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OBSI's public policy submissions

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

Sharing our insight

Informing public policy and shaping regulatory responses was identified as an objective in our 2017–2021 strategic plan. In the spring of 2018, we shared our insight in two public submissions. We gave feedback to both the Financial Services Commission of Ontario (FSCO) and the British Columbia Ministry of Finance.

Fair treatment for consumers

In May [we commented](#) on FSCO's proposed guidelines, *Treating Financial Services Consumers Fairly*. The document offers a standard for all financial services providers to follow. We acknowledged that fair treatment and the protection of consumers is important in today's complex financial services marketplace. We supported the proposed guidelines which outline a common understanding of what it means to treat consumers fairly.

Access to a financial ombudsman for credit union members

In June, we put forward [our comments](#) related to the British Columbia *Financial Institutions Act* and *Credit Union Incorporation Act*. Our submission recognized that credit unions have grown from community organizations that provide basic financial services into dynamic financial institutions. We offered our view that consumer access to an independent and impartial

financial ombudsman is an important part of a modern, efficient and effective credit union system.

All of OBSI's public policy submissions can be found on our website [here](#).

Plain language initiative and 30-day contact commitment

New initiatives to guide our communications

In 2018, we began two initiatives to help improve the transparency and timeliness of our communications. First, we introduced an initiative to make our communications clearer through plain language. Next, we began our 30-day contact commitment which establishes our service standards for how often we communicate with consumers and firms.

Communicating in clear and accessible language

Our plain language initiative helps to ensure our communications are easy to understand for everybody. We have given staff additional training to help them deliver oral explanations in clear and accessible language. We have also updated our key consumer information so that, where possible, we use plain language in our documents. Our revised [Consent Letter](#) provides an example of the clear and effective communication we are committed to delivering.

Committed to communicating case information

Our 30-day contact commitment sets out our standards for timely outreach for both consumers and firms. We have always worked to maintain frequent contact with consumers and firms during the complaint investigation process. We now commit to contacting consumers and firms at least every 30 days during an investigation. The 30-day commitment ensures that they hear from us directly about the progress of their case. We track all contacts through our case management system. We are also currently developing a firm portal which will allow firms to see the progress of their cases and other key information in real time.

Continually improving our dispute resolution process

Together, these initiatives are helping us improve how we communicate with everybody involved in the dispute resolution process. They also help us to continue to improve our dispute resolution process.

OBSI's approach to chargeback cases

What is a chargeback?

A chargeback is the reversal of a credit card charge. There are several reasons why consumers might request a chargeback, including:

- they did not authorize the charge
- the merchant did not deliver the product or service, or
- the product or service received was not as described or what they expected

Our approach

The chargeback request process is run by the credit card networks. They ultimately decide the outcome of chargeback requests. The credit card networks are not OBSI participating firms. Only the credit card issuers, usually banks, are OBSI participating firms. Our focus in chargeback complaints is how the bank and the consumer conducted themselves during the chargeback process.

To read more about our approach to chargeback cases, [please click here](#).

How we're funded

We recently published an explanation for consumers about how OBSI is funded.

This page elaborates on how our service remains free to the public and outlines how we remain independent despite being funded by the industry. We discuss the requirements of provincial securities regulators and federal banking regulators, as well as how our annual fees are calculated.

You can read the full piece [here](#).

FAQs

We have compiled our most frequently asked questions in a convenient location for consumers to find.

Our FAQs cover many questions about our complaints process, including the role of our front line employees, expected timelines and options if OBSI's conclusions are not satisfactory to the consumer.

You can find the full list of FAQs [here](#).



OBSI Q2 Statistics

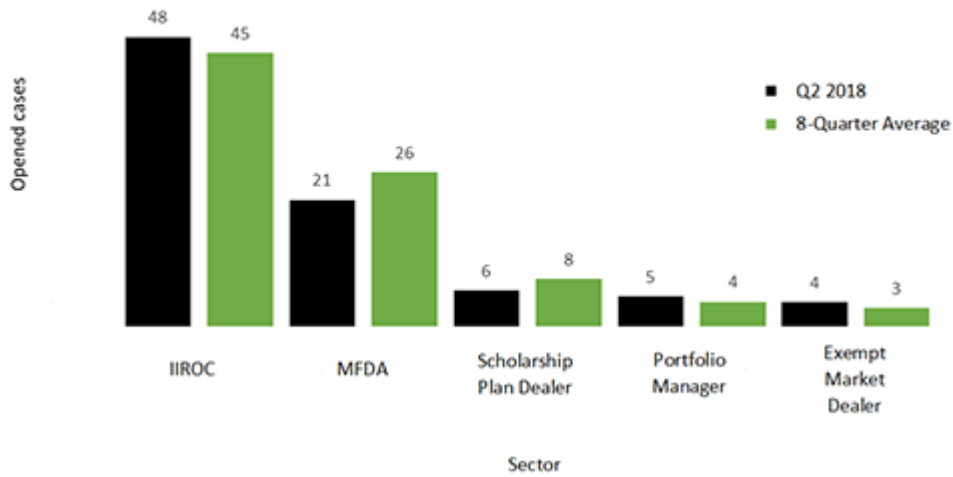
Below is a summary of the topline complaints data comparing the second quarter of 2018 to the quarterly average of the most recent eight quarters.

