

The background of the cover is a blurred, high-angle photograph of a busy public space, likely a transit station or a large office lobby. People are seen from behind, walking away from the camera. The floor is made of large, light-colored square tiles. The overall color palette is dominated by cool blues and greys, with some warmer tones from the people's clothing. A vertical decorative element on the left side consists of a series of parallel diagonal lines in white and blue.

 2011 ANNUAL REPORT

Canada's Independent Banking and Investment Ombudsman

Trusted. Impartial. Effective.



OMBUDSMAN

for Banking Services and Investments | des Services Bancaires et d'Investissement

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The Ombudsman for Banking Services and Investments (OBSI) is Canada's independent ombudsman for consumers and small businesses with a complaint they can't resolve with their banking services or investment firm.

- Independent not-for-profit organization operating in the public interest.
- May recommend compensation up to \$350,000.
- Free to consumers and small businesses.
- Non-legalistic approach, using principles of fairness to all the parties.
- Fully functional in both English and French. Able to handle inquiries in over 170 languages.
- Investigates 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.

To conserve the environment and reduce costs, OBSI produced its 2011 Annual Report in electronic format. Should you require a hard copy, please contact us. We would be happy to print one and mail it to you.

This Annual Report covers OBSI's 2011 fiscal year, which ran from November 1, 2010 to October 31, 2011.



Dr. Peggy-Anne Brown
Ph.D., Chair, Board of
Directors

Message from the Chair

2011 was a tremendous year of successes at OBSI, also marked by continued challenges while we await regulatory clarity on the banking side of our important mandate.

During the economic and market turmoil of the past few years, OBSI has continued to persevere to provide fair, independent and impartial investigations of consumer and investor complaints. This is a critical role during these times when public trust in financial services has been tested around the world. While this continues to be a very challenging mandate, OBSI can be proud of its many successes in 2011.

We completed our second rigorous independent review as required by

our Framework for Collaboration with financial regulators. The review was conducted once again by The Navigator Company of Australia, an international expert in financial Ombudsman schemes with many scheme reviews to its credit (The Navigator Company also conducted the first independent review of OBSI in 2007). This year's independent evaluation of OBSI was again very positive. Its conclusions commented favourably on the maturity of the organization, management, staff and processes in

meeting a very demanding mandate – one that exists in a stakeholder environment that the reviewer described as being the most challenging they had ever seen.

Among the report's conclusions, the review of individual complaint case files showed consistent adherence to internal policies and objective fairness to both firms and consumers. In addition, the specifically-requested review of OBSI's investment suitability and loss calculation methodology – an issue of great concern for some

investment firms and of significant interest for regulators – found OBSI’s approach to be world-class in its fairness and commercial sophistication.

This approach has been validated by Australia, where the ombudsman service adopted a similar calculation approach at the urging of industry stakeholders.

In September, OBSI hosted financial Ombudsman organizations from around the world in Vancouver for INFO2011, the annual conference of the International Network of Financial Services Ombudsman Schemes. OBSI organized a week of intensive discussion of financial Ombudsman issues, challenges and trends. Representatives of Canada’s financial sector and regulators were also in attendance at this successful event that proudly showcased Canada’s financial sector dispute resolution.

From an operational perspective, the leveling off of banking and investment complaint volumes after several years of

double-digit percentage growth enabled us to deliver the first ever year-over-year reduction in OBSI’s budget. We also completed the specially-funded project to tackle the accumulated backlog of investment complaint files. The project was completed on budget and ahead of schedule.

The management and staff of OBSI should feel justly proud of these accomplishments and I congratulate them on behalf of the Board of Directors.

Unfortunately, all of this success has failed to translate into stability for OBSI and the mandate it performs as a key element in Canada’s financial consumer and investor protection framework.

The report of the independent reviewer remarked on this disconnect between OBSI’s superior performance and the degree of industry and regulator support it enjoys. One area of concern highlighted by the independent reviewer was OBSI’s independence; not the independence of complaint decision-making, which was found

to be consistent with the mandate, but rather the degree to which industry funding of OBSI had not kept pace with the increase in complaint volumes. While increased efficiency would normally be able to absorb some increase in complaint volume, the magnitude of the volume increases and the inability of OBSI to secure sufficient resources to avoid the creation of a backlog suggested that there was insufficient independence from industry in the area of resourcing decisions. Indeed, when a firm is part of a voluntary scheme and is not compelled to remain with and/or cooperate with an Ombudsman service, there is constant tension on the resourcing decisions given the ever-present threat of withdrawal. Notwithstanding that the independent reviewer found that OBSI was maintaining its fairness and consistency of decisions in the face of industry pressure, the threat of withdrawal is always there in a voluntary scheme.

Sadly, that threat has again been proven real in OBSI’s case, with significant negative outcomes for Canadian financial consumers.



The dispute-resolution process that consumers access needs to be credible, independent, and impartial – not beholden to any one stakeholder group. Allowing banks to choose a dispute resolution provider gives all the power to the financial institution and none to the consumer.

On October 26th, TD Bank announced its withdrawal from OBSI for banking complaints. This follows the departure, almost three years ago to the day, of RBC Royal Bank in October of 2008. The immediate turmoil caused by TD's sudden departure is now behind us but it has raised a fundamental question for regulators to answer: should banks and investment firms be permitted to choose their own provider of dispute resolution? The independent investigation of consumer complaints

cannot be credibly handled by a private for-profit supplier chosen and paid for by the bank. A service hired by the bank and, consequently, has the bank as a client creates the perception, if not the reality, of a loss of critical independence.

Investment regulators have come under tremendous pressure this year to open up investor dispute resolution to the firms' choice of supplier. To their credit, they have stood fast in the face of this pressure, having recognized the inevitable race to the

bottom that such a move would create. They have engaged more actively to ensure that investment dispute resolution functions effectively for all stakeholders (regulators, firms, and especially the investors raising the complaints).

Sixteen years ago, the banking sector first proposed an independent Ombudsman as an alternative to the imminent imposition of a federal statutory agency to bank disputes with small business clients. The mandate was soon expanded to include all retail

banking complaints. In 2002, the aftermath of the collapse of technology stocks saw thousands of new investor complaints in need of fair resolution. Again, the threat of government imposition of a statutory solution saw the investment industry adopt the banks' own preferred industry-funded solution. Some may have viewed allowing a "self-regulatory" approach as an abdication of consumer and investor protection in favour of an industry-preferred voluntary model. However, safeguards to protect OBSI's independence were installed and the informal nature of OBSI's processes created a desirable level of flexibility and accessibility to accommodate the needs of consumers and investors.

Now it seems that a vocal minority of industry stakeholders have forgotten the genesis of this industry-created solution. They have called for a more legalistic process, tighter definitions of what OBSI can review, and greater protections for themselves when faced with non-binding recommendations for compensation. As stated by the external

reviewer, they have also sought tighter restraint over costs even as complaint volume growth vastly outpaced OBSI's resources. Some industry stakeholders now seek to install their own chosen private providers of dispute resolution to resolve complaints with their customers. It is difficult to see how this could be anything but a step backward for consumer and investor protection in Canada.

OBSI was not created as a simple private supplier contracted by each participating bank. We were created to have a much broader public interest and public policy function, balancing the needs of all stakeholders. The dispute-resolution process that consumers access needs to be credible, independent, and impartial – not beholden to any one stakeholder group. Allowing banks to choose a dispute resolution provider gives all the power to the financial institution and none to the consumer. It is clear that the only system that can function in the public and consumer interest is one where OBSI is the sole approved dispute resolution service for banking consumers.

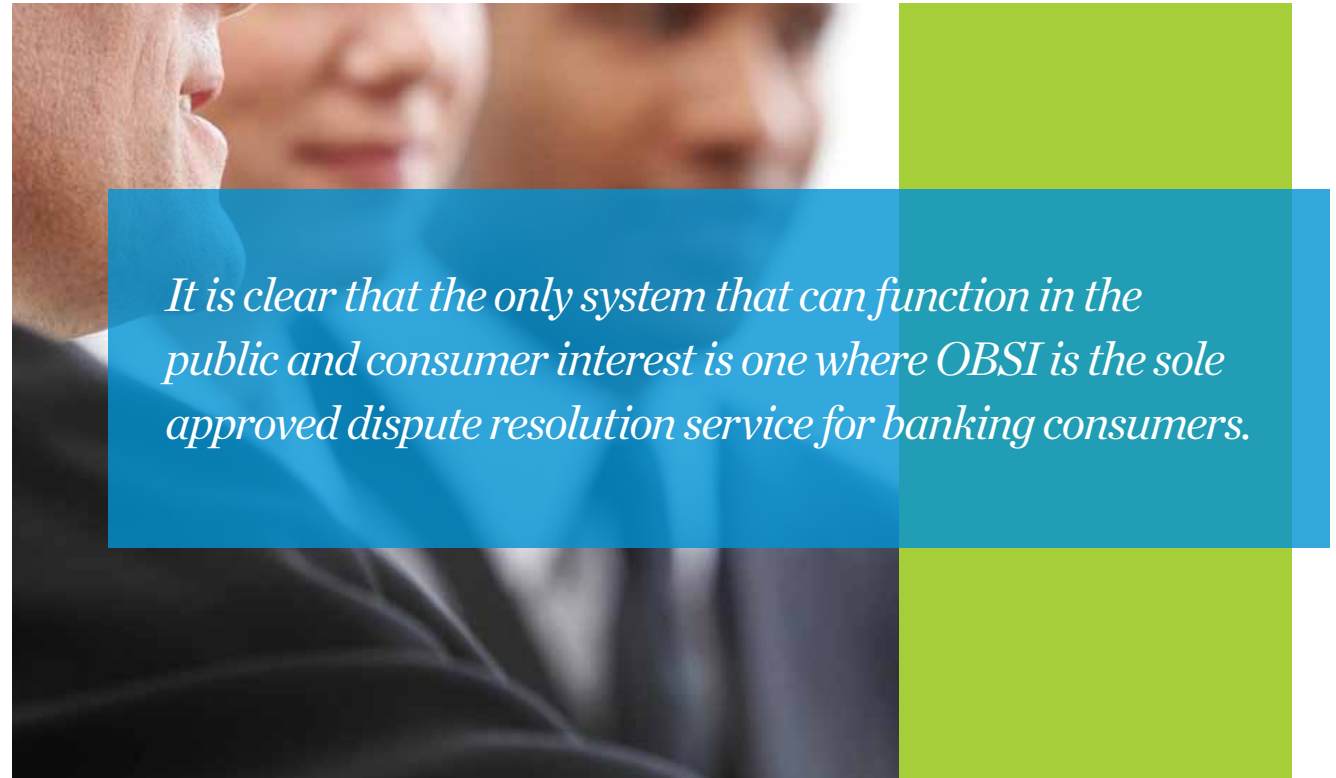
Make no mistake, this is a power struggle between the interests of consumers/ investors and the interests of large and powerful financial firms. A small non-profit organization cannot hope to survive in this struggle without strong support from industry, or in the absence of industry support, support from government and regulators. Government and regulators have a responsibility to ensure that the consumer and investor protection framework takes into account the inherent power imbalance between individual consumers and firms, and ensures that the public policy objectives of fair resolution of consumer complaints are met. In the absence of sufficient industry cooperation and support, government and regulators must step in, as they have clearly done for the investment sector, to support a fair, independent and impartial reviewer of bank complaints. If there is not sufficient support for OBSI from government and banking regulators, a return to the original plan, that of a statutory dispute resolution scheme, may be preferable.

