

**IN THIS ISSUE:**

Terms of Reference: public consultation | Firm Helpdesk launch | Consumer and firm surveys | How OBSI's approach differs from courts | Q1 statistics | Case study



Terms of Reference public consultation

In April, we launched a public consultation on our updated Terms of Reference (TORs). Modernization of the TORs is one of the key initiatives identified in our 2017–2021 strategic plan as we work to deliver high value service for our stakeholders.

If you have any questions or comments, please feel free to send us a message at publicaffairs@obsi.ca

The TORs renewal project is intended to maintain our existing mandate while creating a clear and logical platform that incorporates and reflects our current practices, procedures and perspectives. In clear and unambiguous language, the updated TORs establish our principal powers and duties, scope of mandate, and processes for receiving, investigating and seeking resolutions of complaints, as well as the obligations of firms and other key issues.

The public, consumer groups and firms are encouraged to provide us with written comments on the proposed updated TORs until the end of the business day on Thursday, May 31, 2018. The TORs consultation documents can be found [here](#).

Firm Helpdesk officially launches for participating firms

The Firm Helpdesk is a resource we provide to participating firms who would like to discuss the approach, risk rating or methodology we use to make a recommendation. Following a pilot project launched in November, we have now established the Helpdesk as a permanent service for participating firms. It is designed to make a firm's job easier when dealing with a consumer complaint.

Although the Helpdesk will not respond to questions about a complaint that is already an open file with OBSI, we are happy to give advice to the firm and discuss the approach we would take with particular situations. The Firm Helpdesk can also be used to discuss examples found in an OBSI case study or simply to help firms to understand more about how we reach our recommendations. Firms can reach out to discuss any unique cases they may be dealing with or seek our feedback on how to approach a complaint.

OBSI is here to help our participating firms deal with consumer complaints as they arise.



Reach a Senior Investigator who will be able to answer your questions promptly.

Email:

FirmHelpdesk@obsi.ca

Call:

1-888-451-4519 x 2405 (English)

1-888-451-4519 x 2406 (French)

Consumer and Firm Survey feedback

As part of our commitment to continuously improve our services, OBSI conducts surveys for both consumers and participating firms. The consumer and firm surveys each cover fiscal 2017. The table below outlines key information about our surveys:

Consumer Survey

- Sent to all consumers 30 days after an investigation is closed
- 35% of consumers with a case closed in 2017 responded
- Approximately 40% of respondents had banking cases and 60% had investment cases
- Questions related to the consumer complaint and investigation experience

Firm Survey

- Sent to all 108 federally regulated bank participating firms – 34 banks (31%) responded
- Sent to all 101 participating investment firms that had a complaint with us in 2017 – 35 investment firms (35%) responded
- Questions related to OBSI's services, and feedback related to our Client Services, Investigations and Membership Services teams

Accessible and helpful

Most consumers report that it is very easy or somewhat easy to find OBSI and to contact us. Most found out about OBSI through their bank, firm or advisor. However, almost a third of consumers told us they relied on their own online research to find out about OBSI.

Consumers most often use email and the telephone to contact us, which are their preferred methods of communication. They told us that OBSI staff provided them with useful information about our process and a better understanding of our Terms of Reference.

Firms also reported that it is easy to contact us, particularly for Membership Services. Firms tell us that they find our outreach activities and communications – our new website, e-news and case studies – to be very useful.

Firms reported high levels of satisfaction with our Client Services, Investigations and Membership Services teams. They were satisfied with our team's efforts to respond promptly to inquiries and explain the complaint-handling, investigation and membership processes.

Satisfied with our service

Both consumers and firms reported positive interactions with OBSI staff. OBSI staff's courtesy, professionalism and helpful approach was acknowledged in a significant majority of survey responses. Our staff's ability to clearly explain the steps in the complaint and investigation process to consumers, and the complaint process or our Terms of Reference to firms, was positively recognized.

Most consumers reported that our process was easy to follow, their complaints were dealt with promptly and that our final conclusions were clear. Firms reported that we added value to their complaints process, with 77% of banks and 52% of investment firms agreeing or strongly agreeing OBSI added value to the complaints process.

Keeping better informed

Not all respondents were satisfied with our services, however. We found, as in previous years, that consumers who were satisfied with the outcome of their case were much more likely to view all of our services more positively.

Although most were satisfied, we heard from many firms and consumers that they would like to be kept better informed.

Key responses

From the 2017 annual survey, we have identified action items such as introducing a plain language initiative to improve overall communications and a 30-day contact rule. These kinds of efforts will help us to continue to improve the quality of service we provide and create opportunities for continued dialogue on improving our services.

For more detailed results of the consumer survey, [please click here](#).

