaint after receiving the information that we require. The 120-day standard typically begins when an investigation is assigned – when all relevant information is collected – and ends when a final written conclusion is provided to the consumer and participating firms. External delays that are outside of OBSI’s control are factored into time measurements.

	Average number of days to close case file
Straightforward investigations*	34
All investigations	53

\*Straightforward investigations are typically less complex cases where a resolution may be reached more quickly.

# of days	# of closed cases	% of closed cases
≤120	417	100%
>120	0	0%

## Timeliness 2015—2018



# Opened cases by firm

## OBSI opened 415 banking cases this year, from 33 firms providing banking services.

When reviewing case numbers for each firm, it is important to note that a higher number of cases opened for a firm may not be a negative indication. Higher case volumes are generally unrelated to case outcomes and may simply be a result of the firm effectively informing consumers about OBSI's services.

We recommended monetary compensation in 99 cases and non-monetary compensation, such as an apology or restoration of a credit rating, in 11 cases. A recommendation may or may not be in favour of the consumer. The results of our consumer satisfaction surveys can be found on page 44.



### Why are these figures reported?

The Financial Consumer Agency of Canada (FCAC) sets out conditions that an external complaint body (ECB) must meet to maintain FCAC approval. As an approved ECB, OBSI is required to publish an annual report that includes:

- Complaints that it received
- Complaints that it determined were within its terms of reference
- Final recommendations that it made
- Complaints that, in its opinion, were resolved to the satisfaction of the persons who made them

### What does “resolved to the satisfaction of the complainant” mean?

Resolved to the satisfaction of the complainant captures the different case outcomes OBSI considers resolved to the satisfaction of the person making the complaint. These include:

- Monetary settlements where OBSI has found that the complaint merited some compensation, including monetary settlements where OBSI deemed a firm's original offer to be fair
- Non-monetary resolutions, such as a letter of apology, correcting a credit bureau record, or an explanatory letter to a client's creditors
- Settlements before an investigation where the firm and complainant come to a resolution before an investigation has formally begun

	<b>Firm size</b>	<b>Complaints received</b>	<b>Complaints deemed in mandate</b>	<b>Settlement before investigation</b>	<b>Opened cases</b>	<b>Final recommendations made</b>	<b>Original offer by the firm deemed fair</b>	<b>Complaint denied – within mandate</b>	<b>Resolved to the satisfaction of the complainant</b>
<b>What column categories mean</b>	Approximate size based on Canadian banking assets (millions) <sup>1</sup>	Documentation received, and preliminary mandate decision made	Detailed mandate analysis and decision made	Complaint resolved before investigation	All documents received from consumer and firm and case assigned to investigator	Number of cases closed after investigation	OBSI agrees with the firm's offer of compensation	No compensation recommended	For definition see page 31
Amex Bank of Canada	\$2,313	9	9	0	9	6	0	4	1
B2B Bank	\$11,403	2	2	0	2	3	0	3	0
Bank of China (Canada)	\$3,683	1	1	0	1	1	0	1	0
Bank of Montreal	\$774,048	76	70	0	62	59	10	39	17
Bank of Nova Scotia (The) <sup>2</sup>	\$998,493	169	158	3	154	169	14	116	34
Caisse populaire acadienne ltée (UNI)	\$4,217	2	2	0	2	3	0	2	1
Canadian Imperial Bank of Commerce	\$597,099	89	77	1	72	63	16	30	28
Canadian Tire Bank	\$6,168	4	4	0	3	3	0	2	1
Canadian Western Bank	\$29,021	1	1	0	1	1	0	1	1
Capital One Bank (USA), N.A.	\$7,946	44	40	0	37	33	9	16	16
CS Alterna Bank	\$828	1	1	0	1	0	0	0	0
Equitable Bank	\$23,662	4	4	0	4	4	0	2	0
HomeEquity Bank	\$3,409	3	2	0	2	3	0	2	0
HSBC Bank Canada	\$104,012	13	12	1	12	13	3	8	5
ICICI Bank Canada	\$6,480	3	3	0	2	1	0	1	0
Industrial and Commercial Bank of China (Canada)	\$1,928	1	1	0	1	1	0	1	0
JPMorgan Chase Bank, National Association	\$208	0	0	0	0	1	0	1	0
Laurentian Bank of Canada	\$45,895	12	12	1	12	8	0	6	2

<sup>1</sup>Canadian bank and trust assets as of Oct. 31, 2018 as reported by the Office of the Superintendent of Financial Institutions

<sup>2</sup>Final recommendations made includes 16 cases transferred to another external complaint body



	Firm size	Complaints received	Complaints deemed in mandate	Settlement before investigation	Opened cases	Final recommendations made	Original offer by the firm deemed fair	Complaint denied – within mandate	Resolved to the satisfaction of the complainant
<b>What column categories mean</b>	Approximate size based on Canadian banking assets (millions) <sup>1</sup>	Documentation received, and preliminary mandate decision made	Detailed mandate analysis and decision made	Complaint resolved before investigation	All documents received from consumer and firm and case assigned to investigator	Number of cases closed after investigation	OBSI agrees with the firm's offer of compensation	No compensation recommended	For definition see page 31
President's Choice Bank	\$3,590	4	4	0	4	4	3	1	3
SBI Canada Bank	\$1,119	1	1	0	1	1	0	1	0
Tangerine Bank <sup>2</sup>	\$39,782	28	24	0	19	23	3	13	8
Walmart Bank of Canada	\$1,235	3	3	0	3	5	0	4	1
<b>Trust Companies</b>									
Bank of Nova Scotia Trust Company (The)	\$107	1	1	0	1	1	0	0	0
Computershare Trust Company of Canada	\$231	0	0	0	0	1	0	0	0
Concentra Trust	\$17	1	1	0	1	1	0	0	0
Home Trust Company	\$17,976	4	3	0	3	3	1	2	2
TSX Trust	\$95	1	0	0	0	0	0	0	0
<b>Credit Unions<sup>3</sup></b>									
Affinity Credit Union	\$5,194	1	1	0	1	1	0	1	0
Christian Credit Union Ltd.	\$229	1	1	0	1	1	0	1	0
Conexus Credit Union	\$5,819	1	0	0	0	0	0	0	0
First Calgary Financial	\$4,505	0	0	0	1	1	0	0	1
North Valley Credit Union	NA	1	1	0	1	1	0	0	0
Servus Credit Union Ltd.	\$15,390	2	2	0	2	2	0	0	1
<b>Total</b>		<b>483</b>	<b>441</b>	<b>6</b>	<b>415</b>	<b>417</b>	<b>59</b>	<b>257</b>	<b>121</b>

<sup>1</sup>Canadian bank and trust assets as of Oct. 31, 2018 as reported by the Office of the Superintendent of Financial Institutions

<sup>2</sup>Final recommendations made includes 2 cases transferred to another external complaint body

<sup>3</sup>2017 credit union assets as publicly reported

## Year in review:

# Investments

**Investment complaints decreased slightly from 351 cases opened in 2017 to 345 in 2018.**

In 2018 there were 139 mutual fund complaints, representing 40% of all investment complaints compared to 36% in 2017. Common shares (equities) continued to represent 38% of investment related complaints, the same as in 2017, but moved from the number one investment related complaint to number two. Scholarship trust plans represented 5% of complaints, down from 9% in 2017.

