

Sentinel Refuses to Compensate Retired Investor

28/05/2015

The Ombudsman for Banking Services and Investments (OBSI) today announced the refusal of Sentinel Financial Management Corp. (Sentinel) to compensate a retired investor in the amount of \$55,000.

Sentinel is a mutual fund dealer based in Saskatoon. The investor, Ms. G, was 63 years old when she started investing at Sentinel. Now retired, her income consisted of Canada Pension Plan payments, Old Age Security, Guaranteed Income Supplement and occasional withdrawals from her modest Locked-In Retirement Account.

Our investigation determined that Ms. G relied heavily on her Sentinel advisor for investment advice, including how to manage her modest retirement savings. OBSI found that Ms. G was unaware she was sold “off-book” investments (meaning the Sentinel advisor sold the security outside of the firm). The advisor deposited Ms. G’s money in the advisor’s personal account. None of the funds were actually invested and Ms. G never recovered any of the funds.

We find Sentinel is responsible for the financial harm incurred by Ms. G as a result of the off-book investment they were placed in by their Sentinel advisor. Sentinel has chosen not to fulfill its responsibilities to its clients by providing the compensation they are owed based on the facts of the case.

An investigation summary for [Ms. G’s complaint](#) is available on OBSI’s website. Some names and personal information have been edited from the original version to protect the identity of certain individuals involved, including the complainant.

Where a complaint is found to have merit, OBSI makes a recommendation for compensation where it would be fair to do so, taking into account all of the facts and circumstances of the case. A refusal by a participating firm to follow a recommendation means that OBSI must publicize that refusal and the details of the complaint under Section 27 of our Terms of Reference.

As previously announced, OBSI is experimenting with several changes to our process in order to speed up the average time it takes to resolve complaints. One of those experimental changes involves situations where a firm informs us it will not compensate its customer in the context of the specific complaint no matter what OBSI’s final conclusions are. In most such instances, OBSI will complete its investigation but announce the recommendation through a short summary that outlines the facts of the case, our conclusions, and a range of compensation that we determined was fair and reasonable (if an exact determination is not possible). We will not expend further time and resources to draft an exhaustive investigation report if a refusal to compensate is certain.

OBSI followed this process for this complaint about Sentinel.

OBSI is Canada’s trusted independent dispute resolution service for consumers and small businesses with a complaint they can’t resolve with their banking services or investment firm. As a free alternative to the legal system, we work informally and confidentially to find fair outcomes to disputes about banking and investment products and services.

OBSI looks into complaints about most banking and investment matters including: mutual funds; bonds and GICs; stocks, exchange traded funds, income trusts and other securities; investment advice; unauthorized trading; fraud; debit and credit cards; mortgages; loans and credit; fees and

rates; transaction errors; misrepresentation; and accounts sent to collections. Where a complaint has merit, OBSI may recommend compensation up to a maximum of \$350,000.

OBSI has an excellent record of acceptance of recommendations from both firms and complainants: over 99% of the thousands of complaints brought to our office have been successfully resolved.

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