



OBSI OMBUDSMAN FOR BANKING
SERVICES AND INVESTMENTS
OSBI OMBUDSMAN DES SERVICES
BANCAIRES ET D'INVESTISSEMENT



1996
2021

25TH ANNIVERSARY REPORT

A RETROSPECTIVE LOOK AT OBSI'S EVOLUTION AND COMPLAINT
TRENDS IN CANADA'S FINANCIAL SERVICES SECTOR

1996 TO 2021

ABOUT THIS REPORT

As 2021 marked our 25th anniversary, we have taken this opportunity to look back over our quarter-century of experience providing fair and independent dispute resolution services to the Canadian public and financial services industry and reflect on the many events, challenges and accomplishments that have shaped our growth and evolution as an organization through the years.

Since our founding in 1996, OBSI has assisted over 125,000 Canadians who have reached out to us for help and investigated and resolved over 13,000 cases. In addition to providing these foundational services, we have navigated through many important organizational changes over the years – including the impacts of various national and global crises, as well as significant expansions of our mandate and substantial growth in the number of participating firms and Canadian consumers using our service.

This report offers glimpses of the impact that these changes have had on our organization and those we serve over the years, as well as the complaint trends we have experienced.

The case data for banking and investment products and issues in this report is drawn from our past annual reports and internal data sources. Through the years, the nature of OBSI's reporting has evolved significantly to align with expansions of our mandate and to reflect the evolving expectations of regulators and the public. Where possible, we have identified emerging trends and highlighted the products, issues and influences that were prominent in each historical era.

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OBSI: INSPIRING TRUST AND CONFIDENCE FOR 25 YEARS

OBSI was first established in 1996 as the Canadian Banking Ombudsman (CBO). Since then, the organization has diligently pursued its mandate to:

- Provide information to financial services consumers who reach out to us with inquiries and requests for assistance.
- Provide a free, accessible, national and independent service that achieves fair, impartial and timely resolution of individual consumer and small business financial sector complaints.
- Share our experience and insights to help participating firms and regulators to improve the system as a whole and help consumers to recognize and avoid challenging situations.
- Enhance consumer confidence in Canada's financial services sector by providing these services.

HIGHLIGHTS



Responded to over 125,000 consumer inquiries

Opened over 13,000 cases



Facilitated settlements of over \$39 million in compensation*

TIMELINE OF KEY MILESTONES

1996

The Canadian Banking Ombudsman (CBO) is created to help Canadian small businesses with unresolved banking complaints. CBO has nine participating banks. Michael Lauber is the first Ombudsman & CEO.



1997

CBO's mandate expands to all Canadian consumers with unresolved banking and investment complaints with participating banks.

1998

More Canadians learn about CBO and the number of inquiries and investigations grows.



1999

The Taskforce on the Future of the Canadian Financial Services Sector publishes a report on multiple issues, including ombudsman services for Canadian financial consumers.

2000

CBO participates in federal government discussions on the future of independent financial dispute resolution in Canada.

2001

The number of participating banks reaches 35.

CBO participates in the founding of Canadian Financial Services OmbudsNetwork with Canadian insurance ombudsman organizations.



2002

CBO's mandate expands to include 450 investment dealers, mutual fund companies and mutual fund dealers, prompting a name change to the Ombudsman for Banking Services and Investments (OBSI).



OMBUDSMAN

for Banking Services and Investments | des Services Bancaires et d'Investissement

2003

The number of investigations increases by 76% – over 500 cases opened.



2004

The number of participating firms reaches 500.



2005

David Agnew is appointed Ombudsman & CEO.

OBSI hosts the 5th International Conference of Financial Services Ombudsmen in Toronto.

2006

The Saskatchewan credit union system joins OBSI. Canadian Financial OmbudsNetwork is wound down.

2007

The Alberta credit union system and all Canadian RESP dealers join OBSI, boosting membership to 650 participating firms. There is a 40% increase in investigations opened.

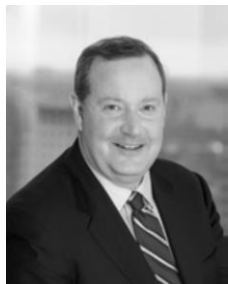
2008

Following the global financial crisis, OBSI experiences a large jump in complaints and a record year for investigations opened.



2009

Douglas Melville is appointed Ombudsman & CEO. The global financial crisis contributes to a 200% increase in opened cases, overwhelming available resources and leading to a case backlog.



2010

The global financial crisis continues to have an impact with over 1,000 new cases opened.

2011

OBSI undergoes an independent review and is found to meet or exceed international standards in areas such as accessibility, scope of services, fairness and accountability, and transparency.

OBSI hosts the annual conference of the International Network of Financial Services Ombudsman Schemes in Vancouver.

2012

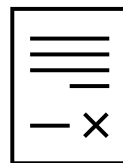
Canadian securities regulators introduce changes to National Instrument 31-103 to require all retail investment firms outside Québec to offer OBSI services to their clients.

OBSI's board commits significant operational resources to resolving the case backlog.

Fern Belisle is appointed to serve as Chair of OBSI's Board of Directors.

2013

OBSI signs a Memorandum of Understanding with the Canadian Securities Administrators (CSA) that provides for securities regulatory oversight of OBSI as well as a framework for cooperation and communication.



OBSI's Ombudsman and CEO Douglas Melville is elected as the new Chair of the International Network of Financial Ombudsman Schemes.

2014

Changes to securities regulations come into effect. The number of participating firms grows to approximately 1,450.

2015

The backlog of cases from the global financial crisis is cleared.

OBSI receives approval as an External Complaints Body from federal banking regulators. Sarah Bradley is appointed Ombudsman & CEO.



2016

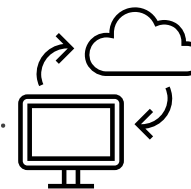
OBSI receives a positive independent review and announces a 5-year strategic plan. OBSI launches new state-of-the-art case management system.

2017

OBSI launches new consumer-friendly website and social media strategy. The organization focuses on plain language communication.

2018

The OBSI board approves new Terms of Reference following a public consultation. The organization moves to entirely cloud-based digital workflows.



Jim Emmerton appointed to serve as Chair of OBSI's Board of Directors.

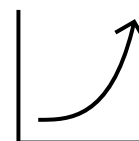
2019

OBSI launches new Firm Portal to provide on-demand digital tools and information to participating firms.

2020

OBSI launches new Consumer Portal and online complaint opening process. The global pandemic causes market disruptions and significant case volume increases.

OBSI seamlessly transitions to remote services. A dedicated Consumer Interest Director is appointed to the OBSI board.