**345** opened cases

**2%** decrease in cases opened from 2017

**325** closed cases

**72** days on average to complete an investigation

**\$21,698** average compensation

### Top products & issues

- **Common share suitability**
- **Mutual fund fee disclosure**
- **Mutual fund suitability**



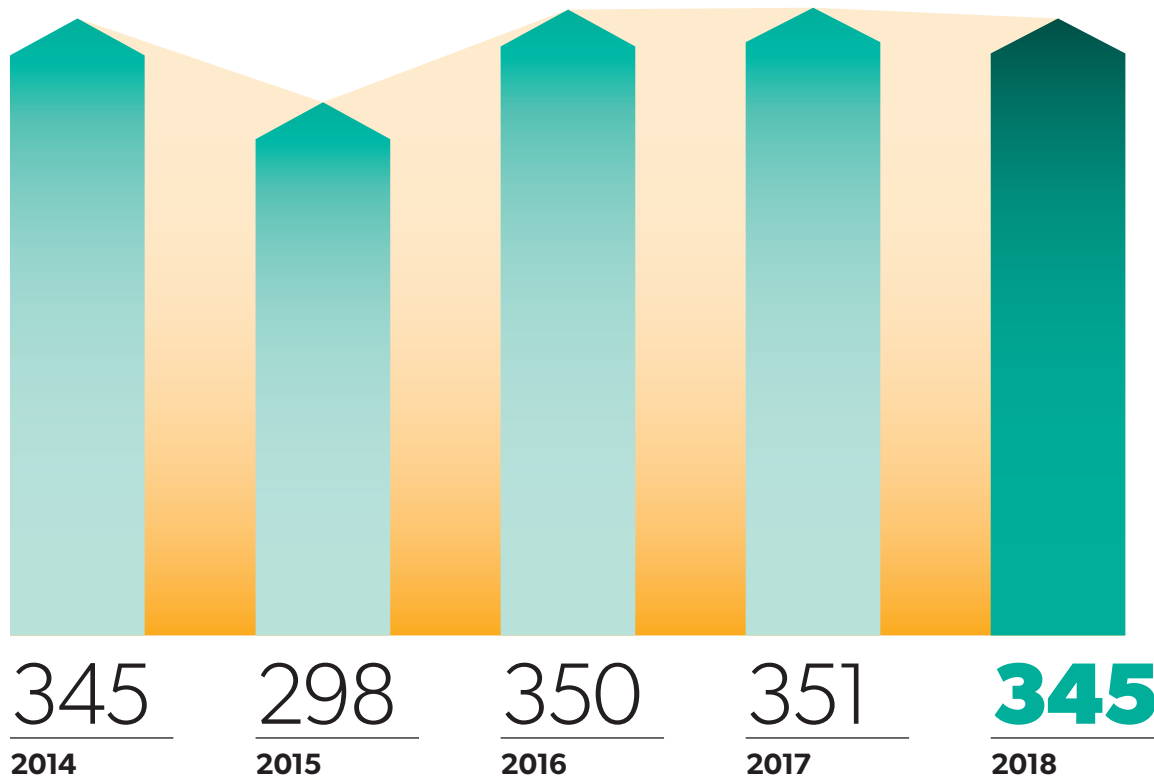
# Cases

**The leading investment issue across products was suitability of the investment at 26%.**

Fee disclosure was the next most frequent issue at 15%. Each issue was on par with the share of complaints reported in 2017. Incomplete or inaccurate disclosure about

a product represented 10% of complaints in 2018, up slightly from 9% in 2017. The number of investment cases closed in 2018 was 325, compared to 382 in 2017.

## Opened cases



Incomplete or inaccurate disclosure about a product represented 10% of complaints in 2018, up slightly from 9% in 2017.

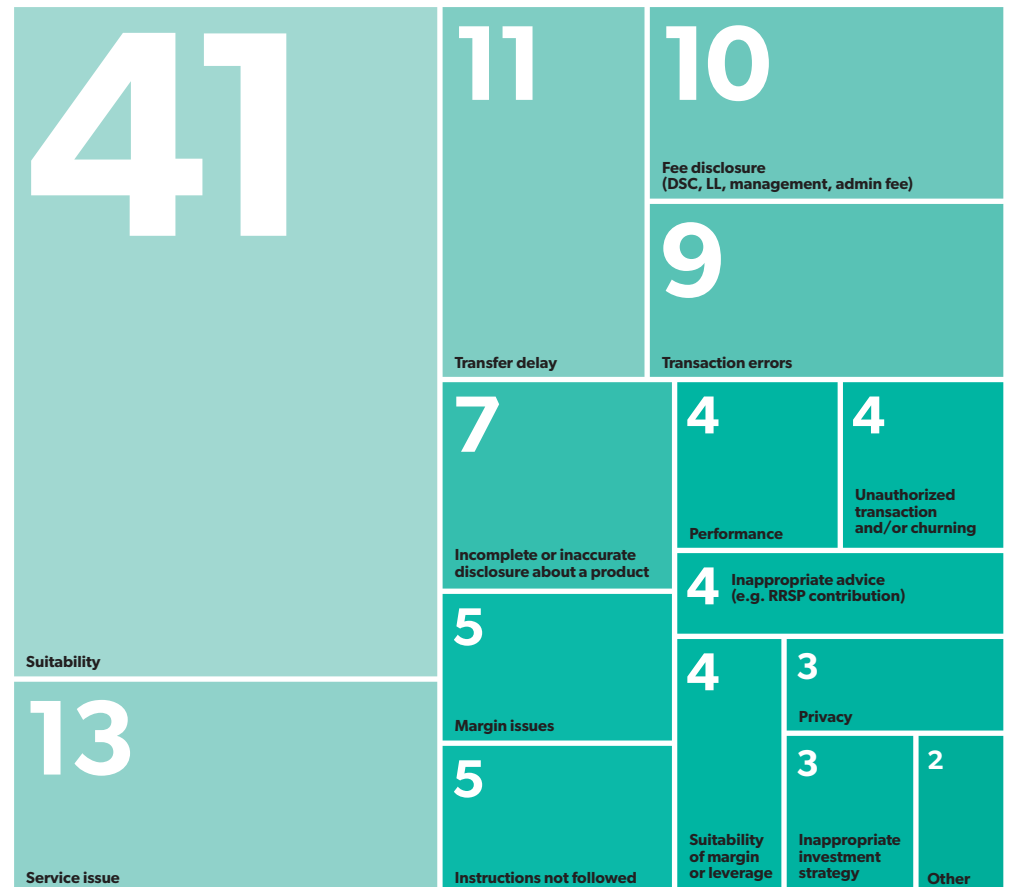
# Products and issues

This is a visual representation of the top five most complained about investment products during the year and the related issues. Each rectangle represents an issue and is nested with a corresponding product. The size of the rectangle is proportional to the number of complaints received in relation to the other top five issues. Single cases have not been included. Please see page 37 for a full list.