For more detailed results of the firm survey, [please click here](#).

How does the OBSI approach differ from the courts?

OBSI's approach to cases is different than the approach typically taken by the courts fundamentally because, as an ombudsman service, our purpose is different. Both courts and ombudsmen are expected to decide cases in a fair manner. However, ombudsmen are expected to deal with cases much more quickly, with less cost to the parties and without requiring the parties to have lawyers. To meet these expectations, our approach is less formal than the courts. Also, like other ombudsmen, our process is "inquisitorial," not "adversarial." That means, our investigators determine the issues and ask both parties questions as opposed to the courts which rely on the parties' lawyers to do that.

We deal with many more cases and do so much more quickly and cost-effectively than a court could

Every year, we investigate and settle hundreds of cases, mostly for amounts of less than \$20,000. We resolve these cases quickly – usually in less than two months for banking cases and less than three months for investment cases. This helps consumers and firms move beyond their dispute efficiently so they can get on with their lives and their businesses.



Our processes are less formal than the courts

We are an informal alternative to the courts – and our approach to resolving disputes reflects this. We are required to resolve complaints fairly. This means that, pursuant to our [Fairness Statement](#), we resolve complaints using an informal, non-legalistic approach that takes into account the legal rights of the consumer and the firm, as well

as general principles of good financial services and business practice, regulatory policies and guidance, professional body standards and any relevant code of practice or conduct that is applicable to the case. Above all, our recommendations reflect what we believe to be fair to both parties in all of the circumstances of the case.

We do not have the power to compel the attendance of witnesses, take evidence on oath or test evidence by cross-examination. We talk to both parties and interview others who have relevant information, but we do not conduct oral hearings. Such procedural mechanisms would not be necessary or helpful to our work as an ombudsman service.

Our approach is inquisitorial, not adversarial

Unlike courts, an ombudsman service is not limited to looking only at the issues the consumer has focused on in their complaint. Our approach is "inquisitorial," or non-adversarial, meaning our investigators ask the questions they think are relevant to the case and also do their own research and analysis in the process of reaching a decision. Our process is designed so that neither party needs to have legal representation to be assured of a fair outcome. We listen carefully to both parties, let each one know about the information we have that is contrary to their position and concentrate on the facts of the case and our own expertise, rather than the complaint as presented or who can present the most persuasive legal arguments. We also encourage early

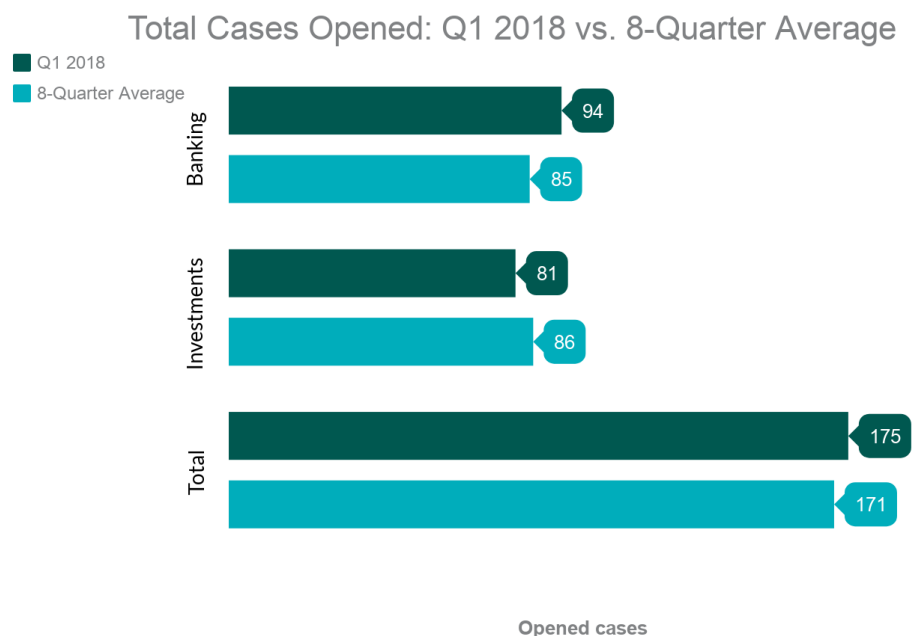
informal resolution wherever possible – something that is not a priority in the courts.

All of these differences reflect the unique nature and purpose of an ombudsman service and are consistent with the best practices of financial ombudsmen around the world.

For a more detailed discussion of these issues, please see [Backgrounder on Natural Justice and the OBSI Process](#).