Despite all of these uncertainties, OBSI's staff and management continue to devote themselves to the daily task of resolving complaints in a fair, reasonable, and compassionate manner. On behalf of the Board of Directors, they have our thanks and our unwavering support as we collectively work through the structural challenges that will likely see financial sector dispute resolution evolve yet again in the near future. Our commitment is to ensure that the evolution is in the best interest of all stakeholders and consistent with the public interest that underlies OBSI's mandate.



Dr. Peggy-Anne Brown Ph.D

Chair, Board of Directors





Douglas Melville,
Ombudsman

Message from the Ombudsman

At OBSI, we are ever mindful of the importance of effective dispute resolution for Canada's consumers and investors as well as for their financial services firms.

It is with this in mind that the Canadian Banking Ombudsman was formed back in 1996 by agreement between the banking sector and the Government of Canada to address complaints from small business customers of Canada's banks. This was an industry-proposed alternative to Government imposition of a statutory solution to resolve customer complaints. The mandate was extended shortly thereafter to include all retail consumer complaints against Canada's banks.

Then in 2002, in the wake of the market turmoil at the turn of the millennium,

the mandate was extended yet again to cover investment firms. At that time, our office was renamed the Ombudsman for Banking Services and Investments, or OBSI.

The noble objective of our creation was to provide an alternative to costly court processes – costly for both firms and for consumers – as a means of resolving banking and investment complaints, legitimate or otherwise. For financial firms, OBSI also serves as a significant customer service proposition at a low cost to their bottom line.

It has been an interesting 16 years that has seen much change in the financial sector and in the types of complaints our office has reviewed. Throughout much of this period, we have served the interests of all stakeholder groups in an informal environment that relied upon the cooperation of all parties. The effective resolution of complaints is just as dependent upon that cooperation today as 16 years ago.

We are seeing the number of financial Ombudsman offices growing around the world as the success of the concept in financial services becomes

more widely known. It is being adopted by governments around the world seeking to provide a fair and balanced process to ensure that consumers and investors are treated fairly and compensated, where appropriate, for losses they incurred as a result of errors by their firm.

When investigating complaints, our role as an Ombudsman – not to mention OBSI’s constitutional documents - has us consider not just the law but also general principles of good financial services and business practices, regulatory policies and guidance, and any applicable professional body standards, codes of practice or conduct. Indeed, Ombudsman offices are set up to investigate complaints with a view to resolving them in a manner that is fair and reasonable in all the circumstances.

Some argue that we should adopt a strictly legalistic approach in our investigation of complaints. But that is not what an Ombudsman does, and not what OBSI was created by industry to do.

We are not a court or a regulator. However, we agree that for large consumer or investor claims, a greater degree of procedural formality

is appropriate. That is why OBSI can only investigate complaints involving amounts up to \$350,000. It is for the larger claims that a tiered complaint handling system was created: investors can access IIROC’s arbitration program for claims up to \$500,000, while all consumers have access to courts.

Our process is intended to be informal – i.e. non-legalistic - so that we can resolve complaints as quickly as possible. At the same time, we apply the appropriate amount of rigour to each of our investigations to ensure the results are fair to the parties. A strictly legalistic approach to resolving disputes risks worsening the knowledge and power imbalance that already exists between firms and consumers. As noted above, however, the success of the Ombudsman model is dependent on cooperation from all the parties.

Despite the sense that we are on the right track in implementing the mandate we have been tasked with, we know there is always something we can improve to provide better value to all stakeholders in our work: participating firms, consumers and investors, governments and regulators. The

recommendations of the independent reviewer offer several additional opportunities we will be embracing over the next year.

As the growth in complaint volumes subsides after several years of tremendous growth, we are gradually returning to operating levels that enable us to more quickly engage on complaints coming to our office given our limited resources. To OBSI’s highly professional staff, our thanks for staying focused during the last few years on providing excellent service to both parties involved the many thousands of financial sector complaints we have resolved.

On behalf of OBSI’s staff and stakeholders, I express again this year our appreciation to our Chair, Dr. Peggy-Anne Brown, and our Board of Directors for their time, guidance and support.



Douglas Melville

Ombudsman

Dispute Resolution

■ “It definitely was your help that got things going.
I wanted to say thank you, you were very helpful.
We wouldn’t hesitate to use your services again.”

OBSI CLIENT

Who We Are

The Ombudsman for Banking Services and Investments, or OBSI, is Canada's national independent dispute resolution service for consumers or small businesses with a complaint they can't resolve with their financial services firm.

Established in 1996 as an alternative to the legal system, we work informally and confidentially to find fair outcomes to unresolved disputes about banking and investment products and services. We are free to clients. Our funding is provided from a levy on all participating firms. If we find an error, misleading advice or other maladministration that has caused a loss to a client, we may recommend compensation up to a maximum of \$350,000. Our independence is assured by a board of directors with a majority of independent directors and strong safeguards for our independence and impartiality.

HOW WE WORK

Our staff – with a wide variety of experience and training in financial services, law, accounting, dispute resolution and regulatory compliance – review and investigate unresolved complaints from clients about banking and investment products and services.

If we find the firm has caused a loss, we will recommend a settlement that aims

to make the client whole. We may also recommend compensation for inconvenience in the appropriate circumstance, or non-financial actions such as correcting a credit bureau record. If we find the firm has acted appropriately, we will explain to the client why we came to that conclusion.

When we receive a complaint, our assessment team looks at the file to make sure it falls within our mandate. For instance, the firm has to be one of our participating banks, credit unions, investment dealers, mutual fund dealers and managers, investment counsel/portfolio managers and scholarship plan dealers. We also look for a final answer from the firm to the client, which allows us to start our review knowing the positions of both firm and client. OBSI will look at complaints where the client is either unsatisfied with their firm's final response, or at least 90 days have passed since the client first complained to their firm and the complaint remains unresolved.

During an investigation, we gather information from the parties and review the

facts of the case. We make decisions based on what's fair to both the client and the firm, taking into account general principles of good financial services and business practices, the law, regulatory policies and guidance, and any applicable professional body standards, codes of practice, or codes of conduct.

If we believe that the facts of the case do not warrant further review, we will let the client know quickly. We always make sure that we explain our reasons, just as we do when we are recommending compensation.

If we believe compensation is owed to the client, we try to settle the dispute through a facilitated settlement between the client and firm that aims to address the complaint quickly with a fair outcome to both parties.

If we can't facilitate a settlement but we continue to believe the client should be compensated, we will complete our investigation and prepare an investigation report. We will send a draft investigation report to the firm, and then to the client. Following a brief comment period, we will send the client and the firm a final report that sets out our recommendation.

After reviewing the facts of the case, we make a decision based on what's fair to both the client and the firm. We take into account general principles of good financial services and business practices, the law, regulatory policies and guidance, and any applicable professional body standards, codes of practice, or codes of conduct.

Sometimes, during our review of an individual complaint, we conclude that the issue at hand would have affected multiple clients of the same firm. In such cases involving systemic issues, we work with the firm to provide restitution to all their affected clients. If the firm does not cooperate, we escalate the matter to the firm's regulator(s).

Neither a court nor a regulator, OBSI does not fine or discipline firms or individuals. Our recommendations are not binding on either party, but we have an excellent record of acceptance of our recommended settlements from both firms and clients.

While we do not handle matters that have already been through a court or an arbitration,

if a client is not satisfied with our conclusions, they are free to pursue their case through other processes including the legal system, subject to statutory limitation periods.

OUR COMMITMENT TO YOU

The Ombudsman for Banking Services and Investments is committed to excellence in our dispute resolution service. Our standards are designed to ensure a high-quality, independent and fair dispute resolution process for consumers and providers of financial services in Canada.

Our Code of Practice commits us to achieving high standards of excellence in 11 separate areas of our operation and governance including accessibility, fairness and independence, timeliness and competence. These standards were based in part on emerging international complaint-handling standards through the International Standards Organization (ISO 10003).

Unlike privately contracted for-profit dispute resolution businesses, as part of our Framework for Collaboration with

financial regulators OBSI must submit itself to rigorous, independent third party evaluations on a regular basis. Our most recent review was conducted in 2011.

PARTICIPATING FIRMS

All financial services firms regulated by the federal or provincial governments are eligible to become a participating firm in OBSI.

Current participating firms include:

- Domestic and foreign-owned banks
- Credit unions
- All Investment Industry Regulatory Organization of Canada (IIROC) member firms
- All Mutual Fund Dealers Association of Canada (MFDA) member firms
- Mutual fund companies
- Investment counsel/portfolio managers (ICPMs)
- RESP Dealers Association of Canada (RESPDAC) member firms
- Federal trust and loan companies and other deposit-taking organizations

Our Code of Practice commits us to achieving high standards of excellence in 11 separate areas of our operation and governance including accessibility, fairness and independence, timeliness and competence.