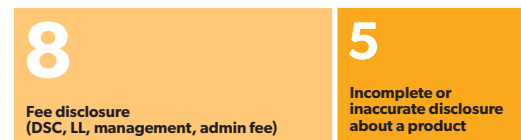
## Mutual funds



## Common shares



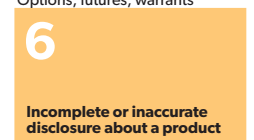
## Scholarship trust plans



## Other



## Derivatives: Options, futures, warrants



Investment products	# of cases	% of cases
Mutual Funds	139	40%
Common Shares	127	37%
Scholarship Trust Plans	16	5%
Other	11	3%
Derivatives: Options, Futures, Warrants	10	3%
Preferred Shares	6	2%
Exchange-Traded Fund (ETF)	6	2%
Bonds, Debentures	4	1%
Investment Funds	4	1%
Principal-Protected Notes (PPNs)	3	1%
Limited Partnerships (Flow-Throughs)	3	1%
Leveraged Exchange-Traded Funds	2	1%
Private Placement Debt Securities	2	1%
Mortgage Investment Entities (MIE)	2	1%
Income Trusts	2	1%
Guaranteed Investment Certificates (GICs)	2	1%
Segregated Funds and Other Insurance Products	2	1%
Private Placement Equity Securities (Funds, Preferred or Common Shares)	1	<1%
Hedge Funds	1	<1%
Return of Capital Structured Products	1	<1%
Linked Notes	1	<1%
<b>Total</b>	<b>345</b>	<b>100%</b>

Note: percentages may not total 100 due to rounding.

Investment issues	# of cases	% of cases
Suitability	91	26%
Fee Disclosure (DSC, LL, Management, Admin Fee)	51	15%
Incomplete or Inaccurate Disclosure About a Product	36	10%
Service Issue	22	6%
Inappropriate Advice (e.g. RRSP Contribution)	21	6%
Suitability of Margin or Leverage	19	6%
Transfer Delay	18	5%
Transaction Errors	17	5%
Instructions Not Followed	16	5%
Unauthorized Transaction and/or Churning	12	3%
Performance	10	3%
Margin Issues	7	2%
Other	6	2%
Inappropriate Investment Strategy	5	1%
Outside Business Activities, Off Book Transaction	5	1%
Privacy	4	1%
Fraud (Theft/Forgery)	3	1%
Power of Attorney	1	<1%
Elder Abuse	1	<1%
<b>Total</b>	<b>345</b>	<b>100%</b>

Note: percentages may not total 100 due to rounding.

# Timeliness

**OBSI’s benchmarks for investment complaint timeliness are different than those for banking complaints because investment complaints are often more complex and time-consuming to investigate. As a result, different standards are set for each sector.**

OBSI’s timeliness standard for investment-related complaints is that 80% of investment cases will be closed in 180 days.

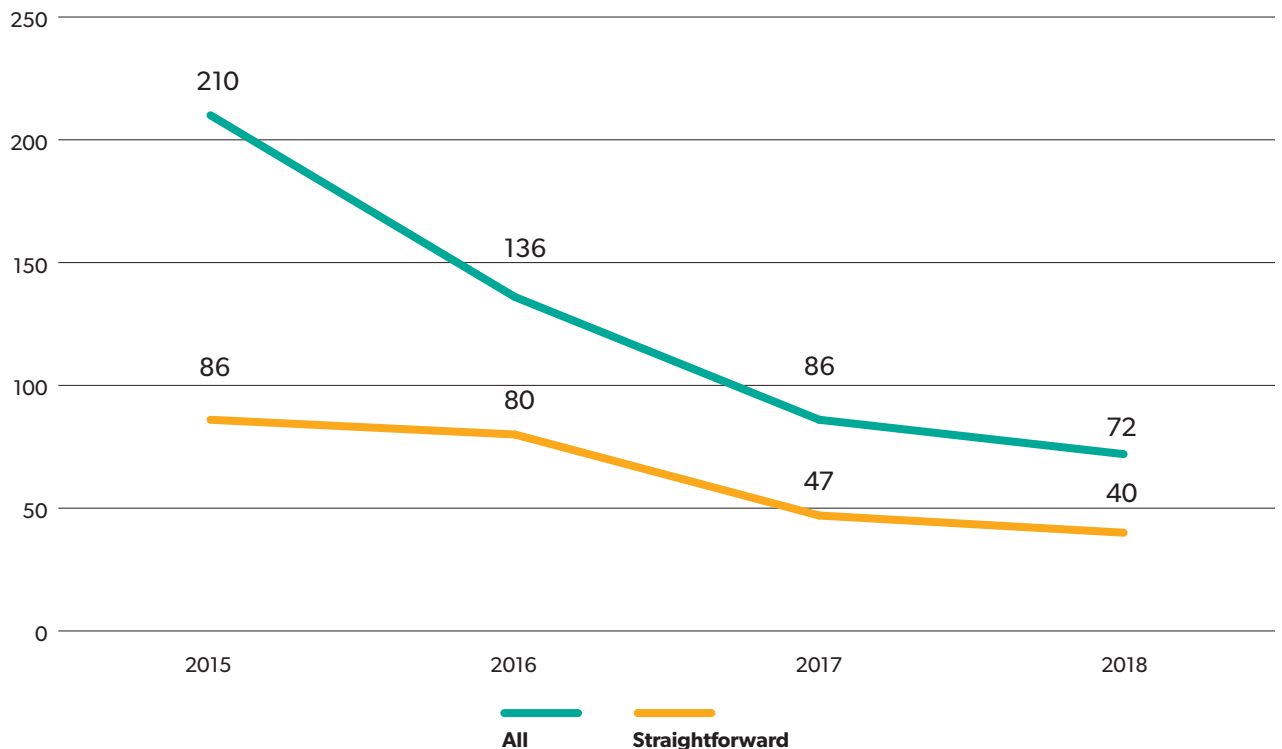
Timeliness is measured from the date OBSI assigns an investigation and ends when a final written conclusion is provided to the consumer and participating firm. External delays that are outside of OBSI’s control are factored into time measurements.

	Average number of days to close case file
Straightforward investigations*	40
All investigations	72

\*Straightforward investigations are typically less complex cases where a resolution may be reached more quickly.

# of days	# of closed cases	% of closed cases
≤180	321	99%
>180	4	1%

## Timeliness 2015-2018



# Opened cases by firm

## OBSI opened 345 investment cases this year, from 90 investment firms.

When reviewing case numbers for each firm, it is important to note that a higher number of cases opened for a firm may not be a negative indication.

Higher case volumes are generally unrelated to case outcomes and may simply be a result of the firm effectively informing consumers about OBSI's services.

Clear and frequent disclosure of OBSI's services is one example, as is encouragement for clients to come to OBSI so that they have the benefit of an independent third party confirming the firm treated them fairly.

Firm	# of opened cases	# of cases closed	Outcome in favour of complainant <sup>1</sup>
Acumen Capital Finance Partners Limited	1	1	0
Aligned Capital Partners Inc.	2	2	1
Assante Capital Management Ltd.	1	1	0
BBS Securities Inc.	1	1	0
BMO InvestorLine Inc.	7	6	2
BMO Nesbitt Burns Inc.	9	9	3
Brant Securities Limited	2	2	0
Canaccord Genuity Corp.	5	6	2
Chippingham Financial Group Limited	0	1	1
CIBC Investor Services Inc.	4	5	0
CIBC World Markets Inc.	20	16	8
CMC Markets Canada Inc.	1	0	0
Credential Qtrade Securities Inc.	1	0	0
Credential Securities Inc.	4	4	3
Desjardins Securities Inc.	2	3	0
Dundee Securities Ltd.	1	0	0
Edward Jones	5	2	1
Foster & Associates Financial Services Inc.	1	1	1
Global Maxfin Capital Inc.	1	1	1
Hampton Securities Limited	1	0	0

Firm	# of opened cases	# of cases closed	Outcome in favour of complainant <sup>1</sup>
Haywood Securities Inc.	0	1	1
HSBC Securities (Canada) Inc.	2	0	0
Industrial Alliance Securities Inc.	2	4	2
Interactive Brokers Canada Inc.	5	6	1
Investors Group Securities Inc.	1	0	0
IPC Securities Corporation	0	1	0
Kingsdale Capital Markets Inc.	1	1	0
Laurentian Bank Securities Inc.	1	1	1
Mackie Research Capital Corporation	3	3	3
Manulife Securities Incorporated	5	4	1
National Bank Financial Inc.	10	10	1
OANDA (Canada) Corporation ULC	1	2	1
PI Financial Corp.	3	2	1
Qtrade Securities Inc.	0	1	0
Questrade, Inc.	4	4	1
R.J. O'Brien & Associates Canada Inc.	1	0	0
Raymond James Ltd.	6	7	5
RBC Direct Investing Inc.	1	4	1
RBC Dominion Securities Inc.	7	9	4
Retire First Ltd.	1	0	0

<sup>1</sup>May include instances where the firm's offer was reinstated.