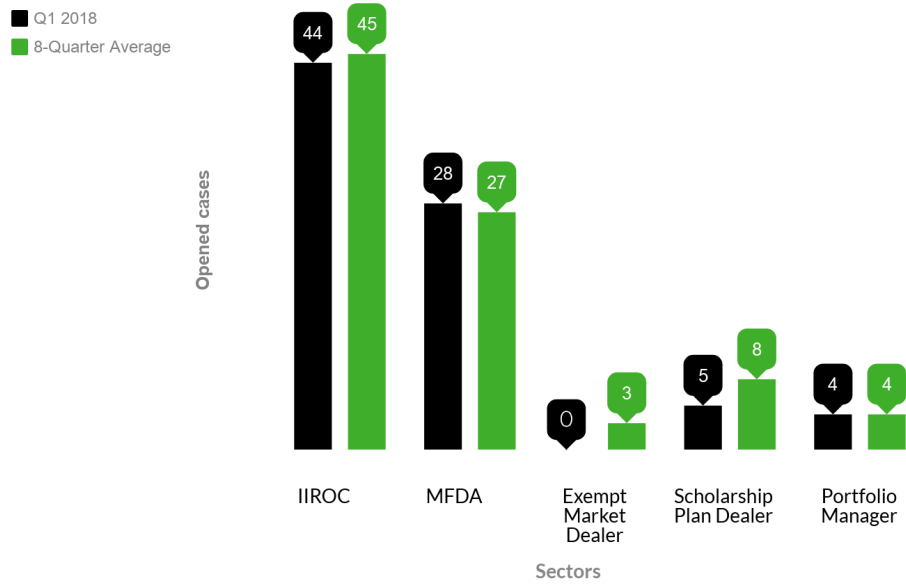
OBSI Q1 statistics

Below is a summary of topline complaints data comparing the first quarter of 2018 to the quarterly average of the most recent eight quarters.



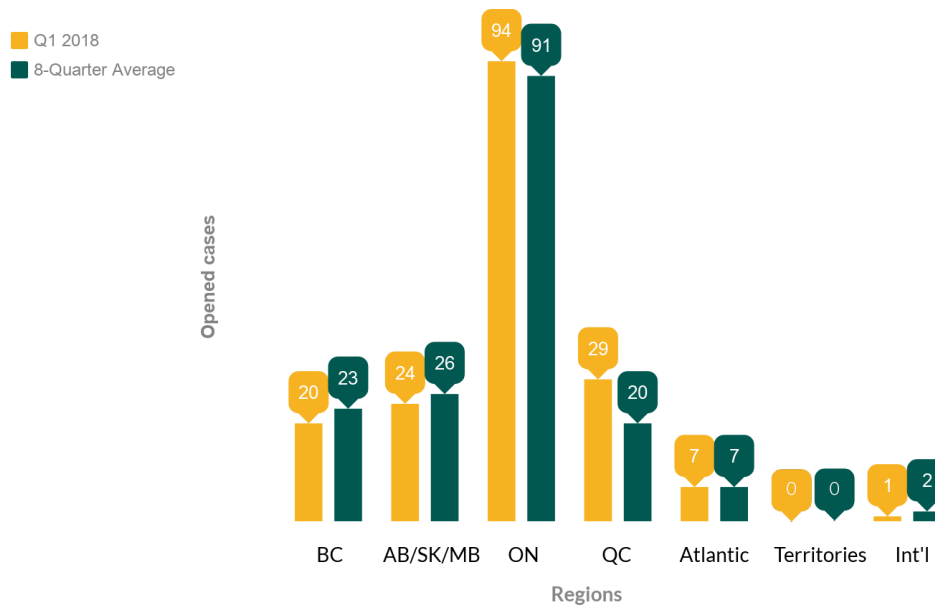
OBSI opened approximately the same number of cases overall in Q1 of 2018 as the quarterly average of the past eight quarters. There were 94 banking cases opened in the first quarter of 2018, up 6% year over year and 10% higher than the quarterly average over the last eight quarters, but this trend is moderating compared to recent increases. This contrasts with 81 investment cases, which were down 9% year over year, and down 6% versus the quarterly average of the past two years.

Cases Opened by Investment Sector: Q1 2018 vs. 8-Quarter Average



The number of investment cases opened during the first quarter was comparable to the quarterly average. Exempt Market Dealer and Scholarship Plan Dealer cases saw minor decreases compared to the quarterly averages.

Cases Opened by Region: Q1 2018 vs. 8-Quarter Average



Regionally, the first quarter saw an increase in cases opened from Quebec, which rose to 29 cases versus the eight-quarter average of 20 cases. Western provinces and BC were slightly below norms after an increased number of cases at this time last year. Ontario continues to represent the greatest share of cases.