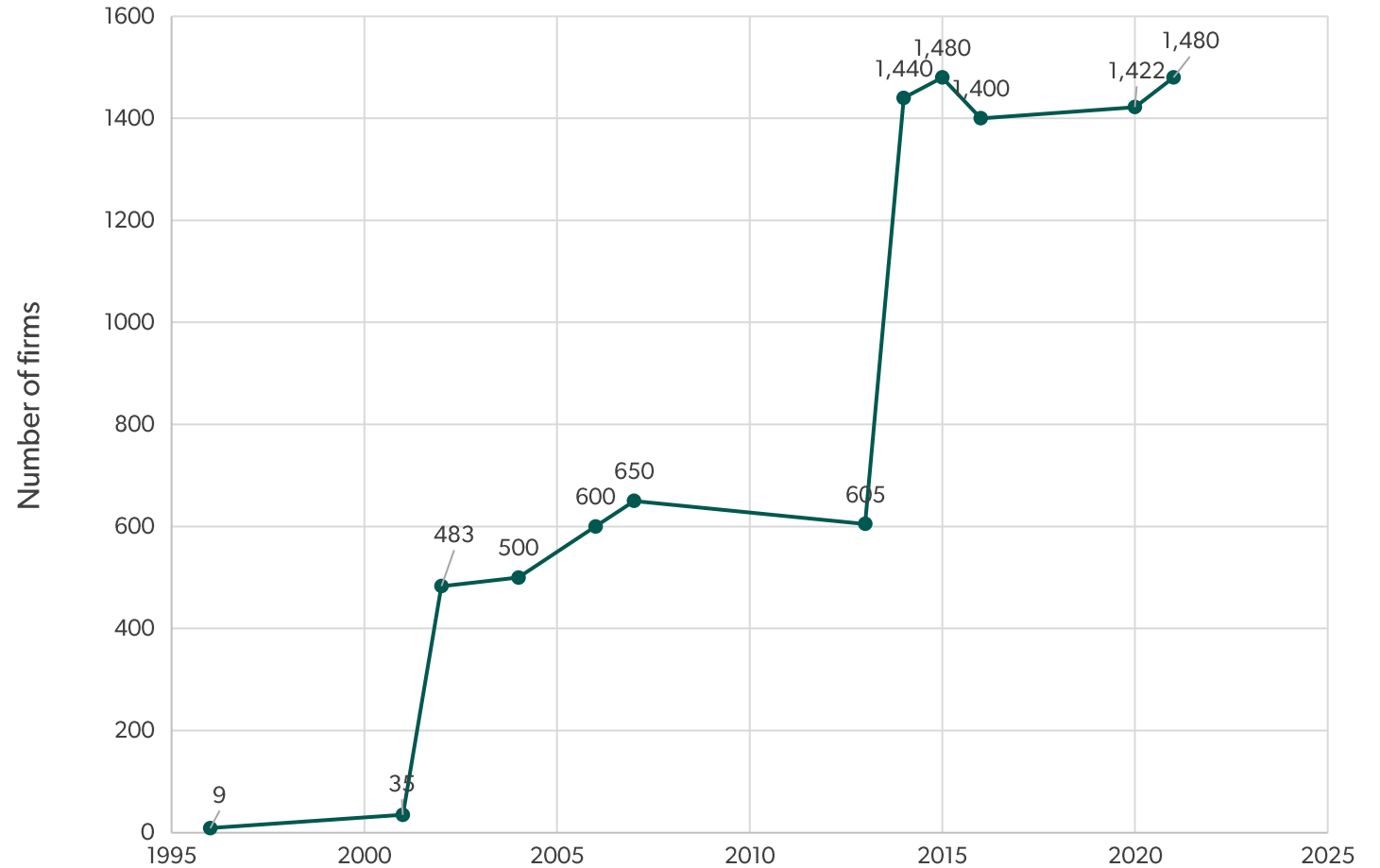
2021

The pandemic crisis continues. Case volumes rise to highest-ever levels. All case timelines are maintained with no backlog.

NUMBER OF PARTICIPATING FIRMS

This chart shows the number of participating firms reported by OBSI over the years.

Key periods of growth occurred in 2002 with the inclusion of investment dealers, mutual fund companies and mutual fund firms, and in 2014 with the addition of portfolio managers, exempt market dealers and investment fund managers.





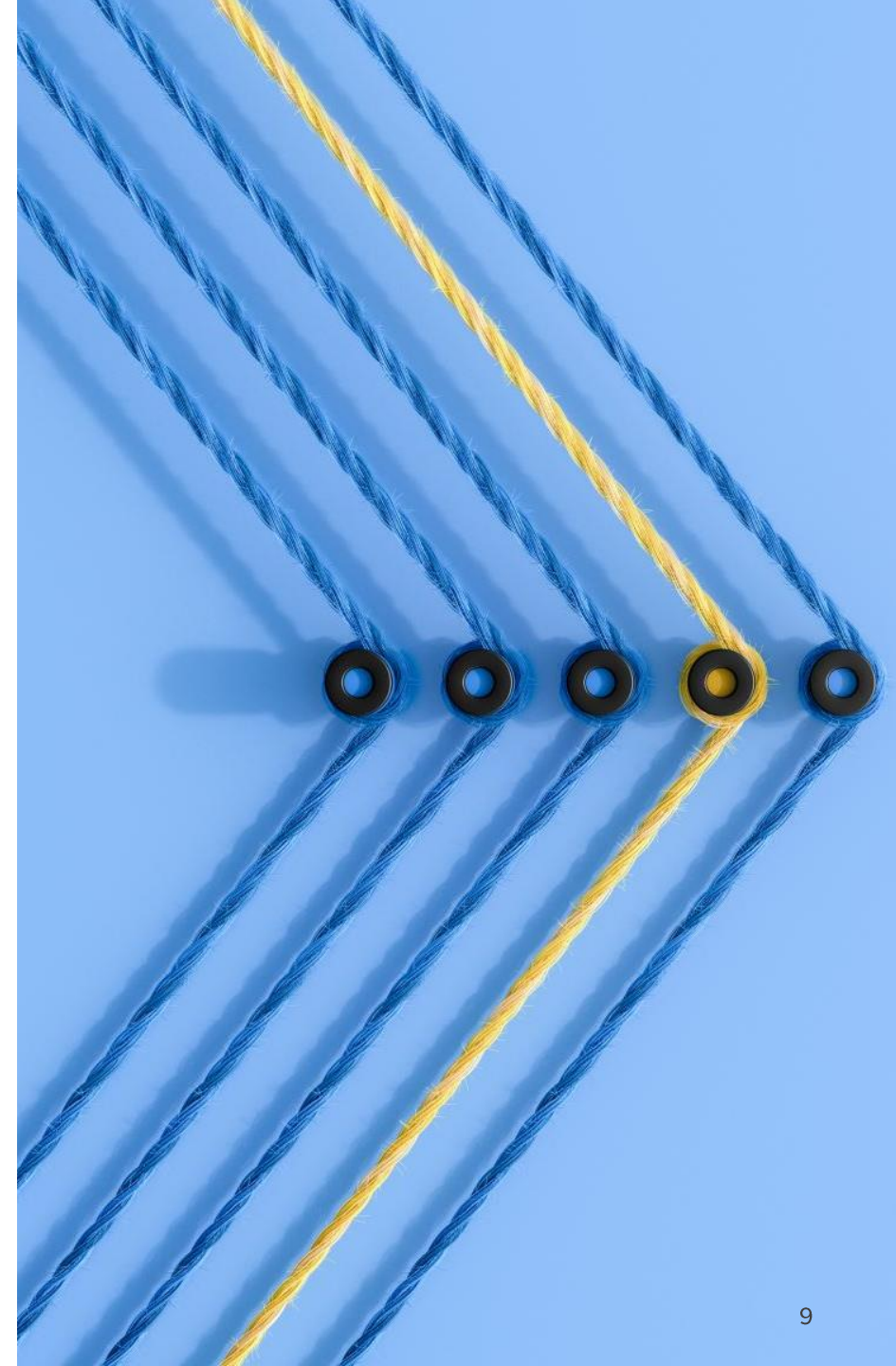
THE EVOLUTION OF OBSI THROUGH THE YEARS

THE EARLY YEARS OF FINANCIAL OMBUDSMANSHIP IN CANADA

In the early 1990s, following an era of deregulation and a widespread savings and loans crisis in the United States, the Canadian federal government embarked on an ambitious modernization of Canada's system of federally regulated financial institutions. This included the proclamation of an entirely new legislative framework for the sector.

In the years that followed, the new system was closely monitored and analyzed by House of Commons and Senate committees, as well as the Task Force on the Future of the Canadian Financial Services Sector — also known as the MacKay Task Force. The MacKay Task Force was charged with examining and mapping the evolution of the sector for the decade to come.

During this period of renewal and reflection, the importance of financial services ombudsmanship was recognized and the Canadian Banking Ombudsman (CBO) was created in 1996 to provide fair and independent dispute resolution services for unresolved complaints.