Firm	# of opened cases	# of cases closed	Outcome in favour of complainant <sup>1</sup>
Richardson GMP Limited	11	10	4
Scotia Capital Inc.	30	28	16
TD Waterhouse Canada Inc.	21	23	9
<b>IIROC</b>	<b>185</b>	<b>182</b>	<b>75</b>
BMO Investments Inc.	5	4	1
Canfin Magellan Investments Inc.	1	1	0
CIBC Securities Inc.	2	1	0
Credential Asset Management Inc.	2	1	0
Desjardins Financial Security Investments Inc.	1	2	0
Desjardins Financial Services Firm Inc.	1	1	1
Fiera Capital Funds Inc.	0	1	1
FundEX Investments Inc.	8	7	3
Global Maxfin Investments Inc.	2	3	3
HSBC Investment Funds (Canada) Inc.	3	2	1
HUB Capital Inc.	1	1	1
Investia Financial Services Inc.	5	3	0
Investors Group Financial Services Inc.	29	25	17
IPC Investment Corporation	2	4	2
Keybase Financial Group Inc.	3	4	2
Manulife Securities Investment Services Inc.	5	2	1
Monarch Wealth Corporation	2	2	0
National Bank Investments Inc.	0	1	1
PFSL Investments Canada Ltd.	1	1	1
Portfolio Strategies Corporation	4	2	1
Quadrus Investment Services Ltd.	3	3	3
Royal Mutual Funds Inc.	12	9	4
Scotia Securities Inc.	4	7	1
Sentinel Financial Management Corp.	0	1	1
Shah Financial Planning Inc.	1	0	0

<sup>1</sup> May include instances where the firm's offer was reinstated.

Firm	# of opened cases	# of cases closed	Outcome in favour of complainant <sup>1</sup>
Sun Life Financial Investment Services (Canada) Inc.	1	0	0
TD Investment Services Inc.	12	5	3
TeamMax Investment Corp.	2	2	2
WFG Securities Inc.	2	2	1
Worldsource Financial Management Inc.	1	0	0
<b>MFDA</b>	<b>115</b>	<b>97</b>	<b>51</b>
1832 Asset Management L.P.	2	3	1
AGF Investments Inc.	1	1	0
Bristol Gate Capital Partners Inc.	0	1	0
Chartwell Asset Management Inc.	1	1	0
Fidelity Investments Canada ULC	1	0	0
Gold Investment Management Ltd.	2	2	0
Growth Works Capital Ltd.	1	1	0
Horizons ETFs Management (Canada) Inc.	3	3	0
Invesco Canada Ltd.	1	1	0
MacNicol & Associates Asset Management Inc.	1	0	0
Meckelborg Financial Group Ltd.	0	1	0
RBC Global Asset Management Inc.	2	1	0
STYLUS Asset Management Inc.	1	0	0
TD Waterhouse Private Investment Counsel Inc.	2	0	0
Wealthsimple Inc.	1	1	0
<b>Portfolio manager</b>	<b>19</b>	<b>16</b>	<b>1</b>
Sun Life Global Investments (Canada) Inc.	1	0	0
<b>Restricted portfolio manager</b>	<b>1</b>	<b>0</b>	<b>0</b>
Becksley Capital Inc.	2	2	0
Pinnacle Wealth Brokers Inc.	3	3	1



<b>Firm</b>	<b># of opened cases</b>	<b># of cases closed</b>	<b>Outcome in favour of complainant<sup>1</sup></b>
Raintree Financial Solutions Inc.	2	1	0
Tri View Capital Ltd.	1	1	0
WealthTerra Capital Management Inc.	1	1	0
<b>EMD</b>	<b>9</b>	<b>8</b>	<b>1</b>
C.S.T. Consultants Inc.	4	3	1
Children's Education Funds Inc.	4	5	2
Global RESP Corporation	1	1	0
Heritage Education Funds Inc.	5	10	6
Knowledge First Financial Inc.	2	3	2
<b>Scholarship plan dealer</b>	<b>16</b>	<b>22</b>	<b>11</b>
<b>Total</b>	<b>345</b>	<b>325</b>	<b>139</b>

<sup>1</sup>May include instances where the firm's offer was reinstated.



# Case outcomes

## OBSI works with consumers and participating firms to arrive at fair and reasonable outcomes.

If an investigation finds that a participating firm acted unfairly, made a mistake, or gave bad advice, OBSI will recommend the firm compensate the consumer or investor for any loss, damage, or harm up to \$350,000. OBSI may also recommend non-monetary compensation when appropriate, such as correcting a mistake made to a credit history.

If OBSI concludes that the consumer or investor was treated fairly, or the compensation previously offered by the firm is fair, a clear explanation of the findings will be provided to the consumer or investor. In accordance with OBSI's Terms of Reference, the name of any firm that refuses a recommendation will be made public.

## Monetary compensation

In 2018,

**24%**

of banking complaints  
(99 of 417) ended with  
monetary compensation.

**42%**

of investment complaints  
(135 of 325) ended with  
monetary compensation.

**Total compensation  
in 2018**

**3,408,620**

There were no refusals by any participating firm of an OBSI recommendation in 2018.



# Monetary compensation

	Total	Average	Median	Lowest	Highest	# of case files
Banking	\$479,415	\$4,841	\$778	\$50	\$148,500	99
Investments	\$2,929,205	\$21,698	\$4,238	\$50	\$350,000	135
<b>Total Combined</b>	<b>\$3,408,620</b>					

# Non-monetary compensation

In 2018, we recommended non-monetary compensation in 11 banking services cases and 3 investment cases. Non-monetary compensation can be a letter of apology, restoring a product or service, correcting a credit bureau record or explanatory letters to a client's creditors.

## Issues affecting multiple consumers

### A financial services ombudsman is uniquely positioned to identify issues affecting multiple consumers in the Canadian financial services sector.

OBSI does not investigate issues affecting those who have not complained to us (known as "systemic issues" by regulators). However, we are required to report them to our regulators:

- Financial Consumer Agency of Canada (FCAC) – any banking issue that may impact multiple customers or have market-wide implications; and
- Canadian Securities Administrators (CSA) – any issues that appear likely to have significant regulatory implications, including those that may affect multiple clients of one or more registered firms.