Top 5 Banking Issues: Q1 2018 vs. 8-Quarter Average



The top five banking issues remained consistent in the first quarter. Complaints regarding service issues, however, nearly doubled over the quarterly average, from seven cases to 13 cases, while chargebacks are also up moderately. Issues such as relationship ended and fraud have continued historical norms.

Top 5 Banking Products: Q1 2018 vs. 8-Quarter Average



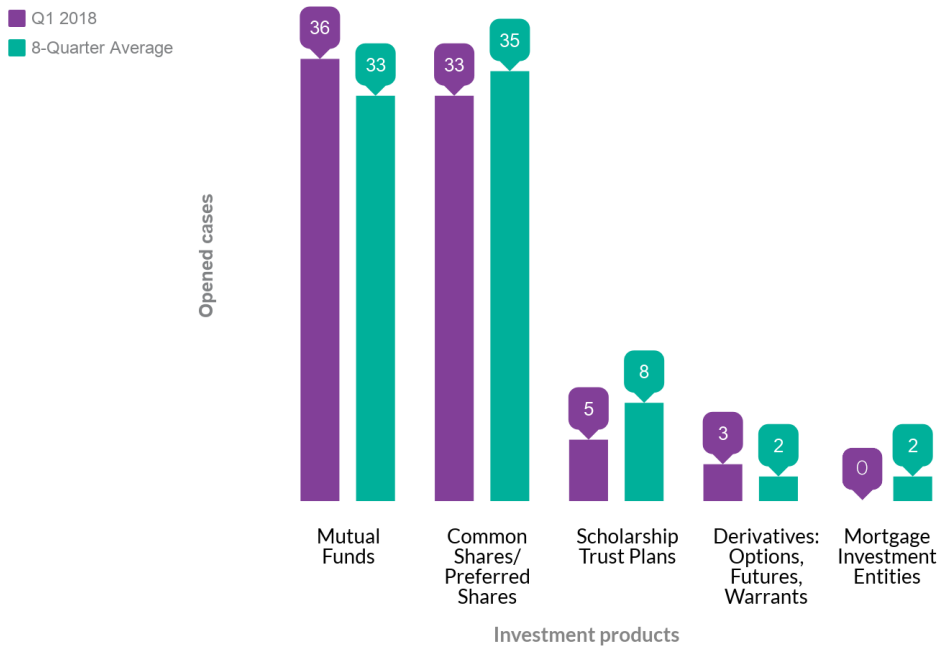
While credit cards have been the most frequent product consumers complained about over the past eight quarters, mortgages led during the first quarter of 2018, increasing considerably when compared to the historical average.

Top 5 Investment Issues: Q1 2018 vs. 8-Quarter Average



Most investment issues are within historical norms. Suitability issues and issues with incomplete/inaccurate disclosure are slightly lower than average in the first quarter of 2018. Fee disclosure, on the other hand, is slightly higher, with 17 cases opened in the quarter.

Top 5 Investment Products: Q1 2018 vs. 8-Quarter Average



The top five investment products are all within the range expected based on past averages. Products such as mutual funds and derivatives, options and future warrants have experienced modest increases. These have been offset by decreases in common shares/preferred shares and scholarship trust plans.

Case study: Understand RESP withdrawal categories when making withdrawals

Ms. K had a family RESP for her four children. She began withdrawing from the plan in 2009 as her children started to attend university.

Each year, close to the time school started, she would call her advisor and tell him how much money she needed from the plan. Ms. K would provide documents showing her child's enrolment and then Ms. K's advisor would fill out the withdrawal form for her. Ms. K then signed the form. On the form, the type of withdrawal had to be selected.

For each form Ms. K signed between 2009 and 2016, Post-Secondary Educational Capital Withdrawal (PSE) was selected by the advisor. This meant that withdrawals were being made only from the money Ms. K had deposited into the plan instead of from the earnings and government grants in the RESP.

Read the rest of this case study [on our website](#) for more information about the different types of RESP's and the outcome of Ms. K's complaint.



Key learnings

- There are different types of RESP withdrawals, and the choice you make can have important financial consequences. Always review your RESP withdrawal options with your advisor.

- Make sure you understand the tax and cost implications of withdrawals from your RESP and work with your advisor to create a withdrawal plan that is best for you and your family. Otherwise, your beneficiary may lose out on government grants or have to pay additional income taxes.

Follow OBSI on social media



SHARE >

Email: publicaffairs@obsi.ca
Website: www.obsi.ca
Tel: 1-888-451-4519
Fax: 1-888-422-2865
TTY: 1-855-889-6274

401 Bay Street, Suite 1505,
P.O. Box 5, Toronto, ON M5H 2Y4

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.

[Unsubscribe](#)

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