OUR PEOPLE

OBSI's experienced and professional staff are drawn from a variety of fields and disciplines such as law, accounting, finance, banking and investments. Our staff are committed to conscientious, fair and timely dispute resolution, which is evident in their dealings with all parties.

At the end of our 2011 fiscal year, we had a complement of 45 permanent full- and part-time staff, plus an additional 9 on contract. Our team of consumer assistance officers responds to the thousands of initial inquiries and complaints that are received online and by phone, email, letter and fax each year. We have two teams of assessment staff and investigators responsible for reviewing and investigating files in depth – one for banking services and the other for investments. Each is headed by a Deputy Ombudsman.

The Senior Management

Team consists of:

Douglas Melville

Ombudsman and CEO

Robert Paddick

Deputy Ombudsman, Investments

Tom Goodbody

Deputy Ombudsman, Banking Services

Tyler Fleming

Director, Stakeholder Relations and Communications

Marjolaine Mandeville

Manager, Administration

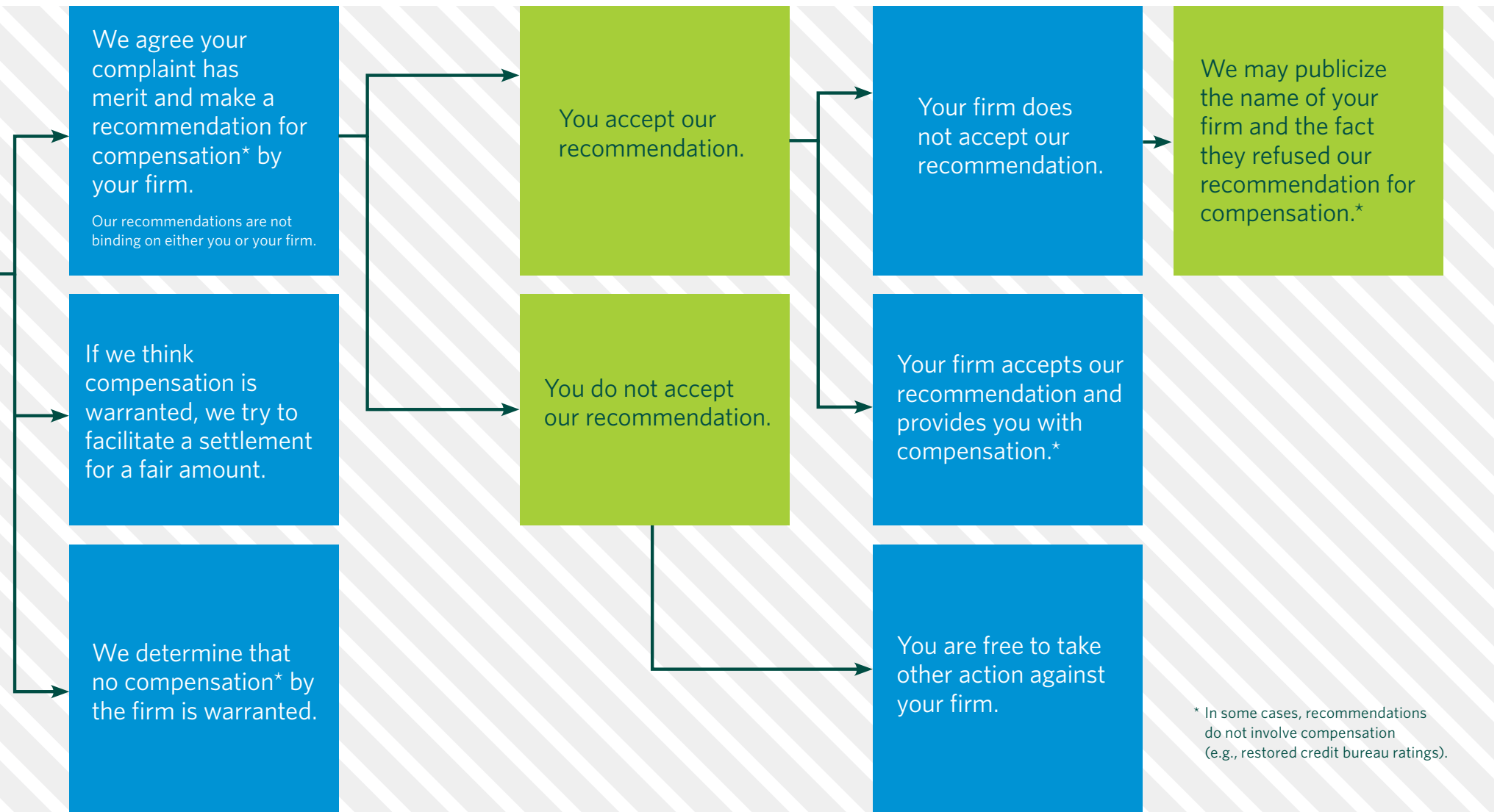
LANGUAGE SERVICES

OBSI's complaint intake centre is equipped to receive inquiries in over 170 languages. We use an international telephone-based service that allows us to connect a phone call we've received from someone who doesn't speak French or English to an interpreter, literally in seconds. The interpreter helps us understand the nature of the inquiry or complaint and makes sure the client can comprehend our instructions as well.

Our language service has been accessed by callers speaking Mandarin, Cantonese, Punjabi, Arabic, Russian, Tamil, and Italian, among others. While we can't offer to do a full case review or investigation in languages other than French or English, the interpreters help us explain to clients how OBSI works and point them to community resources where they can receive language assistance.

CONSUMERS' GUIDE TO HOW OBSI WORKS





What's New in 2011

- “How much faith will people have if they know their bank is choosing who is watching them?”

MEMBER OF THE PUBLIC

INDEPENDENT REVIEW

At its meeting on September 17, 2011, our Board of Directors was presented with the report of OBSI's independent reviewer.

As part of its Framework for Collaboration with financial market regulators, OBSI must submit itself to knowledgeable, independent third party evaluations on a regular basis. The Navigator Company of Australia, which conducted the last review in 2007, was engaged by OBSI's Board of Directors to review OBSI once again. The Navigator Company has extensive experience in this field, having reviewed eight different financial dispute resolution schemes around the world – several of them multiple times – as well as having conducted similar reviews of several non-financial dispute resolution schemes.

OBSI was found to meet or exceed its requirements under the Framework

in areas such as Accessibility, Scope of Services, Fairness, Methods & Remedies, Accountability and Transparency, and Third Party Evaluation. OBSI's costs, volume of complaints, and percentage of cases that ended in consumer compensation were found to be in line with (or lower than) other comparable jurisdictions. Our methodology for assessing investment complaints about suitability was found to be both more precise and more fair to firms and consumers than other methodologies used around the world.

The one area where OBSI did not meet the expectations under the Framework was Independence. The review found that while OBSI has the internal structures, procedures and processes in place to achieve independence, OBSI's "funding has not kept pace with the workload and industry compliance has deteriorated with firms walking away, threatening to walk away, using more aggressive negotiating tactics and

"We do not believe that the current impasse between industry and the OBSI can be resolved in any sustainable way with only minor refinements. The situation has moved beyond that. We argue that resolution of the current impasse will require the active intervention of the regulators and a multi-faceted package of reforms designed to act as a 'circuit-breaker'."

INDEPENDENT REVIEWER'S REPORT,
SEPTEMBER 22, 2011.



in some cases outright refusing to comply with recommendations.”

To conduct their review, The Navigator Company interviewed a wide range of stakeholders, including participating firms, industry associations, regulators, and consumer and investor advocates. They examined a wide range of documents provided by OBSI and firms, including entire case files. They also conducted comparison research with financial ombudsman schemes in other similar jurisdictions.

OBSI will be consulting with stakeholders on the report and its recommendations, with

meetings scheduled throughout the early part of 2012.

A copy of the report can be found on [OBSI's website](#).

INVESTMENT REGULATORY SUPPORT FOR OBSI

Throughout 2011, a group of investment dealers made repeated attempts to persuade the Canadian Securities Administrators (CSA), Investment Industry Regulatory Organization of Canada (IIROC) and Mutual Fund Dealers Association (MFDA) to exempt them from the requirement to participate in OBSI for investment complaints.

“ [the CSA] strongly supports the existence of a single system of informal dispute resolution.”

HOWARD WETSTON, CHAIRMAN,
ONTARIO SECURITIES COMMISSION

Recognizing the harm this would cause to investor protection in Canada and the inevitable “race to the bottom” that would result in dispute resolution, the regulators turned down the requests.

At the annual conference of the Ontario Securities Commission (OSC) that took place in November 2011, Chairman Howard Wetston stated that the CSA “strongly supports the existence of a single system of

informal dispute resolution.” OBSI is pleased to see such strong support from investment regulators for a strong, credible, independent, and effective dispute-resolution system for investors. Many would say it is time for the Department of Finance to do the same on the banking side of our mandate.

FIRST SYSTEMIC RECOMMENDATION REFUSAL

In the first-ever such instance a participating firm from the banking sector refused a recommendation made to improve practices and provide compensation to consumers.

In 2010, OBSI’s Terms of Reference expanded to include the investigation of “systemic issues”. These are issues that are raised in an individual complaint that OBSI believes may have affected or have the potential to affect a large number of consumers at the same firm. OBSI gained the ability to investigate systemic issues with the encouragement of the regulators – especially The Department of Finance – in response to a 2007 independent review of our operations, bringing Canada in line with

similar jurisdictions around the world.

International ombudservices have been involved with systemic issues much longer than we have in Canada. They have advised that since their involvement in these issues some firms have dedicated internal systemic managers to identify and correct these issues before they are escalated to the Ombudsman. One of the key differences, however, is that it is mandatory for banks to participate in these ombudservices.