### Issues reported in 2017 and 2018 included:

- The proposed winding up of a mid-sized investment firm with multiple outstanding consumer complaints relating to suitability, disclosure, misrepresentation and mismanagement.
- The provision of merchant services to companies known to be selling illegal and often fraudulent binary option investments to Canadians.
- A lack of fairness in the mandatory dispute resolution processes of a payment service provider for consumer chargeback requests.
- One firm's repeated disregard for the OBSI dispute resolution process and demonstration of a hostile unwillingness to settle multiple cases where compensation was clearly warranted.
- Inadequate disclosure with respect to the penalties which would result from a failure to continue contributions in a widely sold scholarship trust plan.
- One firm's repeated failure to return enrollment fees upon the maturity of a RESP product as promised in the product's original marketing materials.
- A firm's unilateral introduction of fees without explicit consumer consent on a line of credit product that had been marketed as a no-fee product.

# Consumer and firm feedback

A man with a beard and grey hair, wearing a grey sweater, is shown in profile, looking out over a cityscape. The background is a bright, sunny day with a blue sky and some greenery. The man is positioned on the right side of the frame, looking towards the left.

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**As part of our commitment to continuously improve our services, OBSI requests feedback from consumers and participating firms who have had a complaint handled by us.**

Surveys are sent to consumers approximately 30 days after an investigation is closed.

# Consumer feedback

The chart shows the level of satisfaction consumers reported having with OBSI's services based on whether consumers were satisfied with the outcome of their case or not. There is a strong correlation between higher satisfaction and receiving compensation.

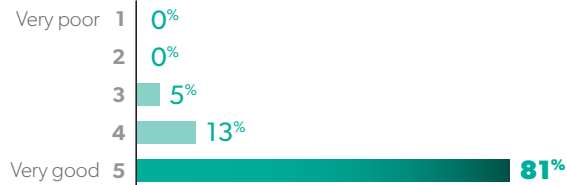
OBSI received 263 responses to the consumer survey, representing about 35% of cases closed during the year. Of these respondents, 29% were either very satisfied or somewhat satisfied with the outcome of their case and 71% reported not being satisfied with their case outcome. Survey results are reviewed by our management teams to identify areas for improvement and better understand the concerns of OBSI's consumers.

## Highlights

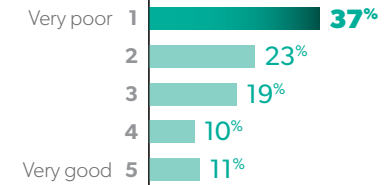
- Almost 30% found out about OBSI through their own online research.
- Most consumers indicated that it was easy to find out about OBSI services and to contact us.
- About 11% of consumers submitted a complaint on behalf of someone else.

## Satisfied with case outcome

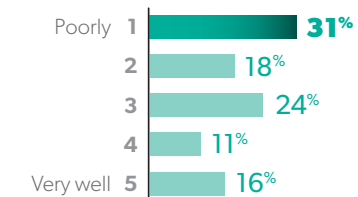
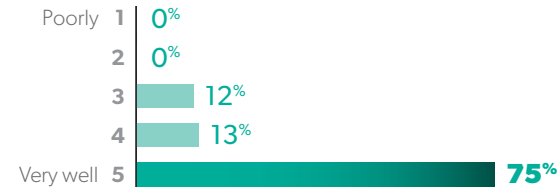
### Quality of service



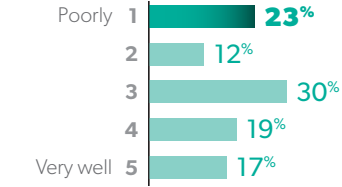
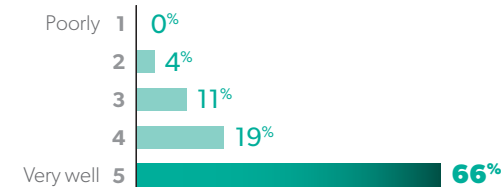
## Dissatisfied with case outcome



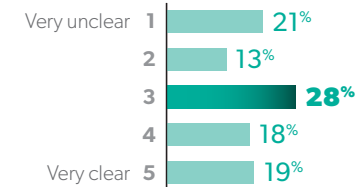
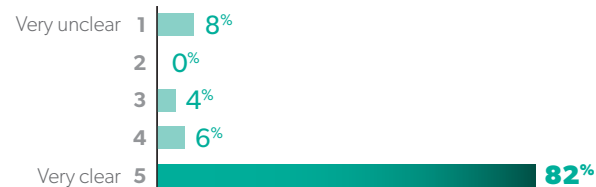
### How well did OBSI staff understand your problem or complaint?



### How well were you kept informed of the status of the complaint?



### Was OBSI's final written conclusion or recommendation clear?



Note: percentages may not total 100 due to rounding.

	Yes	No
Were you able to lodge your complaint in the official language of your choice?	98%	2%
	100%	0%
Did OBSI provide services to you free of charge?	99%	1%
	99%	1%
Were you provided with information on the complaint handling procedures and Terms of Reference?	86%	14%
	99%	1%
Did OBSI help you to understand the complaint process and/or OBSI's Terms of Reference?	74%	26%
	92%	8%
Did OBSI provide you with a final written conclusion or recommendation?	88%	12%
	93%	7%

	Very poorly	Somewhat poorly	Adequate	Somewhat well	Very well
How well did OBSI staff understand your problem or complaint?	33%	14%	20%	10%	24%
	14%	13%	21%	13%	39%

	Very unclear	Somewhat unclear	Adequate	Somewhat clear	Very clear
Was OBSI's final written conclusion or recommendation clear?	21%	11%	27%	14%	27%
	15%	8%	17%	15%	45%

Note: percentages may not total 100 due to rounding.

# Participating firm feedback

## Each year, OBSI solicits feedback from participating firms using a standardized electronic survey.

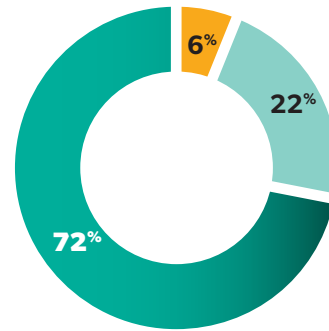
In 2018, we sent surveys to 228 participating firms. This included all firms that had a complaint handled by us during the year and all federally regulated banks, regardless of whether we had handled a complaint over the course of the year. The overall response rate was about 30%.

Aggregate survey results are reviewed by our management teams to identify areas for improvement and better understand the concerns of OBSI's participating firms. The feedback this year was positive and many firms have commented on the professionalism and quality of work of our staff. Preliminary assessment of the results indicates the need for continued work on keeping firms informed on the progress of an investigation.

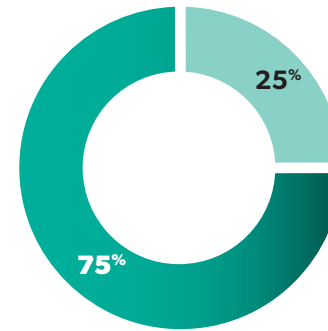
## Banking services: Overall service index



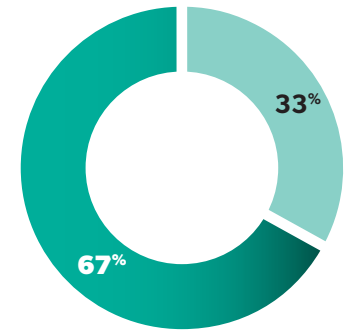
OBSI's staff was courteous and professional.



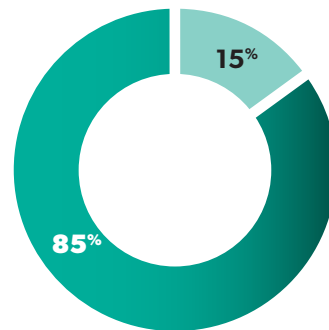
OBSI's staff promptly answered our firm's questions.