CBO initially handled small business complaints for the largest banks in Canada, each of which also established internal ombudsman offices. The CBO board of directors was made up of five independent directors and five industry directors nominated by participating banks. The board established CBO's original Terms of Reference.

The following year, the CBO's mandate was expanded to include complaints from all retail bank and bank subsidiary customers, including issues relating to banking, investments, mutual funds and insurance complaints. That same year, CBO's board of directors took steps to reinforce the organization's independence and impartiality by implementing bylaw changes requiring the Chair of the board and a majority of directors be independent of the industry.

In 1998, the MacKay Task Force published its report on the future of the Canadian banking system entitled Change, Challenge, and Opportunity (known as the MacKay Report). The MacKay Report made many recommendations, including that strong measures to protect consumers needed to be part of Canada's financial system.

The report called for the government of Canada to establish a single, independent ombudsman for the entire federal financial services sector. Some observations noted from the report were:

- "A system that provides a good model to build on is the Canadian Banking Ombudsman."
- "We are impressed with the spirit behind, and the structure of the CBO."
- "(The CBO) compares well in most respects with similar initiatives in other countries and industries."

However, the MacKay Task Force expressed concern over the CBO's "perceived lack of independence" and recommended that the Minister of Finance appoint the Board of Directors and that the financial services ombudsman be accountable to Parliament.

CONTINUING TO GROW AND EVOLVE AT THE BEGINNING OF A NEW CENTURY

Following the publication of the MacKay Report, a number of important improvements in financial consumer protection were implemented in Canada, including an enhanced appreciation of the importance of the role of ombudsmanship across a broad range of financial services sectors.

In 2001, CBO participated in the launch of the Canadian Financial Services Ombudnetwork (CFSON), which became operational in 2002. Building on the single ombudsman recommendation of the MacKay Report, CFSON was created to provide a single point of contact for all Canadian financial services consumers and to make referrals to CBO as well as the newly-created General Insurance OmbudService (GIO) and Canadian Life and Health Insurance OmbudService (CLHIO). The CFSON initiative was supported by six founding industry associations – the Canadian Bankers Association, the Canadian Life and Health Insurance Association, the Insurance Bureau of Canada, the Mutual Fund Dealers Association of Canada (MFDA), the Investment Funds Institute of Canada (IFIC) and the Investment Dealers Association of Canada (IDA), which would become the Investment Industry Regulatory Organization of Canada (IIROC) in 2008.



As a part of this initiative, in 2002 the CBO's mandate was expanded to include responsibility for dispute resolution on behalf of the approximately 450 investment firms belonging to the MFDA, IFIC and IDA.

To reflect this expanded mandate, the CBO changed its name to Ombudsman for Banking Services and Investments. The expansion of OBSI's mandate and the increase in the number of participating firms gave many more Canadian financial consumers access to a free and independent dispute resolution service.

In the early 2000s, there was a surge in investment complaints involving unsuitable investments, largely related to the 'tech bubble' and the market impacts that followed. Between 2002 and 2004, OBSI's complaint volume more than doubled – from under 200 cases to over 450 cases – a very significant increase at the time.

In 2006, prompted by the industry's consensus that the additional infrastructure of CFSON was not serving its intended purpose and was no longer necessary, CFSON closed its operations.

During this period, OBSI focused on strengthening its operations, and in 2006, adopted business process standards based on ISO 10003 as well as a policy for undergoing periodic independent reviews to ensure fairness and that all operational standards were met.

OBSI's first independent review was completed in 2007 and found OBSI to be a professional and effective ombudsman. The 2007 independent review also made a number of recommendations, including that, like its international peer organizations, OBSI's mandate should be expanded to include systemic issues – a change that was accepted by the Board of Directors and added to OBSI's Terms of Reference in 2008.

Also in 2008, OBSI faced a serious challenge to its mandate when a large bank decided to leave OBSI and establish a new ombudsman scheme for its retail banking complaints with ADR Chambers (ADRBO). In the wake of this departure, OBSI and consumer advocates urged the federal government to take action towards protecting the integrity of Canada's financial ombudsmanship system.

AFTERMATH OF THE GLOBAL FINANCIAL CRISIS AND NEW REGULATORY MANDATES

The global financial crisis of 2008 led to extraordinary challenges throughout the financial services industry, as well as the broader economy. Investor losses and dissatisfaction reached all-time highs, leading to an unprecedented increase in consumers reaching out to OBSI for assistance. Case volumes more than doubled – from 468 in 2007 to approximately 1000 in 2009 and 2010.

Unfortunately, at that time OBSI was unable to commit the resources necessary to appropriately deal with this unprecedented increase in case volumes. In the years that followed the financial crisis, OBSI had limited financial reserves and, given the ongoing challenges faced by the industry during that period, was also not able to increase firm membership fees to support additional hiring.

High incoming case volumes and the inability to scale operations appropriately led to a backlog of investment cases. This backlog became a key point raised by critics seeking to challenge OBSI's mandate for both banking and securities in the years that followed.



In 2010, OBSI reported the results of its first systemic issue investigation, however, the bank involved refused to improve its practices and compensate consumers as recommended. The change in mandate to include systemic issues became a lightning rod for additional criticism. Shortly afterwards, another large bank announced its departure from OBSI and began using ADRBO to handle its retail banking complaints.

In 2011, OBSI underwent a second independent external evaluation, conducted by the Navigator Company of Australia – then the most experienced independent reviewer of financial ombudsman services in the world. The evaluation concluded very positively, commenting favourably on OBSI’s organizational maturity, management, and performance in dealing with a stakeholder environment the reviewers described as being the most challenging they had ever seen.

Despite the findings of this evaluation, following a process of substantial public and industry consultation and commentary, federal banking regulators announced plans to implement a banking dispute resolution framework with multiple external complaints bodies (ECBs) in 2012.

This gave banks the right to choose between OBSI and ADRBO and decide which ombudsman service would investigate and attempt to resolve their customers’ complaints. Consumer advocacy groups

voiced concerns about the potential for conflict of interest in this system and criticized the new model as undermining consumer protection in general.

Meanwhile, that same year, following a period of extensive consultation, Canadian Securities Administrators (CSA) announced their support of a single ombudsman system to handle investment-related complaints for investors throughout Canada. OBSI entered into a Memorandum of Understanding (MOU) with the CSA, agreeing to provide these services and meet securities regulators’ service quality and oversight expectations. OBSI also undertook some key governance and operational changes.

In 2013, OBSI’s Board of Directors removed the mandate to investigate systemic issues from OBSI’s Terms of Reference. This was replaced with an obligation to identify potential systemic issues and report them to regulators as required by the federal government’s ECB framework and the MOU with Canadian securities regulators.