As a result of the bank’s refusal in this case, the affected consumers – most of whom are unlikely to know that there is a problem – will not receive the compensation OBSI considers fair and reasonable under the circumstances.

The power and obligation to investigate systemic issues is a significant benefit to consumers, but it is also an important benefit to firms, as it allows issues to be identified and addressed without the threat of litigation, including class action lawsuits. It can also serve as an early-warning system to regulators and government, as OBSI often sees problems via the complaints that come

to our office much sooner than it comes to the attention of others outside of the industry.

When a firm refuses a systemic recommendation, OBSI’s Terms of Reference require that we report the matter to the firm’s regulators while publishing the refusal on a no-names basis. In this instance, OBSI has met with the regulator to provide information on our investigation and findings. The firm was made aware of the escalation in advance and had multiple opportunities to change its position on our recommendation before the meeting with the regulator occurred, though it was operating within its rights when it refused our recommendation.

In our first full year of reviewing potential systemic issues we identified ten possibilities, of which seven were deemed not to be systemic concerns. The three issues we deemed to be systemic were all with one firm and all related to a lack of disclosure in mortgage documentation, the largest concern being the calculation of the “interest rate differential.”

TD BANK DEPARTURE

On October 26, the Toronto-Dominion Bank announced it was withdrawing from OBSI effective as of the close of business on October 31. This move affects only banking complaints related to TD Bank and TD Canada Trust. OBSI continues to accept complaints regarding TD Securities Inc., TD Investment Services Inc., TD Waterhouse Private Investment Counsel Inc., TD Waterhouse Canada Inc., and TD Asset Management Inc.

TD is the second Canadian bank to withdraw from OBSI, following RBC's withdrawal in 2008.

18.5%
of inquiries
in 2011 were
regarding TD

*“Sorry to bother
you but where do
I go now?”*

190
TD case files
opened in 2011

*“I wish your
organization was
still involved with
my complaint.
I wish you the best
of success in 2012.”*

TD CANADA TRUST CUSTOMERS,
AFTER THE FIRM WITHDREW FROM OBSI

FUNDING BYLAW

In the summer, OBSI undertook consultations with industry on a proposed change to OBSI's bylaws that would have established a notice provision for firms withdrawing from OBSI. The change would have meant any firm leaving OBSI would continue to be responsible for their share of the budget for a number of months following the effective date of their withdrawal.

In 2008, RBC withdrew from OBSI for banking complaints on October 31, the last day of our fiscal year, and refused to take on any responsibility for their share of the budget as of November 1. This was seen as unfair by the remaining firms as they became responsible for the costs previously allocated to resolving RBC's banking complaints – several hundred thousand dollars. Rather than increase other firms' fees solely to pay for these costs, the Board chose to deplete OBSI's operating reserve which had been built up over several years.

During the summer consultations, we heard from several industry stakeholders

that more time was needed to study the proposed bylaw. They did, however, agree in principle: the letter from industry stakeholders to our Board of Directors for their September meeting stated they “recognize it was in their own best interests to establish a protocol or requirement that any firm deciding to leave OBSI should be responsible for any reasonable disengagement costs that OBSI might incur, rather than having the remaining firms pay those costs.” A decision on the bylaw was deferred to the coming December meeting to allow for more consultation.

TD announced on October 26, 2011 that they were withdrawing from OBSI for banking complaints, effective as of the close of business on October 31. With TD's surprise announcement, OBSI's Board was faced with an immediate need to implement a solution that addressed the financial risks to our organization. On the advice of legal counsel, the Chair called a meeting of the Board on October 26, and an additional Board meeting and Special Meeting of the Voting Members of the Corporation were

held on October 27. The Board and Voting members approved a bylaw change that appropriately addressed these outstanding financial risks.

The approved bylaw change was submitted for approval to the Minister of Industry on October 28. Ministerial approval was granted on October 28. The new bylaw was therefore effective as of October 28, 2011.

With the bylaw's passage, TD agreed to abide by its provisions. Firms can no longer walk away from OBSI without any regard for meeting their financial responsibilities: to OBSI, to their fellow participating firms, and most importantly, to all those individual consumers who have brought their complaints to OBSI seeking a fair resolution.

OBSI's full corporate bylaws can be found on our website.

INFO2011

In September, OBSI was proud to host INFO2011, the annual conference of the International Network of Financial Services Ombudsman Schemes. Taking place in Vancouver and Whistler, the conference attracted over 120 delegates from 28 countries. This provided a unique opportunity for Canadian firms, regulators, government officials, and consumer and investor representatives to interact with their counterparts from around the world and gain new insights into financial dispute resolution. We thank all delegates, and especially our Canadian partners and stakeholders, for joining us in British Columbia.

In the wake of the independent review of OBSI that found we are in many ways a world-class operation, the INFO2011 conference was an opportunity for OBSI – and in fact Canada – to stand proud on the world stage.

Delegates were welcomed to British Columbia at the stunning Museum of Anthropology building by the province's Lieutenant Governor, the Hon. Steven L.

Point. Following remarks and a traditional Aboriginal dance presentation, guests proceeded outdoors for an intimate cocktail party with the sunset against the ocean and mountains as a backdrop.

Over the three days of the conference, delegates participated in a stimulating programme that included such topics as the use of social media in the Ombudsman context, how to manage a complex multi-stakeholder environment, and a look at regulatory and technological trends that will impact financial ombudservices in the future.

Among the outside speakers who addressed the conference were: Douglas Hyndman, Chair of the Canadian Securities Transition Office; Dr. K. C. Chakrabarty, Deputy Governor of the Reserve Bank of India; Sean Leslie, reporter and host with CKNW radio; and Dave Olson, Marketing Director with Hootsuite.

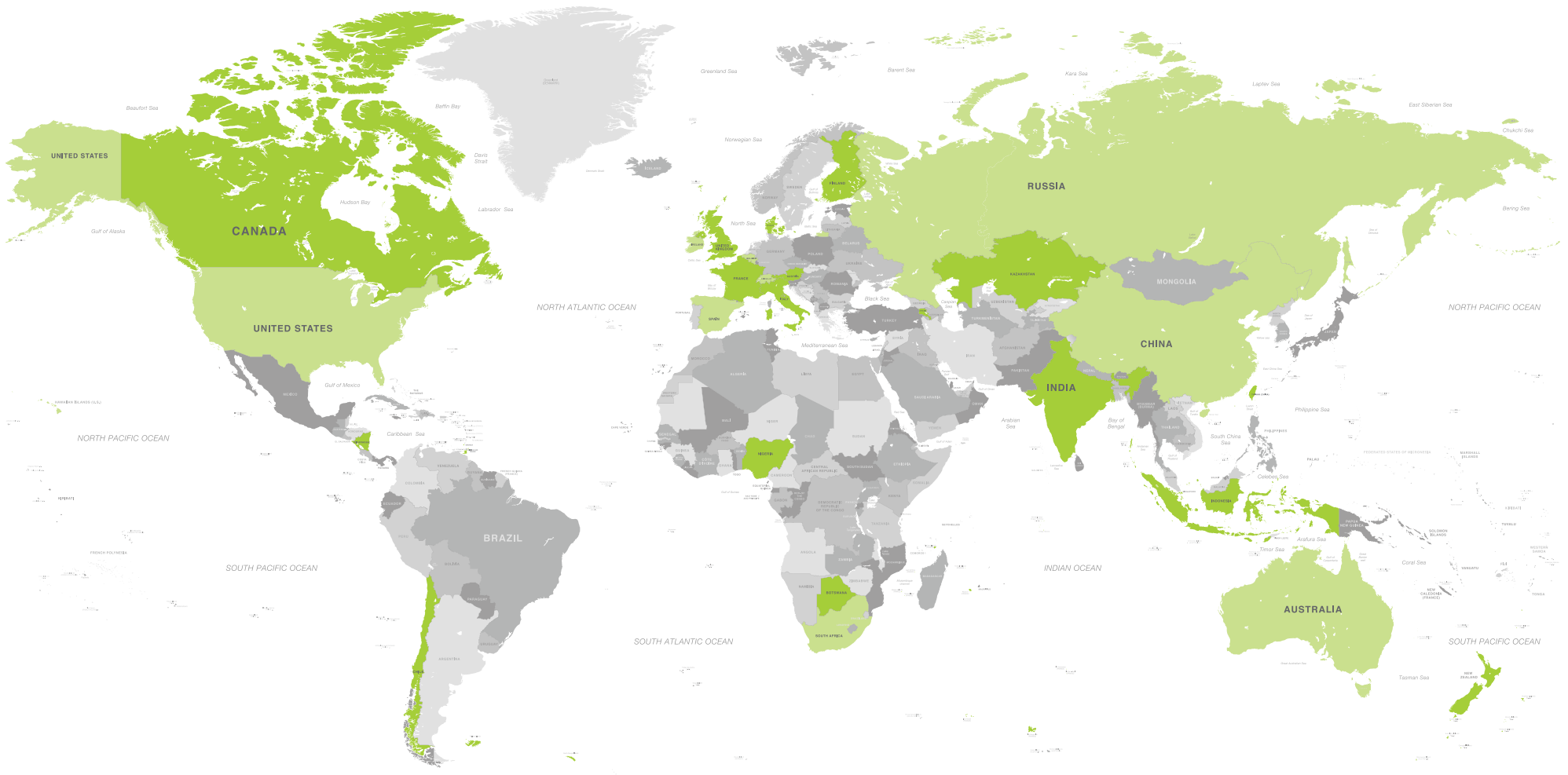
We would also like to express our gratitude to the law firm of Fasken Martineau, which served as principal sponsor of the event. INFO2011 was funded entirely by delegate fees and sponsorship.