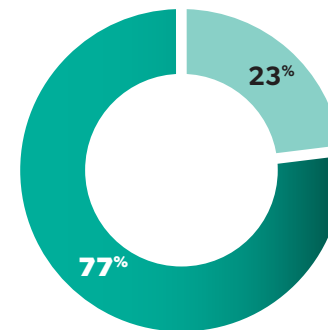
OBSI's staff clearly explained the complaint-handling process.



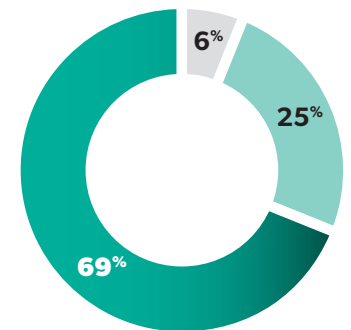
OBSI's staff kept our firm informed during all stages of the complaint process.



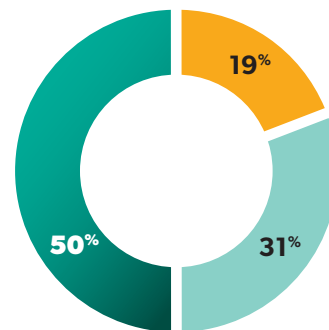
OBSI's staff was effective in providing a resolution for our client's complaint(s).



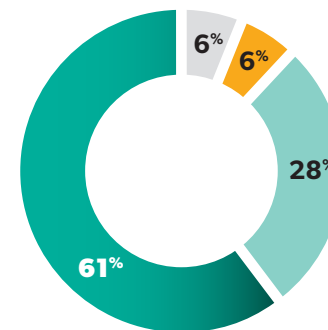
OBSI added value to our firm's complaint-handling process.



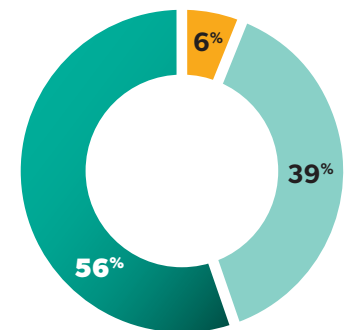
OBSI's staff clearly explained our firm's membership fee.



It was easy to contact OBSI for membership-related inquiries.

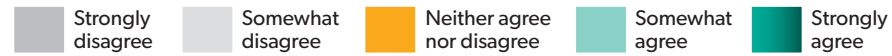


OBSI's staff kept our firm appropriately informed on important developments concerning OBSI policy.



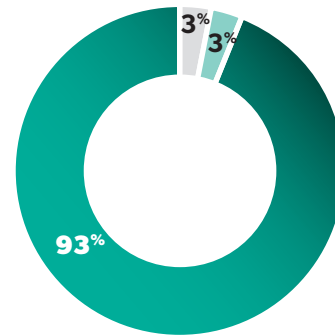
Note: percentages may not total 100 due to rounding.

## Investments: Overall service index

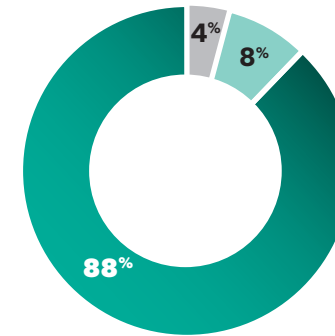


Preliminary assessment of the results indicates the need for continued work on keeping firms informed on the progress of an investigation.

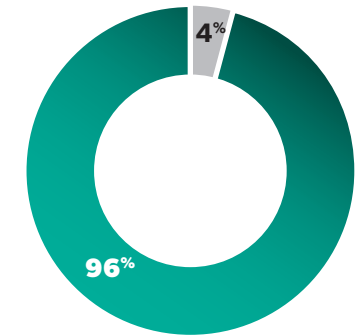
**OBSI's staff was courteous and professional.**



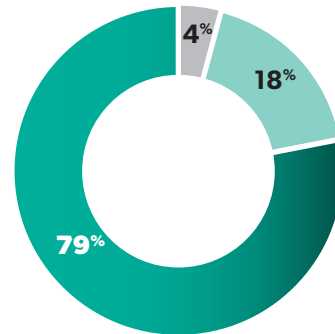
**OBSI's staff promptly answered our firm's questions.**



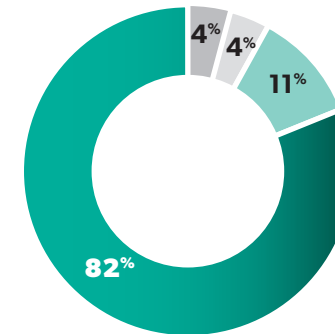
**OBSI's staff clearly explained the complaint-handling process.**



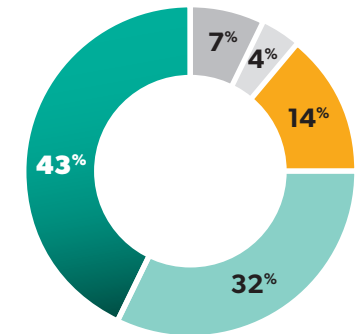
**OBSI's staff kept our firm informed during all stages of the complaint process.**



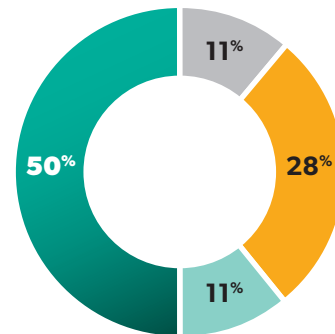
**OBSI's staff was effective in providing a resolution for our client's complaint(s).**



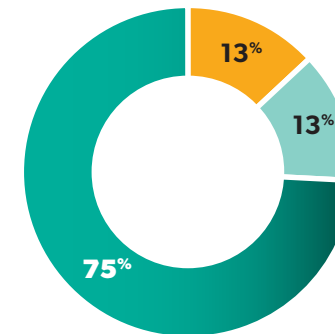
**OBSI added value to our firm's complaint-handling process.**



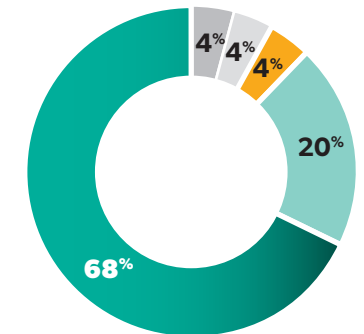
**OBSI's staff clearly explained our firm's membership fee.**



**It was easy to contact OBSI for membership-related inquiries.**



**OBSI's staff kept our firm appropriately informed on important developments concerning OBSI policy.**



Note: percentages may not total 100 due to rounding.



## Additional firm feedback

Banking services Investments

	Yes	No	Somewhat
OBSI dealt promptly with complaints concerning our firm.	92%	0%	8%
	90%	3%	7%

Note: percentages may not total 100 due to rounding.

	Yes	No
OBSI provided a final written conclusion or recommendation within 120 days for all banking-related complaints or 180 days for all investment-related complaints.	100%	0%
	96%	4%
OBSI staff who investigated the complaint(s) were knowledgeable about applicable laws and regulations.	100%	0%
	90%	10%
OBSI staff demonstrated a good understanding of our firm's applicable policies.	100%	0%
	86%	14%
OBSI's final written conclusions or recommendations were written in clear, simple, and not misleading language.	100%	0%
	97%	3%
OBSI followed its Terms of Reference and its procedures for dealing with complaints.	100%	0%
	96%	4%

Note: percentages may not total 100 due to rounding.