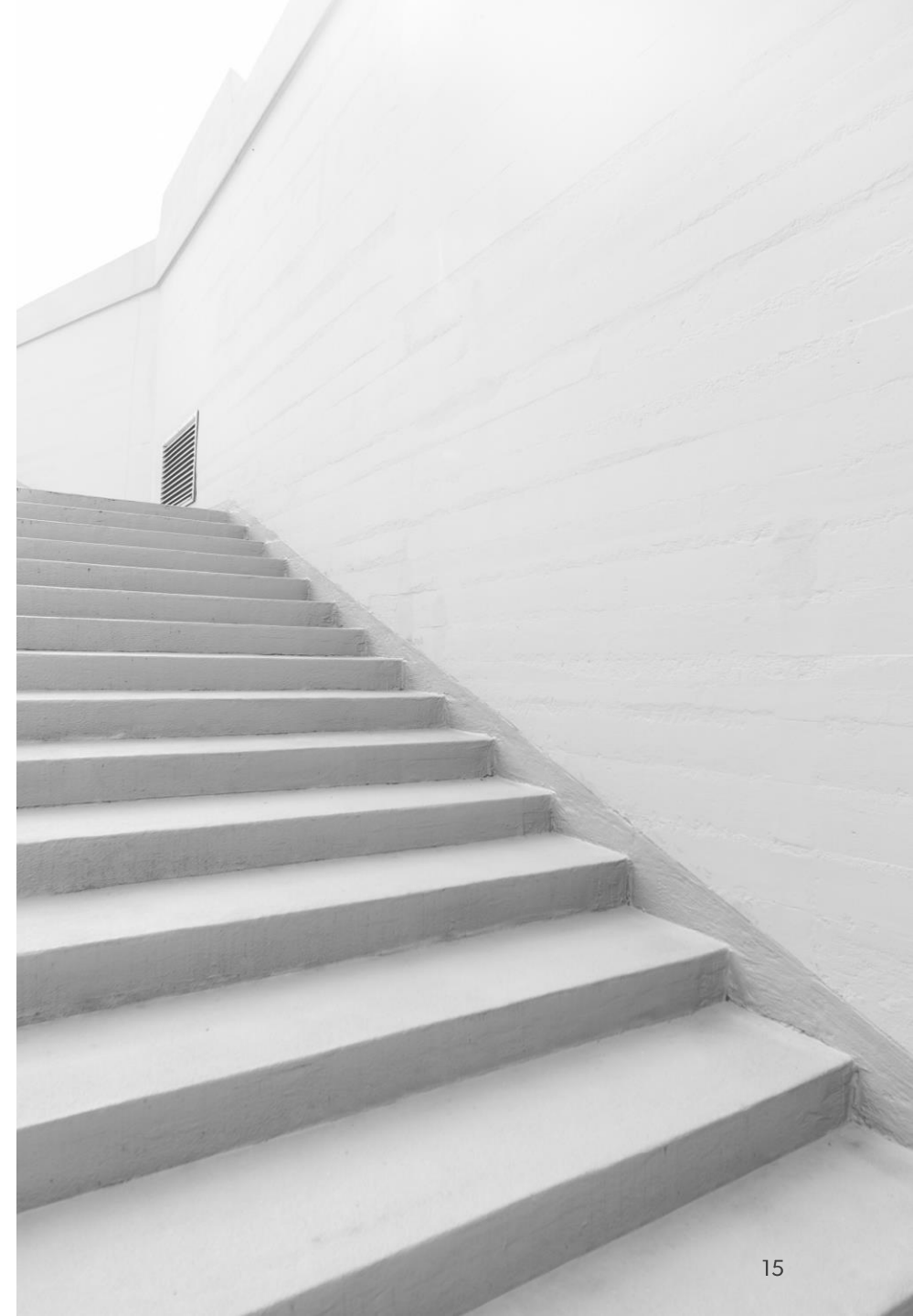
The CSA decision to support a single ombudsman led to OBSI’s mandate expanding once again. Beginning in 2014, all securities firms registered outside of Québec were required to offer OBSI’s services to their clients. This support from securities regulators allowed OBSI to achieve its pressing priorities: to fund itself sufficiently to overcome the case backlog, begin building its financial reserves, and contemplate a program for organizational renewal.

A POST-CRISIS PERIOD OF REBUILDING AND RENEWAL

From 2012 through early 2015, OBSI focused significant operational effort on eliminating the backlog of cases triggered by the global financial crisis, and this goal was achieved in early 2015.

The years that followed ushered in a period of planning, organizational renewal and modernization for OBSI. Building on the lessons learned from its experience during the financial crisis and its aftermath, OBSI pursued a strategy focused on organizational effectiveness and efficiency, risk management, and enhancing value for its key stakeholders – consumers, financial firms and regulators.

In 2016, OBSI participated in its third independent evaluation – this one specifically focused on its investment operations as required by the Memorandum of Understanding with the CSA. The review reported very positively about OBSI’s management, operations and processes, referring to its loss calculation methodologies as “world-leading.” The report made numerous recommendations, including a key recommendation that OBSI be granted the power to compel the payment of redress when deemed fair. The review voiced concern that, in the absence of an effective redress mechanism, consumers were too often compelled to accept settlement offers well below what OBSI recommended as fair. OBSI and securities regulators committed to work toward a solution.



During this period of planning and renewal, OBSI recognized that to be an effective, reliable and trusted ombudservice, its systems would need to be responsive to the surges in complaint volume that would inevitably result from future market volatility and other economic shocks to the financial services sector. The organization committed to meeting its service standards and the expectations of its stakeholders throughout such periods of volatility, given that it was not a matter of if, but when, such an event would occur.

OBSI used this time to prioritize and strengthen its organizational planning and modeling and focus on its human capital and systems. It also initiated a digital transformation across the organization.

Recognizing that a key challenge following the 2008 financial crisis was a lack of financial reserves, OBSI committed to improving its financial resilience by building and maintaining a financial reserve fund adequate to allow the organization to deal with significant case volume increases without burdening participating firms in the midst of a crisis.

To reinforce stakeholder relationships, OBSI identified and implemented additional ways to provide value, including completely modernizing its digital communications infrastructure, focusing on plain language communications and exploring new ways to share key knowledge and insights with firms and consumers, such as the Firm

Helpdesk initiative and the addition of social media and video programs.

The organization also invested in technology to address a number of key priorities: facilitating improved systems and processes, modernizing organizational practices, responding to the growing threat of cyber-attacks, increasing effectiveness and accessibility for consumers and firms, and introducing new ways for consumers and firms to interact with the organization – such as introducing online case opening forms, and consumer and firm portals.

On the public policy front, in late 2018, consumer outcry over another large bank departure led the federal Minister of Finance to request a review of Canada’s banking dispute resolution framework by the Financial Consumer Agency of Canada (FCAC). The FCAC released its reviews of the complaint-handling operations of banks and ECBs at the beginning of 2020. In its ECB report, the FCAC raised concerns about whether the system of competition between ECBs in Canada benefits consumers, observing that while OBSI was the ECB that compared most favourably to international best practices, only two of the six largest banks in Canada were offering OBSI’s services to their customers.

A NEW GLOBAL CRISIS EMERGES

In March 2020, the coronavirus pandemic triggered a widespread economic shutdown that led to significant declines in stock markets followed by a period of extreme market volatility. Governments and banks around the world adopted extraordinary measures to reduce the negative economic impact felt across many sectors and communities. Unemployment reached record levels.

In the following year, most financial markets rebounded dramatically to all-time highs. However, this overall performance masked a high degree of volatility, and individual stock and sector-specific failure. Simultaneously, there was an unprecedented increase in the number of Canadians engaging in retail investment activity, particularly through do-it-yourself investment channels. Retail trading activity and retail margin balances reached all-time highs in early 2021.

The economic effects of the pandemic were felt by Canadians in radically different ways based on their personal circumstances. Many Canadians increased their wealth considerably during this period and expanded their investment activities, while many others were hard-hit, losing businesses, investments, and livelihoods. Some sectors weathered the storm well, while others faced enormous challenges.

These dramatic market and economic disruptions led to a surge in consumer inquiries and complaints to OBSI in the second half of 2020 that continued throughout 2021. In 2021, OBSI received more complaints than at any time in its history. OBSI's renewed infrastructure and processes performed well under this pressure—the organization was able to meet its targets for timely case resolution and service delivery with no backlogs.





LOOKING AHEAD

Looking ahead, as OBSI continues to weather the impacts of the global pandemic, we see further opportunities to provide value to the consumers, firms, and regulators we work with.

The financial services industry is one of the most dynamic sectors in our country, continuously growing and innovating, creating new opportunities and new challenges for Canadian consumers, investors, firms, and regulators, all of whom have an important role in keeping our financial system prosperous and healthy.

OBSI is proud to work at the intersection of these activities, as an independent and impartial public interest organization, made up of highly skilled, independent professionals inspired by our public service mission.