Dr. Peggy-Anne Brown meets the Hon. Steven L. Point at INFO2011



INFO2011 attendees



Dancers performing a traditional Aboriginal dance

INFO2011 DELEGATE COUNTRIES			
Armenia	Denmark	Ireland	South Africa
Australia	Finland	Italy	Spain
Austria	France	Kazakhstan	Switzerland
Belgium	Grenada	New Zealand	Taiwan
Botswana	Hong Kong	Nicaragua	Trinidad and Tobago
Canada	India	Nigeria	United Kingdom
Chile	Indonesia	Russia	United States



INFO2011 Conference in Vancouver and Whistler



STUCK CASES

At the end of October, OBSI received a letter from the Canadian Securities Administrators (CSA), the Investment Industry Regulatory Organization of Canada (IIROC), and the Mutual Fund Dealers Association of Canada (MFDA) concerning the resolution of a small number of complaints considered to be “stuck;” that is, those complaints where, following OBSI’s investigation, we have reached a clear conclusion but the firm in question has not yet agreed to compensate the investor despite a significant amount of time having passed.

At the direction of the regulators, OBSI identified a method of finalizing these cases on the given timeline. This method will be an independent assessment of the files in question by a credible and experienced outside party, based on standards consistent with OBSI’s Terms of Reference. They affect only those cases identified as “stuck” as of the date of the letter from the CSA, IIROC and MFDA (October 28, 2011).

OBSI will report on the results of this pilot project later in 2012.

INVESTMENT BACKLOG PROJECT

OBSI's Board of Directors approved a special budgetary item in the spring of 2010 to address the backlog of investment complaints that built up after the financial and market meltdown that hit in the fall of 2008. The decision to create a one-time "backlog project" avoided the need for an increase in OBSI's base budget to provide additional staff capacity. A team of contract staff was hired and began work in June 2010, with the aim of eliminating the backlog by the end of OBSI's fiscal 2011 year (October 31).

The contract team finished its work ahead of schedule, resolving all cases assigned to it by October 17, 2011. With its work finished, the team was disbanded.

It is worth noting that other factors, including a deterioration in cooperation by certain investment firms, have resulted in new delays in resolving investment complaints. Like the global financial crisis,

these factors are largely beyond OBSI's control. Nevertheless, the specific objectives of the project team were completed on time and on budget.

PUBLIC CONSULTATION

In the majority of investment complaints that OBSI reviews each year about advice-based accounts, investors complain that they received poor advice, their investments or investment strategies were unsuitable and/or that their investments did not perform as they expected. In such investment "suitability" cases, investors ask to be compensated for the investment losses they incurred.

OBSI has an established methodology for assessing suitability cases and calculating compensable losses, if any. While firms may agree with all or part of OBSI's process, when there is not agreement it can lead to significant delays in resolving client complaints. Among firms that disagree, there is a wide variety of alternative approaches in use.

To facilitate understanding of OBSI's suitability and loss assessment process, as well as solicit feedback in order to make improvements, OBSI issued a consultation paper in May 2011. A total of 21 submissions were received as part of this consultation.

Early in 2012 OBSI's Board of Directors will be issuing for public comment a list of proposed changes to the methodology, arrived at based on the feedback received as well as the detailed analysis of the methodology performed by our independent reviewer. Following the end of this second round of consultation, OBSI will publish the final methodology in spring 2012.

The consultation paper and all stakeholder submissions are available on OBSI's website. We would like to thank all individuals and organizations who took the time to participate in this process.



53%

of OBSI clients
are 60 years of age
or older

SENIORS ISSUES

A majority of people who complain to OBSI are seniors and, as such, they represent a very important area of focus for us. In June, OBSI was invited to meet with the Federal, Provincial, and Territorial (FPT) Ministers for Seniors in Hamilton, Ontario. We shared with them our observations from the senior complaints that come into our office, and our views of how these problems could have been prevented or mitigated.

To help seniors better manage their financial affairs, OBSI also released a list of common issues and problems we see affecting them. A frequent theme of these complaints is that the faith the senior placed in somebody was either unwarranted or somehow violated. Seniors are generally more trusting of others, and unfortunately this sometimes leads to financial problems down the road. While trust in others is admirable, it is important to heed that old expression: Trust, but verify.

For many of these individuals, the financial harm they suffer when a bank or investment firm makes a mistake is magnified by having fewer years to make up the losses and fewer income or job opportunities. If compensation is warranted, OBSI may be a senior's only hope for fair compensation, as going to court may take too long and is often uneconomic given the amount of money involved.

TOP SENIORS ISSUES SEEN BY OBSI

- 1**

Delegating control of financial affairs
- 2**

Missing financial records
- 3**

Grandparent scam
- 4**

Powers of Attorney
- 5**

Unsuitable investments

It is common to see problems arise when a senior lets their spouse or partner be solely responsible for managing the household finances. If that person passes away or the relationship ends, previously hidden issues come to light. Sometimes there is debt that was unknown, for which the senior is now liable. Other times contracts were signed or transactions made jointly in the couple's name, of which only one person was aware. To avoid these problems, it is important at any stage of life to be fully aware and involved in managing your own finances, even if they are jointly handled with a spouse or partner.

A number of complaints arise when a senior (or relative) vaguely recalls or finds limited evidence of assets such as GICs or bonds held many (often very many) years ago, but neither the senior nor their financial institution can account for what happened to them. Keep records up-to-date, store them in a safe place, and make sure that others know where the information is or have documentation to follow so that all your assets are documented and traceable.

This common scam begins with a senior receiving a phone call from someone claiming to be their grandchild or other relative. The scam artist says they are in trouble with the law or were in an accident, and they urgently need money sent to them by wire. Sometimes an accomplice gets on the phone pretending to be a lawyer or health professional, putting additional pressure on the senior. Because the criminal asks the senior not to contact other relatives about the situation, it is only after the money has been sent that the scam is discovered.

Sometimes people complain to OBSI about transactions that a holder of a Power of Attorney (POA) is making on behalf of a senior. Other times, the holder of a Power of Attorney complains that a financial services firm would not honour the POA and follow their instructions. Make sure that any Power of Attorney document clearly spells out the intentions of the person granting it and identifies which specific powers are being granted. Know that the holder of a POA must act only for the benefit of the person who gave the POA. Some unfortunate situations arise when the POA holder decides to act in their own interest.

Many people complain to OBSI that the investments recommended to them by their advisor were inconsistent with their personal and financial circumstances, investment time horizon, investment objectives and/or risk tolerance. For seniors, with limited time to recoup any losses suffered as a result, the consequences are magnified. While as a general principle investors should be able to rely on their advisor and firm to make suitable investment recommendations, investors also have a responsibility to take steps to mitigate their losses once they realize (or should have realized) there was a problem. Make sure your advisor knows your circumstances and make sure you understand any documents you are signing.



CONSUMER AND INVESTOR ADVISORY COUNCIL

OBSI's Consumer and Investor Advisory Council was created to provide the input of consumers and investors into OBSI's governance and operations, to complement the input OBSI regularly receives from industry stakeholders and regulatory and government officials.

In April 2011, Laura Watts became the new Chair of OBSI's Consumer and Investor Advisory Council. Watts succeeded Prof. Jim Savary, who continued on as a member of the Council.

Throughout 2011, the Council was active and engaged in fulfilling its mandate. Its activities included: meeting with and making submissions to OBSI's Board of Directors; providing input directly to OBSI management; facilitating "listening sessions" with industry stakeholders and investor representatives; liaising with other consumer and investor representatives; and, making public statements on topical issues.

The current membership of the Council is as follows:

Laura Watts, Chair

Lawyer and Principal with Elder Concepts, a consultancy specializing in working with organizations, governments and industry on issues relating to aging, elder abuse prevention and consumer rights. Chair of the Canadian Bar Association National Elder Law Section, and National Director of the Canadian Centre for Elder Law and staff lawyer at the BC Law Institute from 2004-2011. Adjunct professor at a number of universities including the University of Toronto and the University of Victoria. Awarded the Stetson University Distinguished Fellowship in Elder Law 2012.

Julia Dublin

Corporate and securities lawyer in private practice as well as Adjunct Professor at Osgoode Hall Law School, teaching advanced securities law. Worked with the federal Department of Justice for four years, and subsequently with the Ontario Securities Commission for 18 years. Seconded from the OSC to the federal Department of Finance in 1992-93 as

special adviser on securities regulatory issues connected with financial institutions.

Jim Emmerton

Executive Director of the British Columbia Law Institute (BCLI). Served in various legal and senior executive capacities with John Labatt and Methanex Corp. Broad spectrum of knowledge in the fields of law, finance and corporate development. In 2011, winner of the Western Canada ZSA/National Post Lifetime General Counsel award.

Robert Goldin

Investment Dispute Consultant with MacGold Direct and leading investor advocate. Over forty years' experience in the financial service industry as a lawyer, financial consultant, forensic financial auditor and investment dispute consultant.

John Lawford

Counsel to the Public Interest Advocacy Centre (PIAC). Expert in the areas of e-commerce, privacy, financial services and health law from a consumer perspective.

Ermanno Pascutto

Founder and Executive Director of the Canadian Foundation for the Advancement of Investor Rights (FAIR Canada). Executive Director and head of staff of the Ontario Securities Commission 1984-89. Vice-Chairman of the Hong Kong Securities and Futures Commission 1989-94. Independent director of Market Regulation Services 2004-8. Over 30 years' experience as a senior regulator and practicing Canadian and Hong Kong securities lawyer.

James R. Savary

Mr. Savary is Associate Professor of Economics Emeritus at York University in Toronto, specializing in financial institutions and markets and in monetary theory and policy. He is a member of the Board of Directors of the Travel Industry Council of Ontario, and a member and Past-Chair of the Stakeholder Advisory Council of the Canadian Payments Association. He is also an active participant in the work of the Canadian Standards Association and the Standards Council of Canada.

Laura Small

Past-President of the Canadian Council for Small Business and Entrepreneurship. CEO of Women Entrepreneurs of Saskatchewan Inc. Served in various capacities with the Saskatchewan Attorney General's office and Western Economic Diversification Canada.

Glorianne Stromberg

Securities lawyer, now retired. Former Commissioner of the Ontario Securities Commission. Author of three reports on regulatory strategies relating to the provision of financial services. Frequent speaker and commentator on matters relating to the investment funds industry, the financial services sector, and the protection of investors.

Nidhi Tandon

Founder and Director of Networked Intelligence for Development. Designs and runs grassroots training workshops for women's organizations, small business and farmer communities globally.