# Governance

## **OBSI's 10-member board continues to play an important role in providing oversight.**

A majority of the directors (seven), including the chair, are from the community, and are independent as they have not been part of industry or government for at least two years. A minority of the directors (three) are appointed from shortlists of nominees provided by industry bodies. Board renewal is an important part of OBSI's governance framework. This year, OBSI welcomed a new chair and three new community directors, who come from across Canada, bringing a diversity of skills and experience from both the public and private sectors.



# Independence

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**Independence is fundamental to OBSI's governance. Beyond the composition of the board, further important safeguards of OBSI's independence are in place.**

Votes on key independence questions are not only decided by a majority of votes cast by all directors present at the meeting but also require a majority of the community directors present. These key independence questions include such matters as the hiring and evaluation of the Ombudsman, the budget and changes to OBSI's Terms of Reference.

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Every search for new board members balances diversity, geography and the need for a variety of backgrounds and skills. Collectively, the directors have experience in governance, business, law, accounting, consumer and regulatory affairs, economics, community organizations, dispute resolution, and public service. Performance reviews of the board and board chair are conducted every two years. Strict rules prohibit the board and individual directors from becoming involved with individual complaints. The final decision concerning complaints rests with the Ombudsman. There is no appeal to the board, nor can the board influence the decisions of the Ombudsman.

# Director compensation

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**Community directors receive a \$10,000 honorarium per year, with the chair of the board receiving an additional \$40,000 annually and committee chairs receiving an additional \$4,000 annually.**

Community directors also receive \$1,800 for every day of meeting they attend (or \$750 if attending by teleconference). Any travel or preparation time is included in the above amounts and is not compensated further. Industry-nominated directors do not receive any compensation from OBSI.

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# Board of Directors



## **Jim Emmerton**

LL.B , Chair

Mr. Emmerton retired in June 2015 having served as the Executive Director of the British Columbia Law Institute (BCLI) and the Canadian Centre for Elder Law, from 2007. He is a community director of OBSI and was previously a member of the OBSI Consumer and Investor Advisory Council.

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## **Catherine Adams**

MBA<sup>1</sup>

Ms. Adams is a retired financial services executive with over 30 years' experience in business strategy, product management, marketing, distribution and finance. Her executive roles have been both domestic and international with her last role based in Trinidad. Ms. Adams is the board liaison for OBSI's Consumer and Investor Advisory Council.

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## **Rick Annaert**

CPA, CMA,  
(MFDA nominee)<sup>2</sup>

Mr. Annaert is the Senior Vice President, Advisory Services, Manulife, and President and CEO of Manulife Securities. Mr. Annaert has more than 30 years' experience in financial services, including insurance, mutual funds, bank and trust companies.



## **Carmela Haines**

CPA, CA<sup>2</sup>

Ms. Haines is the Vice-President, Finance & Administration with Access Communications Co-operative Limited and is currently an audit committee member of the Canadian Communications Systems Alliance. Ms. Haines has served as a chair of the board and audit committee for the Regina & District Food Bank. She has also served as council member and audit committee chair for the Institute of Chartered Accountants of Saskatchewan.

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## **Bharat Mahajan**

CPA, CA<sup>2</sup>

Mr. Mahajan is the Chief Financial Officer of Daseke, Inc. Previously, he served as the Chief Financial Officer and Vice President of Finance of Aveda Transportation and Energy Services Inc., one of the largest oil rig moving companies in North America. Mr. Mahajan serves as a community member of the Board of Directors of OBSI. He is also the Chair of the OBSI Finance and Audit Committee.

<sup>1</sup>Governance and Human Resources Committee member

<sup>2</sup>Finance and Audit Committee member



## Norah McCarthy

(CBA nominee)<sup>2</sup>

Ms. McCarthy leads CIBC's Retail Transaction Fraud and Collections teams. Ms. McCarthy has over 25 years of experience in Financial Services, primarily in Wealth Management and Retail Banking and most recently was CIBC's Chief Privacy Officer and Ombudsman.



## Janis Riven

LL.B, BCL, MBA<sup>1</sup>

Ms. Riven, based in Montreal, has an established consulting practice on governance and compliance matters with clients encompassing publicly listed and closely held companies, as well as various types of not-for-profits, and is Adjunct Professor at the John Molson School of Business, Concordia University, where she teaches Corporate Governance. She is a well-known speaker in Canada and abroad at conferences on corporate governance, and has acted as a facilitator for boards and board committees of a number of different organizations seeking to improve their governance effectiveness. Ms. Riven has extensive board experience and currently is a member of the board of the Facility Association and the Chartered Secretaries Canada (Quebec Council). Ms. Riven is also the Chair of the Governance and Human Resources Committee at OBSI.

<sup>1</sup>Governance and Human Resources Committee member

<sup>2</sup>Finance and Audit Committee member



## Ronald Smith

FCPA, FCA, ICD.D<sup>1</sup>

Mr. Smith has been a Director and Chair of the Audit Committee of Alamos Gold Inc. since 2009. He has served on numerous boards and audit committees over the past 30 years. He was the Senior Vice President and CFO of Emera Inc., a publicly-traded energy company, and brings significant experience from the fields of finance, human resources and management consulting.



## Scott Stennett

(IIROC nominee)<sup>1</sup>

Mr. Stennett is the Chief Operating Officer and a Director for Richardson GMP Limited. He is a member of the firm's Executive Committee and New Product Review Committee and is chair of the Joint Operating Committee.



## Laura Tamblyn Watts

LL.B<sup>1</sup>

Ms. Tamblyn Watts is a lawyer and researcher who focuses on elder law, law reform and social inclusion. She is Senior Fellow at the Canadian Centre for Elder Law and its past National Director. She teaches at the University of Toronto, where she is a Fellow of the Institute for Life Course and Aging. Ms. Tamblyn was also previously a member of the OBSI Consumer and Investor Advisory Council.

# Board attendance

	Dec 5, 2017	Feb 27, 2018	Jun 5, 2018	Sep 20, 2018
Catherine Adams	✓	✓	✓	✓
Rick Annaert*	NA	✓	✗	✓
Fernand Belisle**	✓	NA	NA	NA
Jim Emmerton	✓	✓	✓	✓
Stephen Gaskin**	✓	✗	✓	NA
Carmela Haines	✓	✓	✓	✓
Bharat Mahajan	✓	✓	✓	✓
Kevin Regan**	✓	NA	NA	NA
Janis Riven	✓	✓	✓	✓
Ron Smith*	NA	✓	✓	✓
Scott Stennett	✗	✓	✓	✓
Laura Tamblyn Watts	✓	✓	✓	✓

\*Nominated February 2018

\*\*Term ended 2018 Annual General Meeting

# Board committees

## Governance and Human Resources Committee

The Governance and Human Resources Committee assists the board on matters of corporate governance and relations with OBSI's stakeholders, including government. The committee also fulfills an oversight role relating to human resources policies and compensation matters.

### 2018 activities included:

#### Bylaw changes to the Chair term

OBSI directors often serve on the board for several years. The by-laws permitted a maximum term limit of eight years. However, if a director is appointed as chair towards the end of that maximum term, the previous term limit meant that they may only be able to act as chair for a limited term. Given the important role of the chair, it was decided to change the chair term to increase flexibility and permit a chair to serve for at least three years.

