

## NOVEMBER 20, 2013 ISSUE

### NORTHERN SECURITIES REFUSES OBSI RECOMMENDATION

The Ombudsman for Banking Services and Investments (OBSI) today announced the refusal of Northern Securities to compensate retail investor clients in the amount of \$16,022.

Mr. and Mrs. B are a retired couple from Toronto. Northern Securities is a Toronto-based investment firm whose membership in the Investment Industry Regulatory Organization of Canada (IIROC) was suspended after the firm failed to maintain adequate capital levels. OBSI did not uphold most of Mr. and Mrs. B's complaint about Northern Securities, though on one aspect of their complaint we found in their favour: the couple's advisor at Northern Securities, Mr. T, recommended an investment in a Stelco bond that was unsuitable given their low-risk, income-producing investment objectives. As a result of the Stelco investment, Mr. and Mrs. B suffered compensable losses of \$16,022, which Northern Securities refused to pay.

Northern Securities is responsible for the financial harm incurred by Mr. and Mrs. B as a result of the unsuitable investment. It has chosen not to fulfill its responsibilities to them by providing the compensation they are owed based on the facts of the case.

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.

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OBSI is Canada's national 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: debit and credit cards; mortgages; stocks, mutual funds, income trusts, bonds and GICs; loans and credit; fraud; investment advice; unauthorized trading; 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.

#### **ADDENDUM**

Sometimes, OBSI has a complaint against a firm that is deregistering or winding down its operations, is suspended from its self-regulatory organization (SRO) or otherwise exists as a going entity in name only and will not pay any recommended compensation.

OBSI's process will change in such cases going forward. If an investigation report is not yet finalized, the outcome will be announced through a brief summary of the complaint and OBSI's findings, as done here in the case of Northern Securities. OBSI will not conduct any further work on complaints against such firms. If no conclusion has yet been reached, the file will simply be closed.

This is one of a series of efficiency measures OBSI will be announcing in the coming weeks designed to improve the average time it takes to resolve complaints.

For more information, contact:

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