Members of the Council participate in their individual capacities and do not represent organizations with whom they may be affiliated.

DEVELOPMENTS FROM AROUND THE WORLD

Canada and OBSI do not exist in isolation. There were several important developments affecting financial ombudsman schemes in other jurisdictions this year, many of which have been of interest to policymakers and regulators here in our country. In addition, new financial ombudsman offices were introduced in locales such as Russia, Gibraltar, Sierra Leone, Nigeria, Taiwan, and the Channel Islands, adding to the global momentum of the financial ombudsman concept.

United Kingdom

The United Kingdom's Financial Ombudsman Service (FOS) increased its award limit to £150,000 (approximately \$250,000). The two-stage complaint handling process was streamlined, so that customers can now bring their complaint to FOS after their initial attempt at resolving the problem with their firm, rather than first having to escalate the complaint within the firm itself. The UK FOS is also considering publishing all of their decisions on a named basis.

Across the pond, the FOS also reports that financial firms are fighting customer complaints more aggressively and taking more entrenched positions. In their Annual Review they state that “the evidence of business taking a more legalistic approach to consumer complaints is disappointing.”

Australia

The Australian Financial Ombudsman Service (FOS) has revised its approach to calculating loss in financial advice disputes in a way that moves it very close to OBSI's methodology (which we consulted on in 2011). A summary of the Australian FOS approach can be found at http://fos.org.au/centric/the_circular_7_home/financial_advice_and_planning.jsp.

Australia and New Zealand

In New Zealand and, to a lesser extent, Australia, government and regulatory policy inadvertently led to financial ombudservices being forced to compete for the “business” of the financial firms whose conduct they rule on when investigating consumer complaints. This inherent conflict of interest has

already led to lower standards for consumer protection as ombudservices compete to provide a less onerous offering for financial services providers.

In response, the Australian and New Zealand Ombudsman Association (ANZOA) issued a policy statement stating that competition among Ombudsman offices runs counter “to the principles of independence, accessibility, fairness, efficiency, effectiveness and accountability” that all Ombudsman offices must operate under.

In its statement, ANZOA lists all the reasons why competition in the provision of dispute-resolution runs contrary to good public policy outcomes and the ombudsman model. The full policy statement can be found at http://www.anzoa.com.au/ANZOA_Policy-Statement_Competition-among-Ombudsman-offices_Sept2011.pdf.

United States

The new Consumer Financial Protection Bureau (CFPB) got up and running in the United States in the summer of 2011.

Established as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), among its core functions is the investigation and resolution of consumer complaints. An Ombudsman’s Office was created to assist in the resolution of both individual and systemic issues.

World Bank

The World Bank published the policy guide *Fundamentals for a Financial Ombudsman*. In it, they touch on the notion of “competition” between Ombudsman offices:

A few countries have the unusual idea of ‘competitive’ ombudsmen, where – subject to specified minimum standards – the financial industry is able to choose between two or more competing financial ombudsmen. Such a choice presents severe risks to independence and impartiality – because financial businesses may favour the ombudsman they consider likely to give businesses the best deal. It overlooks the role of financial ombudsmen as an alternative to the courts and creates one-sided competition – because, unlike the financial businesses, the consumers are not given any choice of ombudsman.



British Central Bank Governor Mervyn King (L), South Korean Finance Minister Yoon Jeung-hyun (C) and Canadian Finance Minister Jim Flaherty (R) talk before the start of the G20 finance ministers and central bank governors meeting.

Photo: International Monetary Fund

G20

At their meeting in Paris in October, the finance ministers and central bank governors of the G20 countries endorsed the framework for financial consumer protection developed by the Organization for Economic Co-operation and Development (OECD) and the Financial Stability Board (FSB), and called for further work on implementation.

The framework contains ten principles covering topics such as the role of oversight bodies, fair treatment of consumers, and transparency and disclosure. The principle concerning financial complaints handling and redress reads as follows:

Jurisdictions should ensure that consumers have access to adequate complaints handling and redress mechanisms that are accessible, affordable, independent, fair, accountable, timely and efficient. Such mechanisms should not impose unreasonable cost, delays or burdens on consumers. In accordance with the above, financial services providers and authorised agents should have in place mechanisms for complaint handling and redress. Recourse to an independent redress process should be available to address complaints that are not efficiently resolved via the financial services providers and authorised agents internal dispute resolution mechanisms. At a minimum, aggregate information with respect to complaints and their resolutions should be made public.

Media Coverage

“We believe that the ombudsman has a really important role to play. It is an organization that should be preserved but also improved,” said the Director of the Mouvement d’éducation et de défense des actionnaires (MEDAC). In her view, a proliferation of dispute-resolution bodies results in duplication of costs and expertise. “OBSI has developed expertise in what it does. There is already much work that has been accomplished since OBSI was created” she said. This is on top of the confusion for investors that would exist if complaint-handling becomes fragmented.”

LA PRESSE, JUNE 11, 2011.

“[The Public Interest Advocacy Centre] maintains that OBSI also has a decided benefit to firms too, as without it they “could be facing much more substantial awards and a tidal wave of civil litigation”. The advocacy group says that it can also benefit the industry by reducing costs, while providing fair and efficient redress for investors.”

INVESTMENT EXECUTIVE, JULY 26, 2011.

“The review found “no substantive basis” for the “somewhat baffling” criticism levelled against the Ombudsman for Banking Services and Investments (OBSI) by many of the country’s major brokerage and mutual fund firms.”

FINANCIAL POST, SEPTEMBER 22, 2011.

“We agree with the regulators that one single, independent dispute service is preferable and that should be OBSI,” [TD’s Ombudsman] said.”

FINANCIAL POST, OCTOBER 27, 2011.

“OBSI’s methodology is “superior, providing a fairer and more accurate approach” than alternatives proposed by its critics. [The independent report] called OBSI’s decision-making in investment complaints “competent and highly consistent” with that of comparable systems in other countries.”

WALL STREET JOURNAL, SEPTEMBER 23, 2011.

“Perhaps now would be a good time for the self-regulatory bodies that oversee the financial firms, and Canada’s senior securities regulators, to step into the bitter fray.”

FINANCIAL POST, SEPTEMBER 24, 2011.

“It would still be nice to hear Finance Minister Jim Flaherty back up OBSI. Securities regulators could do likewise. We just need a public statement saying OBSI has their full support.”

GLOBE AND MAIL, OCTOBER 26, 2011.

“Regulatory intervention is required to overcome industry intransigence and ensure that OBSI can continue to function. For securities regulators, this conclusion should be a no-brainer. It’s precisely the kind of task that suits the regulators’ dual mandate of ensuring fair and efficient capital markets. And, unlike a major rule-making initiative, it’s something that could be done relatively quickly.”

INVESTMENT EXECUTIVE, OCTOBER 19, 2011.

Year In Review

- “I would like to note our appreciation for the excellent job [OBSI’s investigator] did. He was not only thorough in his review but, in my opinion, he also brought common sense to bear in his interpretation of the evidence.”

BANK OMBUDSMAN

Banking Services

OBSI’s banking services complaints come from domestic and foreign-owned banks, trust companies and credit unions. In the fluid world of financial services, we see investment product issues arise in banking files as “wealth management” spills across the former silos of banking, investment and insurance.

Tom Goodbody, Deputy Ombudsman for Banking Services:

In 2011, OBSI saw the number of new banking complaints return to levels seen two years ago. We opened 397 case files this year, a drop of 14% from 2010. Last year we saw a spike in the number of disputes related to the calculation of interest rate differentials on mortgage prepayments. Since then, interest rates have stabilized and banks have also addressed these issues more proactively so that customers have a better understanding of the circumstances surrounding early repayment charges on mortgages. This led to fewer such complaints in 2011.

What remained constant in 2011 was that service issues and fraud continued to be the largest contributors to the issues we addressed.

Service is a key reason customers choose a bank and when this breaks down there is naturally concern and disappointment. The areas where we saw the greatest breakdowns in service



were in transaction accounts, mortgages, credit and debit cards and loans. While clients have an obligation to read and understand product documentation provided to them by the banks, the banks as well have an obligation to ensure to the best of their ability that the customer understands the product and that it meets their needs. There really needs to be a concentrated effort on communication by both the bank and the customer.

OBSI also investigates many consumer complaints related to fraud. While individual

circumstances differ, the disputes are often variations of the same scams. Criminals and scam artists are always looking for ways to separate you from your money. The use of the internet has become the vehicle most used these days largely because it can reach so many people quickly and anonymously.

Sadly, the most common victims of fraud are the elderly. Also at risk are those people seeking job or income opportunities, the number of whom increase during economic downturns. Fraudsters are becoming more devious all the time, sometimes even paying you first to gain your confidence before later tricking you into parting with your money.

We are seeing more cases of elder financial abuse and in view of the country's demographics this is likely to grow in the coming years. Where an elderly person is adding a family member or friend to their account(s) or signing a power of attorney, the bank's role has become increasingly difficult yet nonetheless important. By taking the time to carefully review the request and being vigilant when dealing in these matters, banks can play a key role in finding a balance

All together, the banking team has over 150 years of combined personal, commercial, credit card and call centre banking experience.

In addition, banking team staff have the following designations:

- three lawyers
- two Chartered Accountants (CAs)
- one Certified Management Accountant (CMAs)
- three professional banking designations

between concern about a senior's choices and that senior's right to legitimately engage help.

Debit and credit card fraud also continues to be a concern, though with the advent of the chip card we have seen a small decrease in this complaint area. Protecting your card information including your personal identification number (PIN) remains key to preventing fraud and identity theft.

