

**IN THIS ISSUE:**

FIS Pilot extended | Regulators' staff notice | Expedited resolutions pilot | 2017 statistics | Case study

Firm Information Service Pilot Extended

We're extending the pilot project for the Firm Information Service until the end of Q2. The service provides all participating firms with an easy way to ask questions about complaint handling – whether a firm has a complaint with OBSI or not.

Below are some common questions we've received in the past.

How long does it take OBSI to respond to a complaint?

OBSI is required by the Bank Act to complete banking cases within 120 days. With respect to investment cases, our commitment is to complete 80% of our

FIS Contact Information

Firms can use the FIS by leaving a voice message or by sending an email. All incoming calls and emails will be reviewed daily by senior staff and assigned to an appropriate OBSI employee who will then provide a response to the firm's inquiry within 48 hours.

You can contact us at:

1-888-451-4519 ext. 2405 (English)

1-888-451-4519 ext. 2406 (French)

Email: FirmServices@obsi.ca

How does OBSI determine whether to accept the documented KYC investment parameters?

cases within 180 days. Last year, our average times were 50 days for banking cases and we closed over 98% of investment cases in under 180 days.

During this time period, the investigator of a case is in touch with both the firm and the consumer at least every 30 days to keep them apprised of the progress of the investigation. The firm and consumer are also welcome to contact the investigator for a status update at any time throughout the investigation process.



For investment investigations involving suitability issues, Know Your Client (KYC) documents are important evidence. If the consumer agrees with the documented KYC information or provides information that is consistent with the KYC form, we will generally accept the documented KYC parameters when assessing the suitability of the investments.

However, when a consumer disputes the information on a KYC form or if there is a significant disconnect between the information on the form and the consumer's personal and financial circumstances, we will assess the consumer's risk tolerance and investment objectives based on the available evidence. In addition to considering the consumer's personal and financial circumstances and their investment knowledge and experience, we will also consider when and how the KYC forms were completed and reviewed with the consumer, whether copies were provided to the consumer and whether the wording on the documents is clear and expressed in terms that the consumer was likely to understand. After considering this evidence, we can form a view about whether the information on the KYC form is reasonably accurate and reliable.

Canadian securities regulators publish notice on complying with requirements regarding OBSI

On December 7, 2017, the Canadian Securities Administrators (CSA), Investment Industry Regulatory Organization of Canada (IIROC) and Mutual Fund Dealers Association of Canada (MFDA) released a joint CSA Staff Notice 31-351, IIROC Notice 17-0229, MFDA Bulletin #0736-M, *Complying with requirements regarding the Ombudsman for Banking Services and Investments (OBSI)*.

The notice highlighted regulators' concerns about some registered firms' complaint handling systems and participation in OBSI's services, and set out potential regulatory responses. The notice also outlined regulators' concerns regarding the use of an internal "ombudsman" as part of complaint handling systems.

The regulators are also continuing to consider options for strengthening OBSI's ability to secure

redress for investors, a key recommendation made by OBSI's independent evaluator in its 2016 report.

For more information [please click here](#).

OBSI Launches Expedited Investigations Program



In 2017, OBSI developed a program to investigate low-complexity cases more quickly. The objective was to maximize our efficiency, while ensuring high-quality and fair conclusions. Throughout 2017, we identified cases appropriate for expedited investigation and implemented various best practices to maximize our efficiency in handling them.

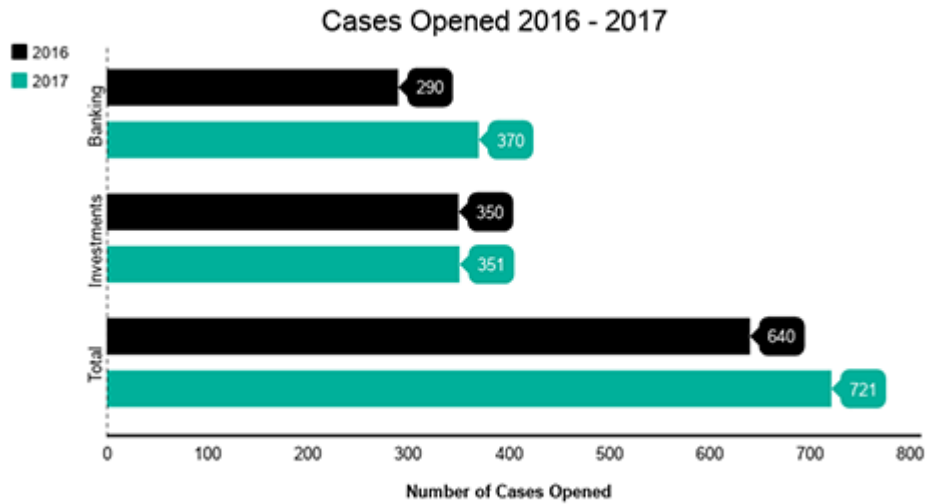
An example of a low-complexity case type is one where the firm has acknowledged an error and made an offer to compensate the consumer. In these circumstances, we do not investigate the error itself since the firm has already acknowledged it. We will review all relevant evidence and interview the client to ensure we fully understand the complaint and what the client is seeking in redress. If the firm's offer appears to be fair, we explain at the end of the interview how OBSI would calculate losses and why we believe the firm's offer appears to be fair. In some cases, we may ask the firm to increase its offer if we find that more is fairly owing.