Total Cases Opened: Q2 vs. 8-Quarter Average

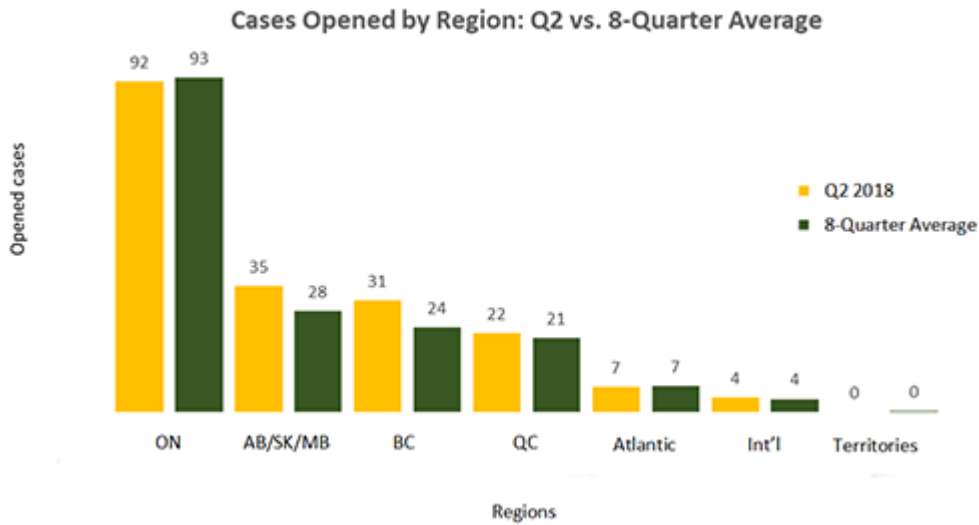


OBSI opened slightly more cases overall in the second quarter of 2018. This was due to an increase in banking cases which rose to 107 in Q2 compared to an average of 91 over the past eight quarters, representing an 18% increase. There was a modest increase in investment cases over the previous quarter, from 81 opened cases to 84.

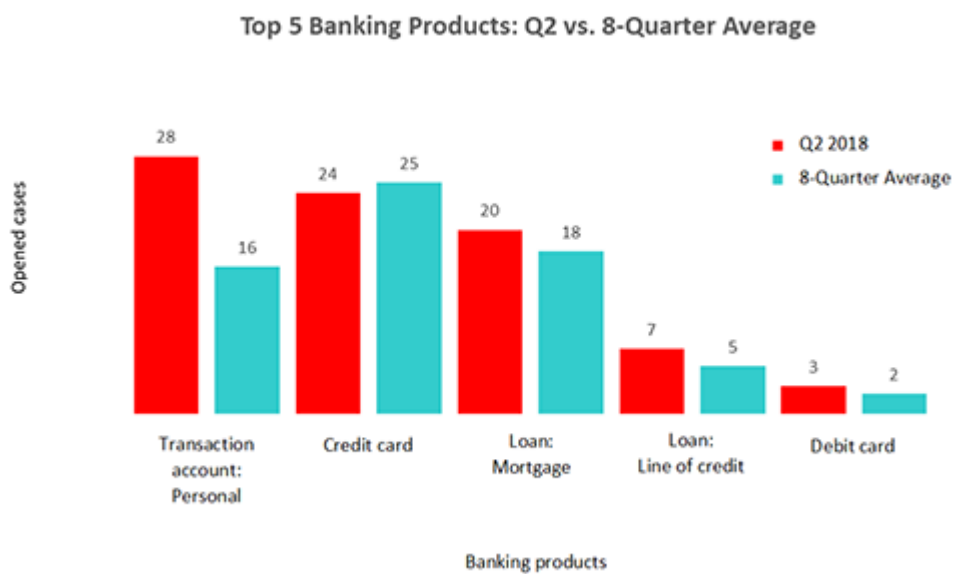
Cases Opened by Investment Sector: Q2 vs. 8-Quarter Average



Cases opened by investment sector remained consistent from the first quarter of 2018 to the second. Cases opened were also consistent with the reported quarterly averages over the past 2 years, with only moderate variations in the number of cases opened in each category.



Overall, the second quarter saw a slight increase in opened cases, which rose above the reported eight-quarter average in each of the Western provinces. Ontario continues to generate the greatest share of cases.