We are encouraged by the growing recognition in Canada and around the world that the interests of the financial services sector, consumers, and the public more broadly, are best served by a strong and independent ombudsman that inspires confidence in the system and supports a virtuous cycle of continuous improvement by sharing knowledge, data and insights.

Our expertise and 25 years of experience put us in an excellent position to fulfill those needs, and we look forward to elevating the services we offer to meet the opportunities and challenges of this new era.



CASE VOLUMES AND TRENDS

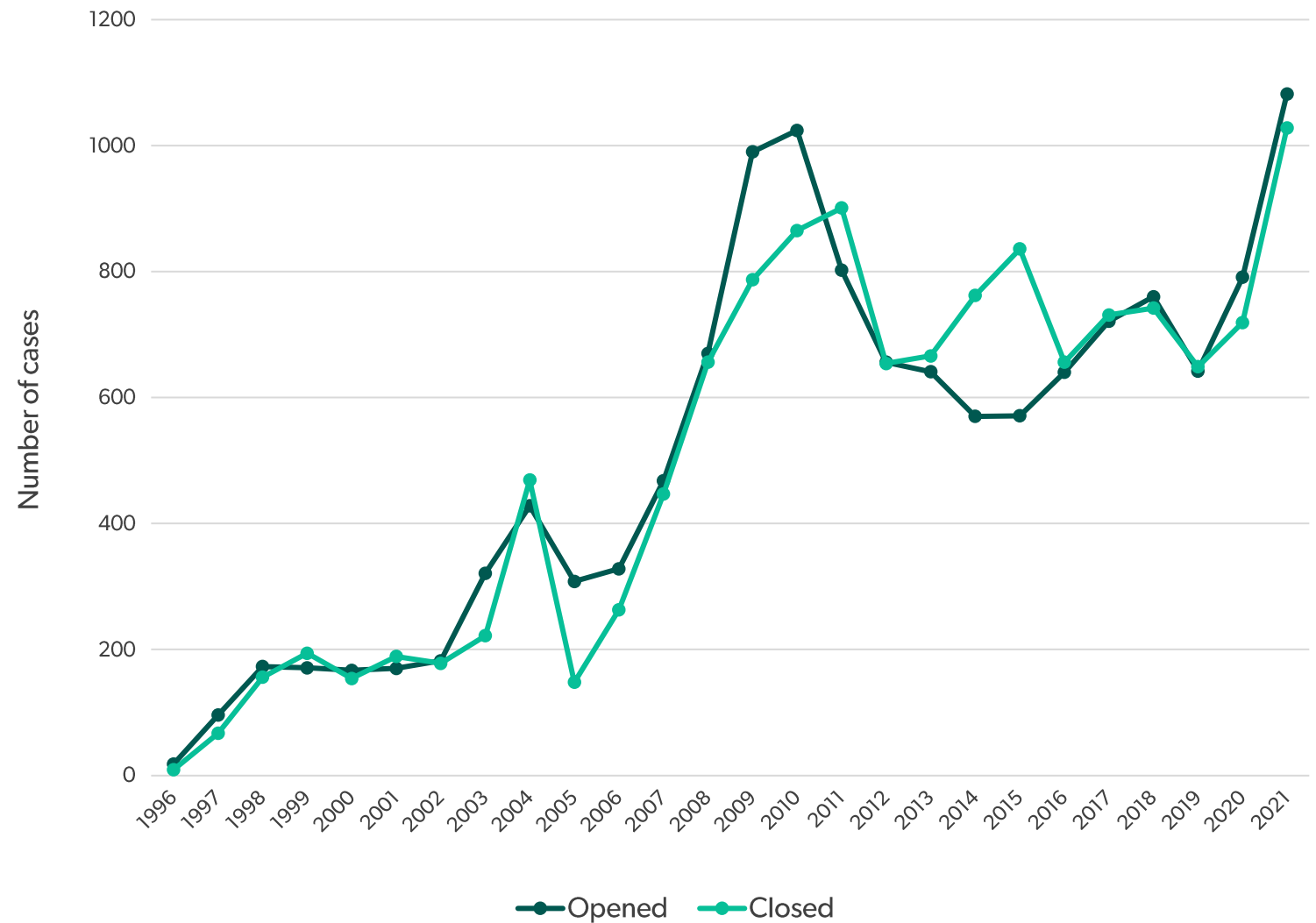
OVERALL CASE VOLUMES 1996 – 2021

Over its 25-year history, OBSI's case volumes have generally increased – reflecting, perhaps, an increase in public, industry and regulatory awareness of the value of financial ombudsmanship and the availability of the service to Canadians. Each era, however, has also featured its own specific case volume drivers:

- Case volumes grew steadily between 1996 and 1999 as awareness grew among small business and retail bank consumers of the ombudsman service.
- Following the addition of more securities firms to OBSI's mandate in 2002, case volumes spiked – a surge largely driven by the 'tech bubble' and overall market volatility.
- Case volumes soared in response to the 2008 global financial crisis – which led to a surge in both banking and investment cases in the years that followed. In 2010, OBSI reached a highpoint of over 1,000 new cases opened during the year. A backlog of cases developed that was eliminated in the years between 2013 and 2015.
- The overall trend in banking complaint volume is one of steady increase, though banking case volumes saw decreases in 2011 and 2018 following large bank departures. Notably, no such decrease was seen following a large bank departure in 2008, largely due to the overall case increases of the financial crisis.
- While investment case volumes moderated significantly during the economic recovery that followed the financial crisis, it is notable that they never returned to pre-2008 levels.
- In 2020, the onset of the pandemic triggered a sharp rise in case volumes – which reached the highest levels in the organization's history in 2021. No backlog developed, however, as OBSI's infrastructure and process improvements proved effective in dealing with these record case volumes.

TOTAL CASES OPENED AND CLOSED 1996 – 2021

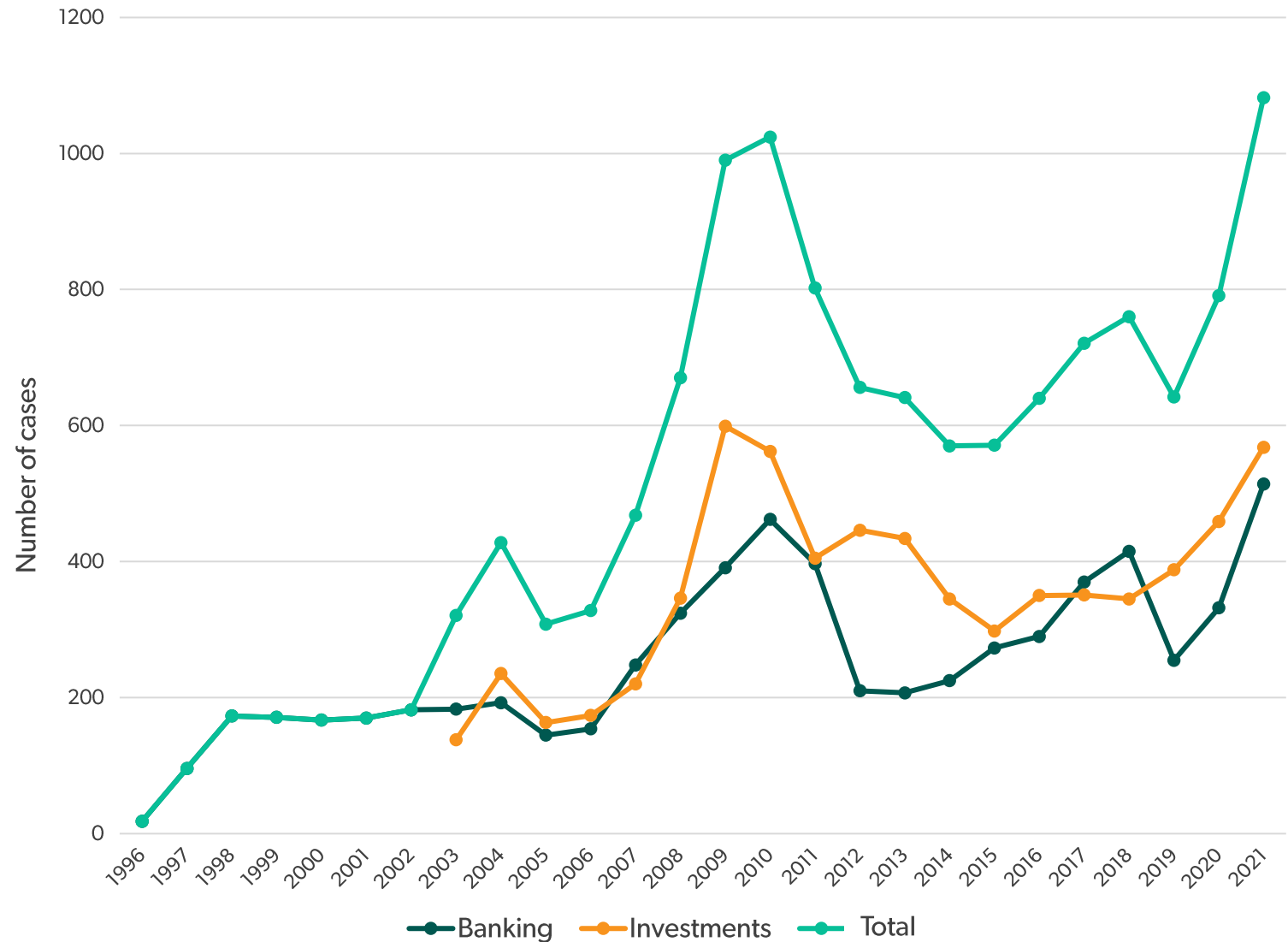
This chart shows the progression of cases opened and cases closed over the years from OBSI's inception.