Complaint Intake

- All OBSI Consumer Assistance Officers (CAOs) are fluently bilingual. Calls can be handled in over 170 languages through an interpreter service, and we also accept TTY calls.
- Written inquiries are responded to within one business day. Phone calls are generally answered within 3 rings, but if we can't answer a call and it goes to voicemail, we return any messages left during business hours within an hour.
- CAOs are trained to recognize the subject matter of a complaint, whether it meets the criteria of OBSI's mandate and to ensure the client fully understands the complaint handling process.
- Some "straightforward" banking complaints are handled directly at the front end, averaging less than 15 days to resolve.
- Clients whose complaints fall outside of OBSI's mandate are informed of this up front. When OBSI is not the appropriate place to review a complaint, the CAO provides information about other agencies that may be able to assist.
- CAOs have received specialized training in ombudsman fundamentals, dealing with difficult client conduct, and recognizing mental health issues.
- In fiscal year 2011, front-end staff at OBSI fielded 6,142 inquiries.

Investments

OBSI's participating firms involved in investments belong to two major groups. Investment dealers are regulated by the Investment Industry Regulatory Organization of Canada (IIROC). Client accounts may include stocks, bonds, mutual funds and other investment products. Mutual fund dealers are regulated by the Mutual Fund Dealers Association of Canada (MFDA) and are limited to dealing in mutual funds and other exempt products. We also review complaints from customers of scholarship trust plan dealers that are members of the Registered Education Savings Plan Dealers Association of Canada (RESPDAC), as well as customers of some members of the Investment Funds Institute of Canada (IFIC) and some investment counsel/portfolio managers (ICPMs).

Robert Paddick, Deputy Ombudsman for Investments:

The surge in investment complaints that came in following the market meltdown of 2008-09 finally subsided this year. However, this didn't mean the investment team was able to rest easy.

For much of 2011, the spotlight was on the investment team's approach to resolving unsuitable investment complaints. In May we issued for public comment our consultation paper *Suitability and Loss Assessment Process*. We are pleased with the comments and feedback we received. It was great to hear that the Consultation Paper gave many of our stakeholders a better understanding of our approach and the comments will help us improve our process. We look forward to answering the calls for more detail about our process and continuing to work with our stakeholders in the months and years ahead.

Like the banking team, investigators and managers on the investment team have over 150 years experience working in the investment industry.

The investment team includes:

- five lawyers
 - two Chartered Financial Analysts (CFAs)
 - one completed CFA Level III
 - five CFA Level III candidates
 - one CFA Level II candidate
 - three Certified Financial Planners (CFPs)
 - four Fellows of the Canadian Securities Institute (FCSIs)
 - two Canadian Investment Managers (CIMs)
 - one Derivatives Market Specialist (DMS)
- Many staff possess multiple designations.



Our approach to unsuitable investment cases was also a major focus of the report issued by OBSI’s independent reviewer. Our approach is the result of many years of hard work and we are pleased that the external review found our process to not only be fair and reasonable but also world-leading in some respects.

All that said, stakeholders did identify several areas where we agreed the methodology could be improved. When our final round of consultation on the proposed

changes is complete, we look forward to finalizing our methodology and publishing it on our website.

On the “what’s new” front, complaints regarding ETFs (exchange traded funds), in particular leveraged ETFs, are on the rise. Many leveraged ETFs are complex, high-risk investments. It is important that advisors know their product and only recommend leveraged ETFs to those clients for whom they would be suitable. It is also

important for investors to ask their advisors questions to best understand the risks of their investments.

Finally, we are pleased that with the support of the regulators we will be offering a review process to participating firms and investors to resolve some long-outstanding stuck cases. We look forward to working with all parties to bring these cases to resolution.

Client Feedback

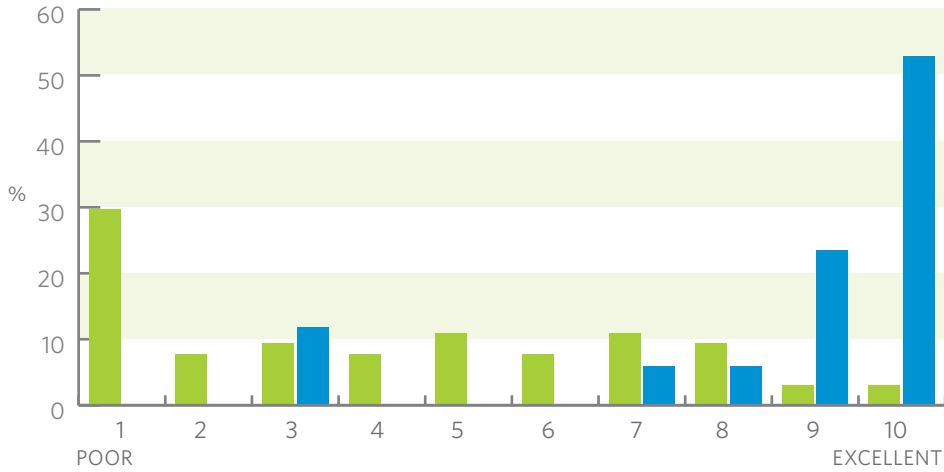
As a neutral third-party that stands between individual aggrieved clients and their financial services firms, it has been OBSI's experience that satisfaction with our service is fairly predictable. If our investigation finds that the firm acted reasonably and that the client is not owed compensation, the firm is happy with us and the client is not. Similarly, if we recommend in favour of compensation, the client is happy with us and the firm is not.

In 2011, for the first time we were able to both obtain client satisfaction data and match it according to whether the client received compensation at the end of our process. As we have previously observed anecdotally, the data shows a strong correlation between the outcome of clients' complaints and their level of satisfaction with OBSI's service. What is heartening to us is that many people who did not receive compensation in the end still expressed positive opinions about our service.

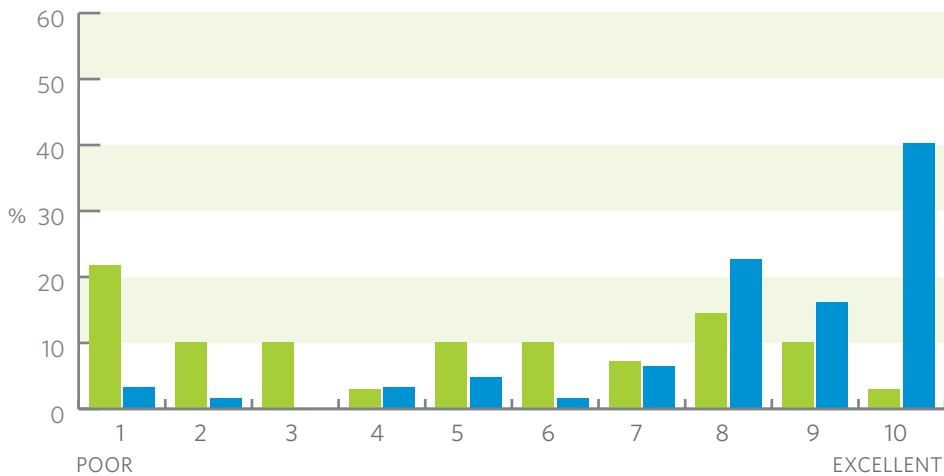
While it's impossible for us to please everyone all of the time, obtaining data on service perceptions helps us identify areas for improvement or special attention.