#### Development of terms of reference for the Chair

In keeping with best practices in the not-for-profit sector, the committee developed terms of reference for the chair position. The terms of reference help to ensure the chair has good line of sight to the responsibilities of the role and assists in performance review and for identifying future candidates.

#### Consumer and Investor Advisory Council (CIAC) renewal project

The CIAC plays an important role supporting the Board of Directors. This year, a number of long-serving members were leaving the council, creating the opportunity to revisit the statement of expectations and identify new members to represent consumer and investor views.

#### Enhanced orientation and education program for new directors

To help directors as they start in their roles, new program was developed to ensure they had a strong foundational knowledge of OBSI's operations and as well as their own governance responsibilities.

#### Search for new industry directors

Board renewal is an important and ongoing focus for the committee. This year, the committee replaced and appointed new industry directors from the Investment Industry Regulatory Organization of Canada (IIROC) and the Canadian Bankers Association (CBA).

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## Finance and Audit Committee

The Finance and Audit Committee provides oversight of financial reporting and control activities for the board. The committee also oversees OBSI's defined contribution pension plan, receives the report of the external auditor, and ensures OBSI's compliance with its legal, regulatory and contractual obligations.

### 2018 activities included:

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#### Review of financial statements

Every quarter, the committee reviews the unaudited quarterly statements of revenue, expenses and the balance sheet prepared by senior management. The committee members discuss any variances from the budget with senior management at the quarterly committee meetings. When the audited financial statements are prepared after year-end, the committee meets with auditors to review the financial statements and makes recommendations to the board. At the September meeting each year, the committee approves the auditor and audit fees for the upcoming fiscal year.

#### Review of reserve fund

After careful management over several years, OBSI's reserve fund is fully funded. Each year, senior management completes an operating reserve fund analysis outlining whether current targets remain appropriate. The committee reviews the analysis with senior management and plans for possible shortfalls or surpluses are discussed.

#### Implementation of OBSI's investment policy

OBSI has an investment policy outlining how any reserve funds are to be invested. The committee reviewed the policy this year with senior management. Decisions were made to adjust OBSI's investments to maximize return while ensuring the funds were invested safely and were readily accessible if needed.

#### Review of 2019 budget

At the September committee meeting each year, the committee members review the budget proposed by senior management, ask questions and provide their input.

#### Pension governance

The committee also oversees OBSI's defined benefit pension plan, defined contribution pension plan and post-retirement medical plan. This past year, the text of the defined contribution plan was reviewed and updated. The committee also requested a fund option review which will be completed in fiscal 2019.

#### Review and provide input on policies

The committee reviews and approves any amendments to OBSI's financial policies. This year, both the Investment Policy and the Board Travel Reimbursement Policy were amended and approved by the committee.

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## Standards Committee

The Standards Committee is responsible for overseeing OBSI's quality and performance standards and for making recommendations to the Board of Directors regarding the organization's performance against regulatory requirements and expectations. As in previous years, the board was of the view that, given the importance of the operational issues the organization was tackling, the full Board of Directors should participate in each of those discussions. As a result, the board's Standards Committee did not meet separately in 2018.

# Consumer and Investor Advisory Council (CIAC)

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**The CIAC is intended to provide an alternative perspective to the input the OBSI Board regularly receives from industry stakeholders and regulatory and government officials. Council members come from across Canada and bring to the CIAC their familiarity with consumer issues and concerns.**

In 2018, the council went through a renewal with five new members joining. The council met as a group approximately monthly via telephone meetings and in person to exchange ideas and to receive briefings on current issues from senior management. The primary focus for the CIAC over the course of the year has been the development of its Statement of Expectations, which outlines the council's roles and responsibilities, renewal of the council membership, and discussions with the board on OBSI's strategic priorities and the challenges facing consumers and investors.

## **2018 Members:**

**Guy Lemoine, Chair**  
**Mohinder Singh Bajwa**  
**Harold Geller**  
**Wanda Morris**  
**Harvey Naglie**  
**Eric Spink**  
**Andrew Teasdale**

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# Financial highlights

Year ended October 31



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## OBSI's budget

OBSI is a not-for-profit organization. We operate on a cost-recovery basis. Our board approves an annual operating plan and budget each September. Each quarter, management meets with the board and Finance and Audit Committee to monitor the financial performance of the organization.

We have a fully funded reserve fund that is equal to approximately six months of expenses. This ensures that OBSI can deliver a high level of service during periods of unexpected expenses. For example, a sudden increase in complaint volumes requiring us to hire additional investigators.

## No cross-subsidization

Our membership fees are based on the principle that no sector or registrant category should subsidize another. Banks do not subsidize the investment sector and vice versa. Fees for banks and deposit-taking firms are based on their self-declared banking assets relative to other banks in the most recent benchmark year. Within the investment sector, IIROC member firms, MFDA member firms and non-IIROC or non-MFDA registrants only pay for the costs associated with resolving their group's complaints. Each year, compliance with this "no cross-subsidization" policy is verified by our auditors.

Senior management, administration and overhead costs are divided proportionally across the sectors according to their share of complaints.

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We have a fully funded reserve fund that is equal to approximately six months of expenses.

	<b>2019 Budgeted</b>	<b>2018 Audited</b>	<b>2017 Audited</b>
<b>Revenue</b>			
Participating Firm Fee	\$ 7,434,605	\$ 7,911,665	\$ 8,266,708
NI 31-103 New Firms	\$ 1,132,290	\$ 763,680	\$ 694,390
Interest Income	\$ 70,000	\$ 92,273	\$ 68,934
	<b>\$ 8,636,895</b>	<b>\$ 8,767,618</b>	<b>\$ 9,030,032</b>
<b>Expenses</b>			
Personnel	\$ 6,359,092	\$ 6,071,469	\$ 6,229,002
Directors' Fees and Expenses	\$ 446,034	\$ 410,508	\$ 395,022
Rent and Operation Cost	\$ 442,455	\$ 412,009	\$ 423,689
Marketing and Membership	\$ 159,680	\$ 159,442	\$ 130,913
Supplies, Services and Travel	\$ 108,700	\$ 89,810	\$ 88,734
Telephone	\$ 8,400	\$ 55,198	\$ 46,941
Information Technology & Support	\$ 605,973	\$ 507,790	\$ 306,976
Corporate Administrative Costs	\$ 158,900	\$ 147,978	\$ 151,838
Legal Fees	\$ 51,901	\$ 56,196	\$ 36,236
Insurance	\$ 42,810	\$ 25,611	\$ 13,873
Audit Fee	\$ 38,000	\$ 40,392	\$ 38,420
Consultant Fees	\$ 50,000	\$ 219,291	\$ 9,065
Other	\$ 0	\$ 0	\$ 0
Special Projects	\$ 137,750	\$ 22,858	\$ 148,564
Amortization	\$ 0	\$ 210,085	\$ 201,948
Bad Debt	\$ 0	\$ 4,767	\$ 0
	<b>\$ 8,609,695</b>	<b>\$ 8,433,404</b>	<b>\$ 8,221,221</b>
<b>Excess of Revenue Over Expenses</b>	<b>\$ 27,200</b>	<b>\$ 334,214</b>	<b>\$ 808,811</b>
<b>Funding Adjustments</b>			
Contribution to Operating Reserve	\$ -	\$ 353,372	\$ 886,950
Acquisition of Capital Assets	\$ 27,200	\$ 190,927	\$ 123,809

OBSI's financial statements were audited by Crowe Soberman LLP.



# Ombudsman for Banking Services and Investments



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