BANKING AND INVESTMENT CASES OPENED 1996 – 2021

This chart shows the number of investment, banking and total cases opened over the years from OBSI's inception.

Prior to 2002, separate sector-specific case numbers were not reported.



BANKING DISPUTES BY ISSUE

1997 – 2021

Over the years, the issue at the center of consumer banking complaints to OBSI has varied considerably, as has the way in which these issues are reported. Some notable trends that have taken place over the last 25 years have included:

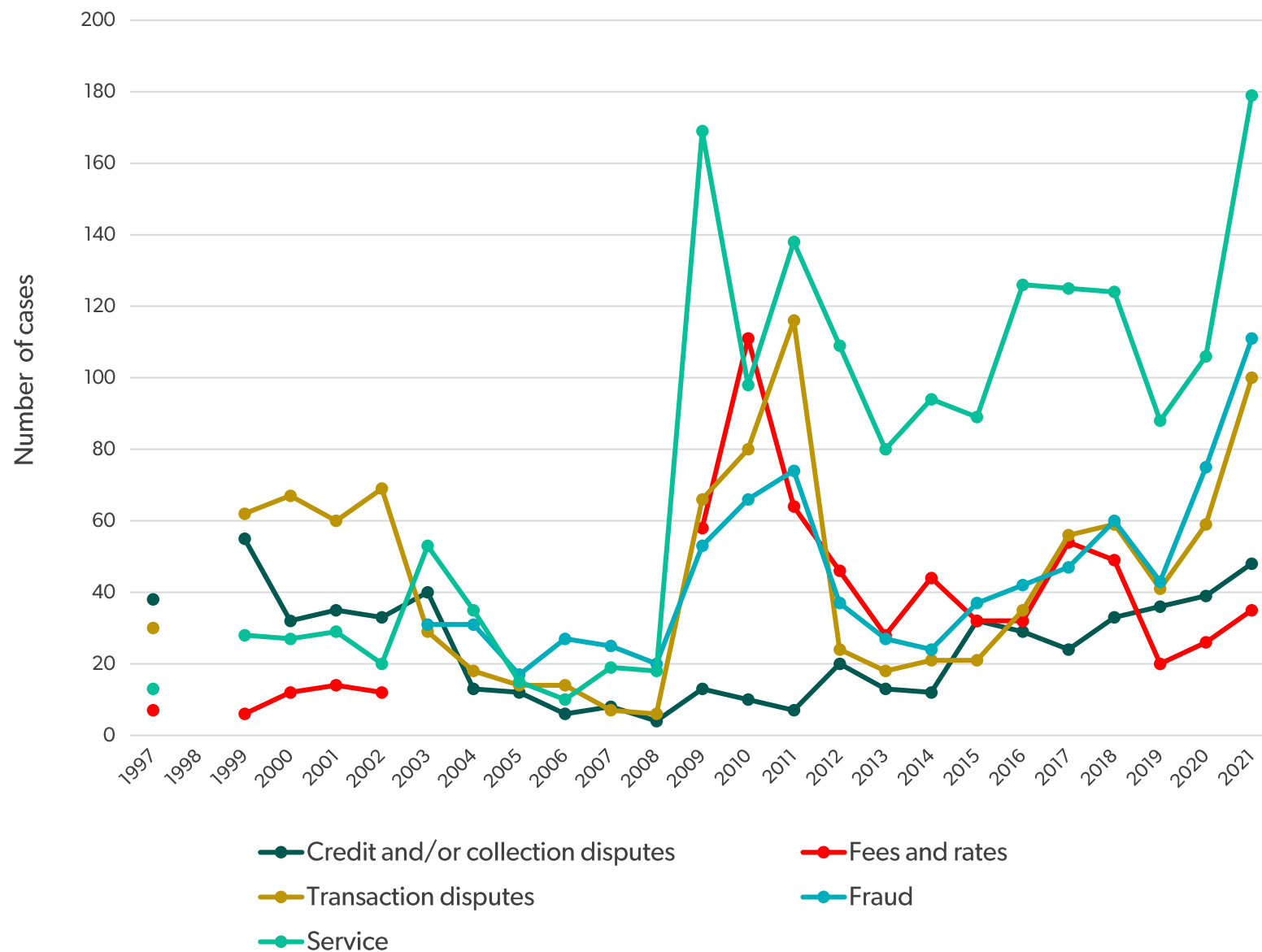
- Complaints relating to service have spiked four times – in 2003, 2009 – 2011, 2016 – 2018 and 2020 – 2021 – mostly periods of general economic disruption.
- Disputes related to fees and rates predominantly relate to mortgage penalties, but also include fee disclosure, interest rates and miscalculation of fees. Mortgage penalties surged following the global financial crisis as rates declined rapidly and consumers faced very large penalties when discharging or refinancing their mortgages.
- Fraud has been a persistent source of consumer complaints and has consistently been among the top issues since 2003, spiking in 2010 – 2011 and 2020 – 2021, both times of significant economic crisis.
- Credit and collection disputes largely relate to credit issues such as the collections process, new or changed terms, credit ratings or credit decisions.
- Transaction disputes largely relate to chargebacks, transaction or process errors and unauthorized transactions.

BANKING DISPUTES BY ISSUE 1997 – 2021

This chart provides insight into the banking issues of the day for OBSI consumers between 1997 and 2021.

Case numbers for each issue partially reflect rising and falling banking case volume through the years.

Some lines are not continuous as the reporting and categorization of issues evolved over time.