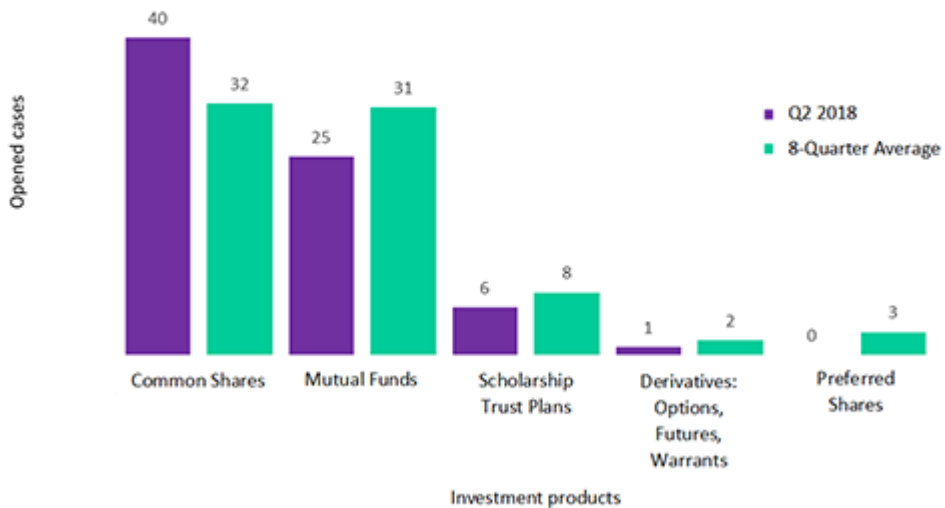
Q2 saw a significant increase in complaints related to personal transaction accounts. These were 75% higher than the eight-quarter average. Mortgage complaints, which had increased considerably in the first quarter of 2018, returned to their eight quarter norm.

Top 5 Banking Issues: Q2 vs. 8-Quarter Average



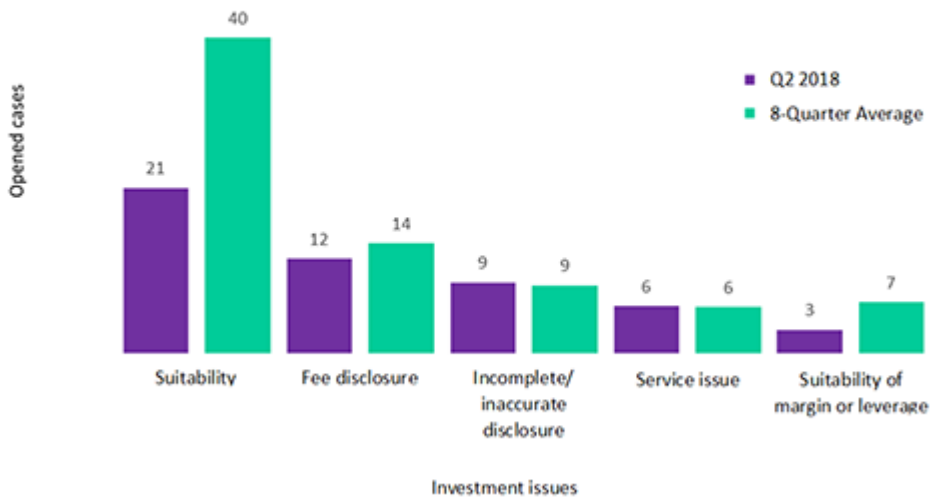
In Q2, fraud took the top spot as the most reported issue, resulting from an increase in complaints above the eight-quarter average. Service issues fell from the leading issue to fifth. There were 4 reported cases in Q2, down from 13 in Q1 and below the eight quarter average. Chargebacks were replaced by Penalties as a top 5 banking issue.

Top 5 Investment Products: Q2 vs. 8-Quarter Average



The top five investment products are within the expected ranges based on past averages. Common shares have switched spots with mutual funds as the leading investment product. Scholarship trust plans, derivatives and preferred shares were below the quarterly average.

Top 5 Investment Issues: Q2 vs. 8-Quarter Average



The categories comprising the top five investment issues did not change in the second quarter of 2018. Most investment issues continue to be within historical norms, with the exception of suitability which saw a 48% decrease from the previous eight-quarter average. Suitability remains the most frequently complained about investment issue.

Case Study: Investment dealers are responsible for unauthorized off-book transactions but consumers must remain diligent

Ms. G sold her home in 2015. She had no investment experience. She had recently been introduced to a financial advisor by a mutual friend. Ms. G decided to invest the proceeds of the sale of her home with the advisor's firm.

Several months later, the advisor approached Ms. G at a social gathering. The advisor mentioned an opportunity to invest in a new company. Ms. G recognized the company's products and, when she next saw the advisor, asked if the investment opportunity was still available.

Ms. G met with company representatives several times. She was impressed with the products and sales materials they presented. On the recommendation of her advisor, she sold some of the securities she held with her investment firm so that she could invest \$100,000 in the company.

Ms. G didn't sign any documents regarding her investment in the company. She did not receive any documents or statements related to the company from her investment firm. Ms. G understood that investing in the company was different than the type of investments she had previously

Key Learnings

- Investment advisors must conduct all securities trading through their investment firm.
- Firms are often responsible for investment recommendations their advisors make outside of the firm (off-book transactions) even if the firm was not aware of the investment.
- Consumers should make efforts to understand whether

made through the firm. She also knew her advisor had personally invested in the company.

[Click here](#) to continue reading the rest of this case study.

their investment firm is aware of, and approves of, the investment being made.



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