Results of the new Expedited Investigations Program have been very promising. We are now able to complete more investigations, more quickly, leading to more timely resolutions for clients, reduced work for our participating firms, and reduced costs per case. This year, we will continue to look for opportunities to improve our expedited investigations by measuring results and analysing feedback from clients and firms.

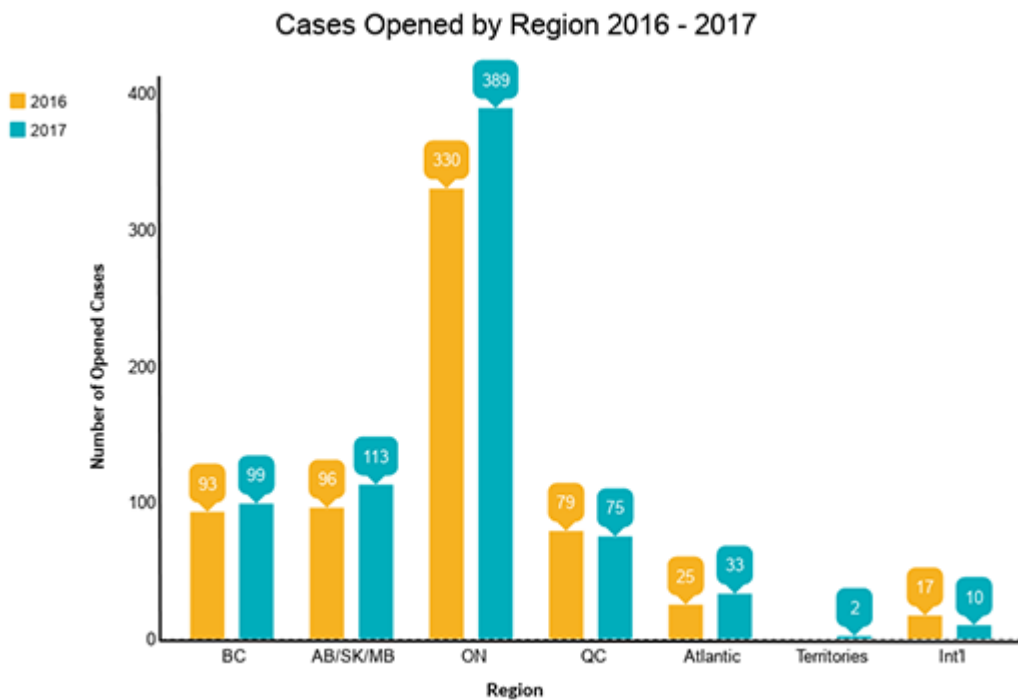
OBSI 2017 Statistics

Below is a summary of topline complaints data comparing fiscal 2016 to 2017.

In 2017, OBSI saw an increase in complaints by 13% overall. Banking complaints increased by 28%, from 290 cases in 2016 to 370 in 2017. Investment complaints remained nearly flat year over year.