BANKING DISPUTES BY PRODUCT

1997 – 2021

Over the years, the product at the centre of banking complaints to OBSI has varied, as has the way in which these products are reported. Some notable trends included:

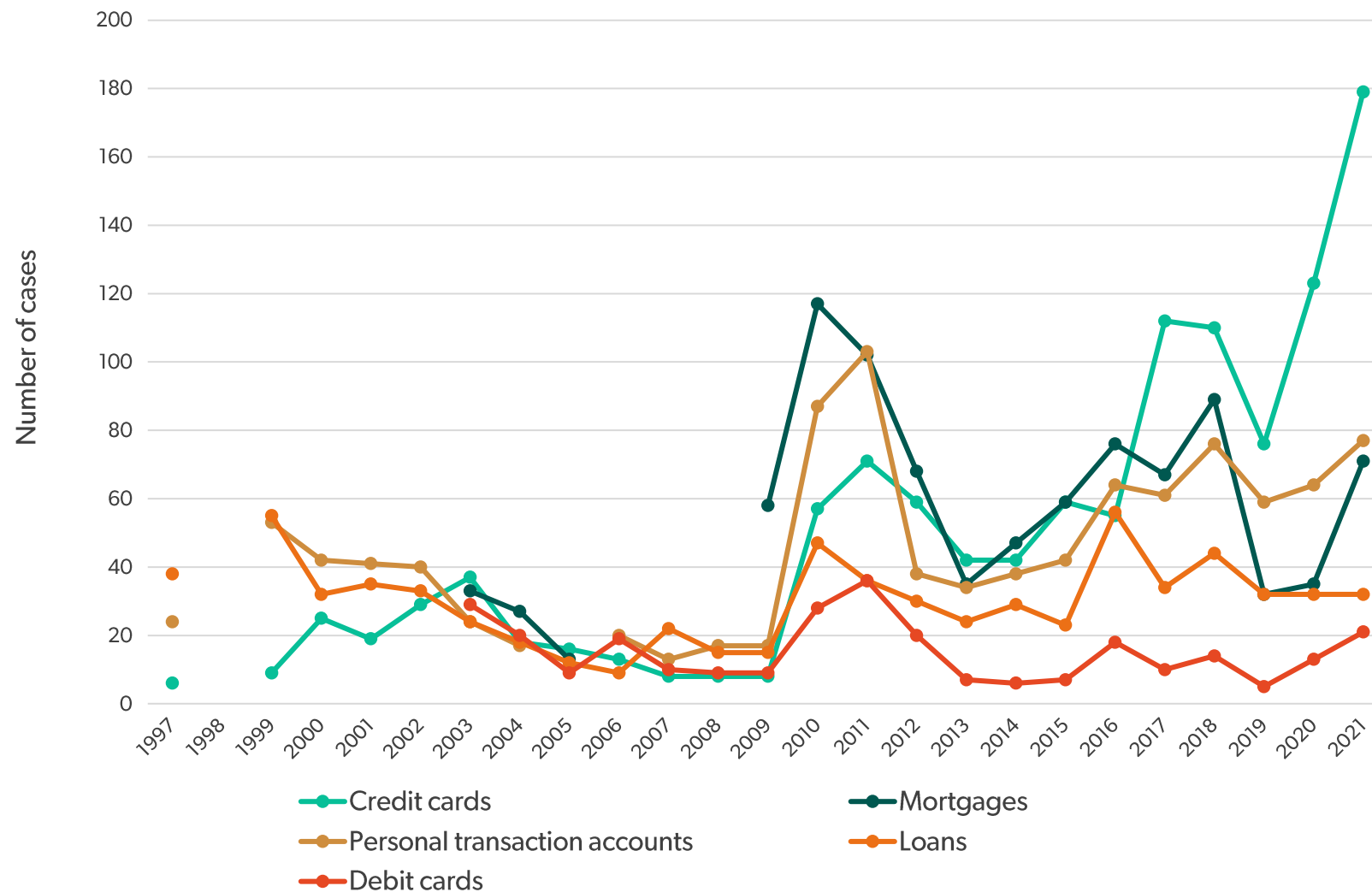
- Complaints about credit cards have steadily increased through the years, most notably between 2017 and 2021, when they were the most frequently complained-about product, largely relating to fraud and chargeback issues.
- Complaints about mortgages spiked following the financial crisis, as rates declined rapidly, and consumers faced very large penalties when discharging or refinancing their mortgages. They rose again in 2016 – 2018 and in 2021, once again largely driven by prepayment penalty disputes.
- Complaints about personal accounts have always been among the top three most complained-about products and trend similarly to our overall complaint volumes, which in turn often reflect prevailing economic conditions.
- Complaints about loans and debit cards have remained relatively steady through the years.

BANKING DISPUTES BY PRODUCT 1997 – 2021

This chart provides a retrospective look at the leading banking products for consumer complaints.

Case numbers for each product partially reflect rising and falling banking case volume through the years.

Some lines are not continuous as the reporting and categorization of products evolved over time.



INVESTMENT DISPUTES BY ISSUE

2003 – 2021

Over the years, the issues at the center of investor complaints to OBSI have remained relatively consistent with some notable trends:

- Suitability has long been the most common issue in investment cases, rising most sharply during the post-financial crisis years. Suitability complaints did not increase during the pandemic era, perhaps reflecting improvements inspired by greater regulatory and industry focus on the issue, as well as the overall health of global financial markets and the relative increase in Canadians' net worth through the period.
- Service issues saw a significant increase during the global financial crisis period and again during the pandemic period, becoming the most common investment issue in 2021. During the global financial crisis, this increase likely reflected general economic strain, while this increase during the pandemic period was largely driven by complaints related to do-it-yourself investing platforms, which became substantially more popular between 2020 and 2021.
- Cases related to misrepresentation and disclosure have steadily risen over the past two decades, reaching an all-time high in 2020 and 2021.
- Similarly, fee complaints have been relatively steady through the years.
- Complaints about margin or leverage rose significantly during the post-financial crisis period, before declining to more moderate levels.

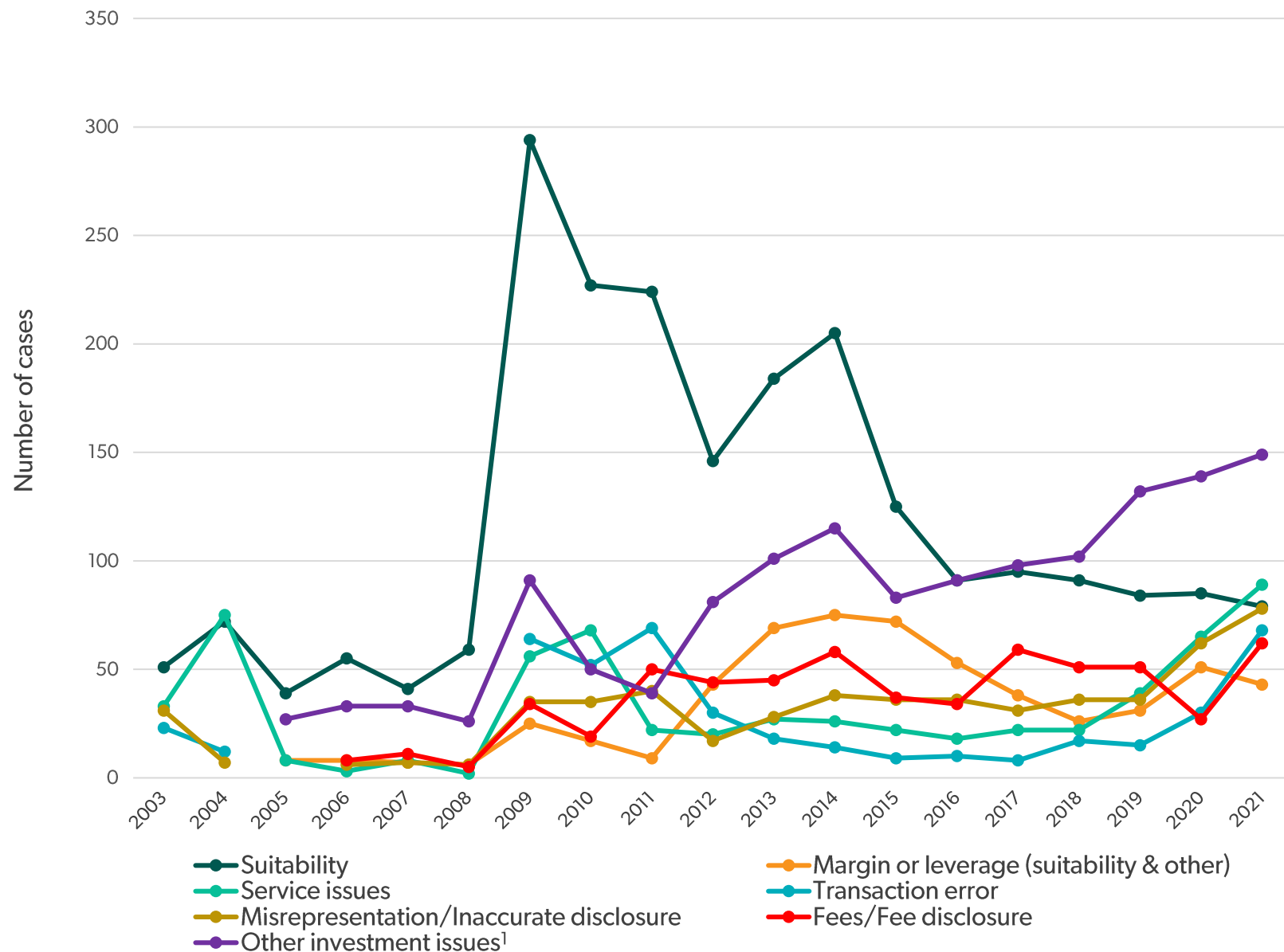
INVESTMENT DISPUTES BY ISSUE 2003 – 2021