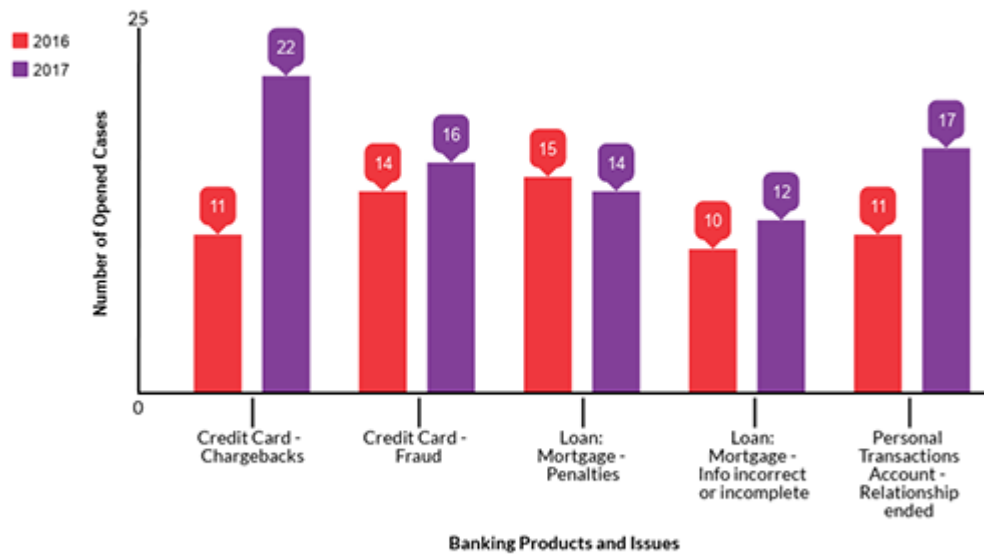


Regionally, Ontario continued to be the province producing the greatest number of complaints. An increase of 18% year over year in Ontario was only outweighed by the 32% spike in complaints in the Atlantic provinces. Quebec was the only province to see a decrease in complaints, with the number of cases falling by 5%.



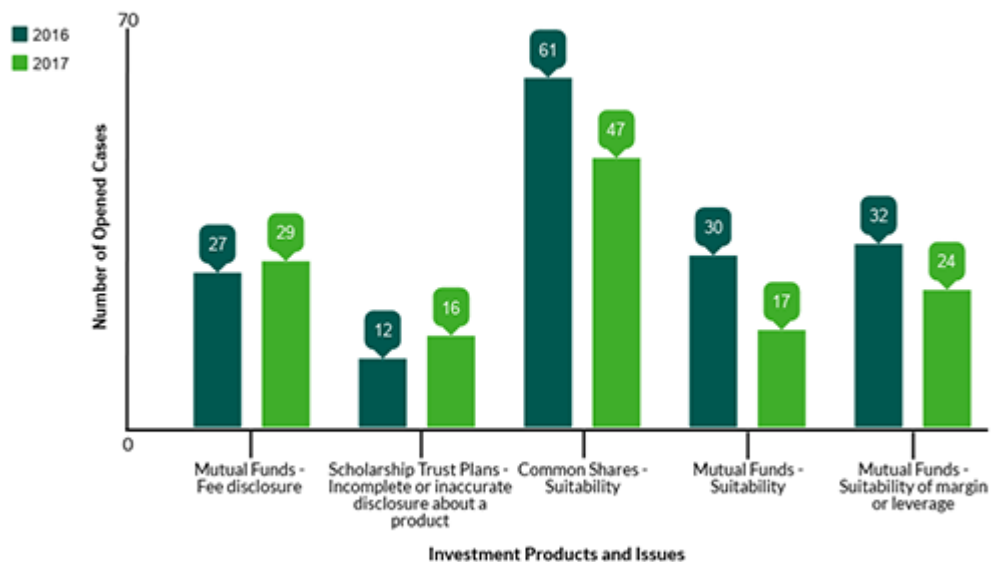
Credit cards, mortgage loans and personal transaction accounts, such as chequing and savings accounts, continued to be among the top banking products consumers complained about. Credit card chargebacks saw the most significant increase in complaints, doubling from 11 in 2016 to 22 this past year. The only decrease seen was a slight dip regarding mortgage penalty cases, falling from 15 to 14 opened cases.

Top 5 Banking Products and Issues 2016 - 2017



There was a significant decrease in suitability complaints related to common shares and mutual funds this year, falling 23% and 43%, respectively. The only mutual fund complaints that increased were those relating to fee disclosure, rising slightly from 27 cases last year to 29 this year.

Top 5 Investment Products and Issues 2016 - 2017



Case study: Paying mortgage off too early may mean paying a penalty

In December 2010, Mr. B got a five-year fixed closed term mortgage at a rate of 3.44% with his bank. In 2013, midway through the term, the branch manager suggested switching to a “blend and extend” mortgage. This would reduce the interest rate by 0.22% but extend the maturity date to 2018. Mr. B said he was told that when a customer chooses to blend and extend their mortgage, the bank implicitly agrees to limit the early prepayment penalty to the equivalent of three-months’ interest. Mr. B chose to go with this option.

Read the rest of this case study and more on OBSI.ca.

Key learnings

- Make sure any verbal agreements you make with your financial institution are reflected in writing.

- Be aware of any potential prepayment penalties prior to paying off a loan in full.

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You are receiving this email because you requested to be kept up-to-date on what's happening at the Ombudsman for Banking Services and Investments.

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Please note that subscription to OBSI's e-newsletter is mandatory for participating firms' designated internal contact.