This chart provides insight into the issues of the day for consumers bringing investment complaints to OBSI over the years.

Case numbers for each issue partially reflect overall rising and falling investment case volumes.

Some lines are not continuous as the reporting and categorization of issues evolved over time.

¹Includes instructions not followed, transfer delay, unauthorized transaction and inappropriate advice/investment strategy.



INVESTMENT DISPUTES BY PRODUCT

2003 – 2021

The most common product complaint for investors who use OBSI's services has varied somewhat through the years, as has the way in which these products are reported. Some notable trends have included:

- For the majority of the last decade in the timeline shown, mutual funds have been the most common product complaint among investors, increasing significantly in the post-financial crisis era in 2009, before moderating in 2015.
- Complaints related to common shares spiked upwards in 2009 and remained high in the post-financial crisis era, before moderating for the rest of the decade. Common share complaints significantly spiked again in 2020 – 2021, driven largely by complaints relating to the discount or do-it-yourself brokerage channel.
- Complaints related to scholarship trust plans have remained lower than complaints related to mutual funds or common shares through the years but have risen steadily, spiking in 2020 – 2021 as some plans undertook significant structural changes.

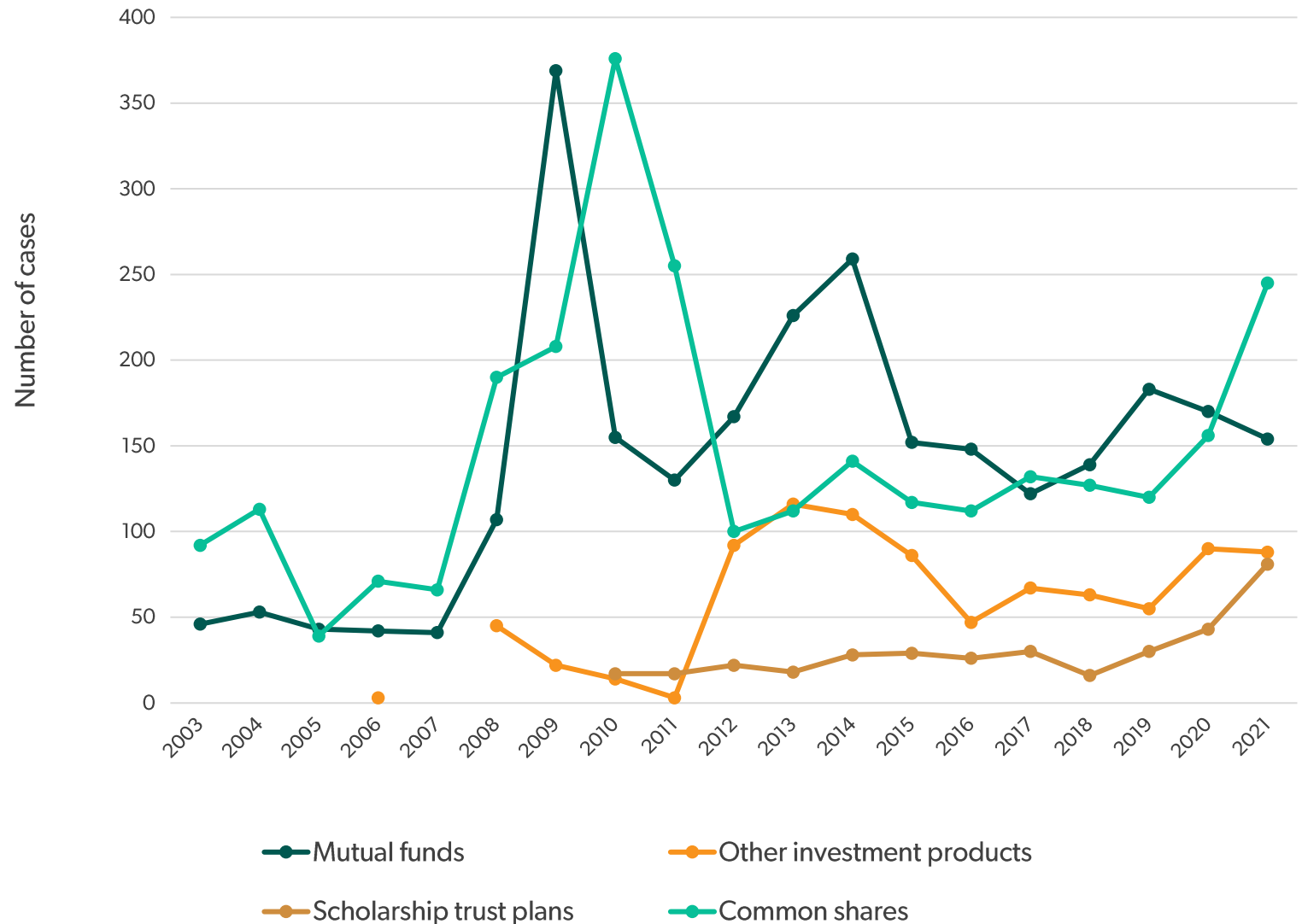
INVESTMENT DISPUTES BY PRODUCT 2003 – 2021

This chart provides a retrospective look at the leading investment products for consumer complaints.

Case numbers for each product partially reflect rising and falling investment case volumes through the years.

Some lines are not continuous as the reporting and categorization of products evolved over time.

In years prior to 2012, common share and mutual fund case numbers are based on number of cases reported by firm sector – this may understate mutual fund cases and overstate common share cases.



COMPENSATION PAID TO CONSUMERS 2010 – 2021

The compensation paid by financial services firms to consumers through our process has varied somewhat through the years. Some notable trends have included:

- Compensation to bank consumers has remained largely consistent over the years, reflecting the relatively low compensation amounts typically recommended in banking cases.
- The higher compensation levels of 2013 – 2015 reflect the closing of many of the more challenging cases backlogged in the post-financial crisis period.
- The relatively low amount of compensation in the pandemic period largely reflects the changing nature of the complaints coming to OBSI during this time – trending towards higher levels of banking and discount brokerage-related complaints while suitability cases remained low by historical standards.

COMPENSATION PAID TO CONSUMERS 2010 – 2021

This chart illustrates the total compensation paid to consumers through OBSI's process.

Reporting of compensation amounts began in 2010.

Amounts partially reflect rising and falling case volumes through the years.





1996
2021