Quality of Service

BANKING COMPLAINTS

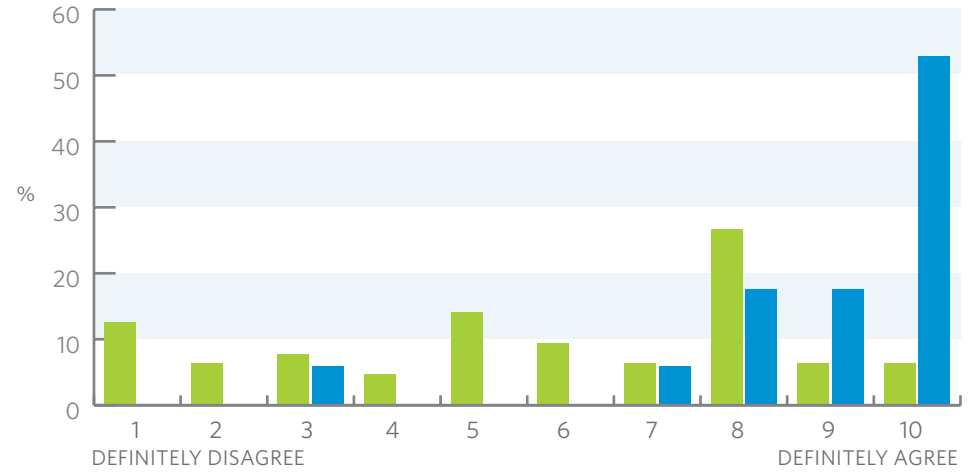


INVESTMENT COMPLAINTS

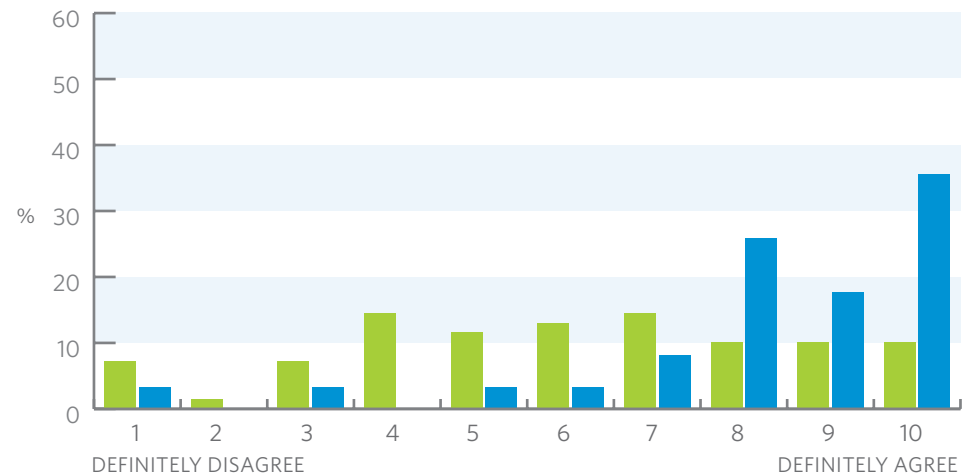


Process was Easy to Understand and Follow

BANKING COMPLAINTS

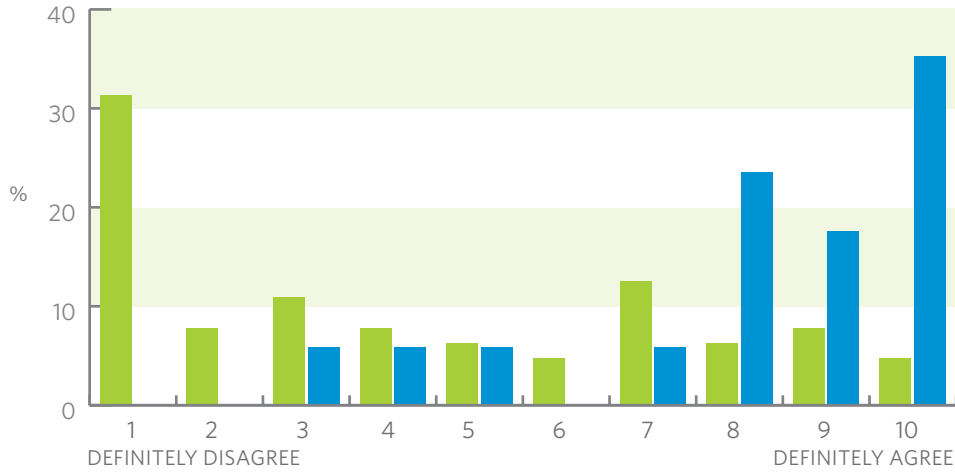


INVESTMENT COMPLAINTS

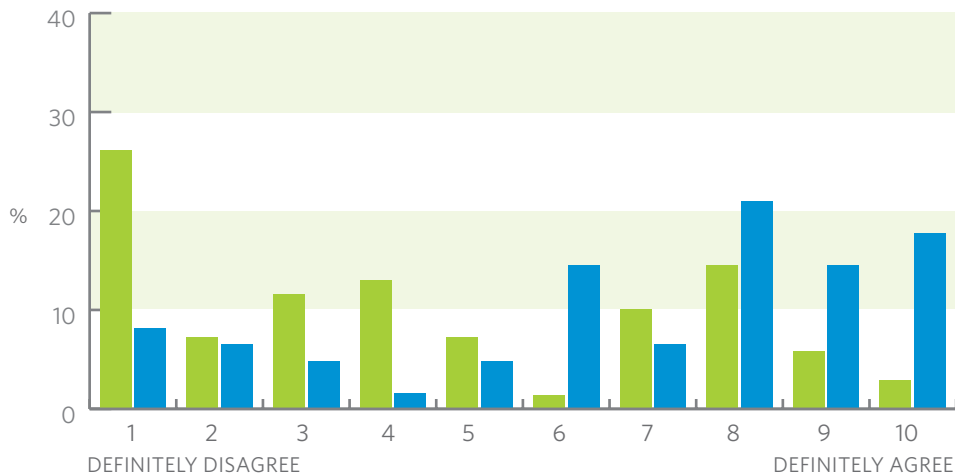


Investigation Occurred Within Reasonable Length of Time

BANKING COMPLAINTS

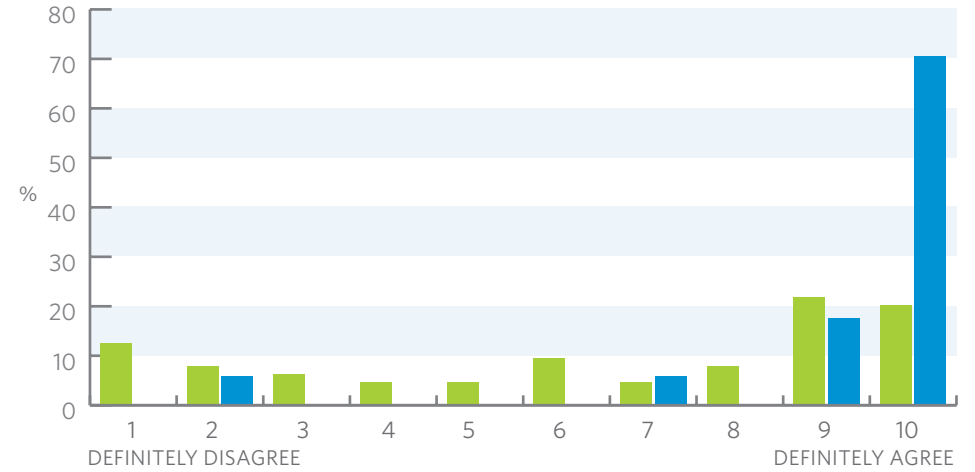


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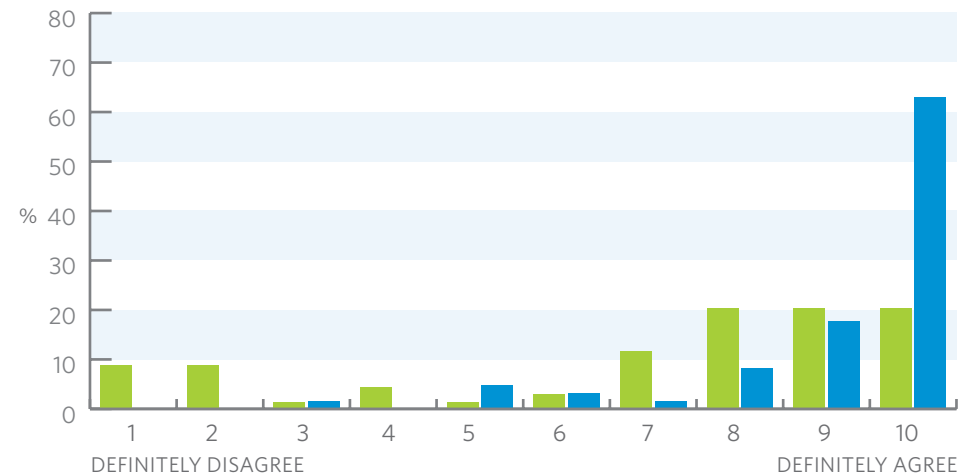


Investigator was Courteous and Professional

BANKING COMPLAINTS



INVESTMENT COMPLAINTS



Case Studies

- The following case studies are provided as examples and are not meant to set precedents. OBSI assesses each complaint on its own merits and circumstances.

Banking Case Study #1

POWER OF ATTORNEY

Mr. A's parents had signed a Power of Attorney (POA), prepared by their lawyer, giving their son wide-ranging control over their financial affairs. For almost a decade, Mr. A managed his parents' finances without incident.

The parents then signed their bank's own standard POA, which Mr. A thought was a mere housekeeping measure that would supplement the existing POA.

Mr. A soon realized the latest POA was far more restrictive. His attempt to open a brokerage account under his parents' name was turned down and the bank denied access to his father's debit cards. The bank would also no longer honour cheques from the parents' account signed by Mr. A.

Frustrated, Mr. A complained that the latest POA should be dissolved as it was too limiting and because both he and his parents

did not understand what they were signing. He insisted the bank recognize the original POA above all other documents.

The bank maintained the implications of signing the second POA were properly disclosed to all parties. It was unwilling to let Mr. A manage his parents' finances outside the confines of the new POA provisions. Mr. A then brought his complaint to OBSI.

Complaint not upheld

Our investigation confirmed the latest POA was prepared by the bank at the request of Mr. A's parents. The bank's POA clearly stated that, while it does not necessarily supersede any other POAs, where there are conflicting clauses the bank's POA would prevail. All indications were that his parents understood what they were doing when they signed the new POA, and we noted that Mr. A also had the opportunity to review and ask questions about the document before signing, which he chose not to do.

It is common for banks to request customers sign a standard bank POA, to ensure consistency in their treatment of customers. However, many people do not fully appreciate the consequence this may have on existing POAs. This can lead to problems even when the bank has done nothing wrong and the terms of the POA have been properly disclosed.

Any legal document should be fully understood by the parties involved. When in doubt, it is wise to seek your own legal counsel. We found no evidence to suggest Mr. A or his parents were misled by the bank, and as such OBSI did not recommend that the bank take any action.

Banking Case Study #2

CHEQUE SAFEKEEPING

A small business owner, Mr. D, kept his business chequebook in a locked cabinet behind a counter at his office. He was the only person who had access to the cabinet.

One day, Mr. D's bank phoned to ask for instructions in cashing a \$90,000 cheque, as doing so would generate an overdraft in the account. Confused, Mr. D explained to the bank that he never wrote such a cheque. Mr. D then looked in his cabinet and realized that some cheques were missing. Suspecting a fraud, he contacted his bank as well as the police, who later arrested an employee of Mr. D's.

It was after the employee was arrested that Mr. D discovered another earlier cheque for \$21,500 had been fraudulently written, and in that instance the bank had cashed the cheque. Mr. D requested the bank compensate him for the full amount but was turned down. The bank was of the opinion that Mr. D had inadequately protected his cheques and was therefore liable for his employee's fraudulent activity. Unhappy with the bank's response, Mr. D complained to OBSI.

Complaint upheld

From the outset, there was no dispute as to whether a fraud was committed or not. However, the bank believed that Mr. D failed in his obligations to take reasonable measures to prevent cheques from misuse, as specified in his account agreement.

We interviewed Mr. D as well as a number of representatives from the bank. We concluded the client did take reasonable measures to safeguard his cheques. They were kept in a discrete locked cabinet and there were no prior indications the cabinet had been compromised.

Mr. D had immediately informed the bank of the suspicious transactions when he became aware of them, as he was required to do. In addition, the account agreement did not contain provisions preventing compensation in the event an employee was involved in the fraudulent activity that caused a loss. In this instance, we felt that Mr. D could not be held responsible for the fraudulent cheque. The bank agreed to compensate Mr. D the full \$21,500.

Banking Case Study #3

MONITOR STATEMENTS

In early 2009, Ms. B was set to receive \$59,000 as part of a severance package. On the advice of bank staff Ms. B opened a Registered Retirement Savings Plan (RRSP) account, into which she deposited the severance payment.

One month later, Ms. B made another deposit to the RRSP account, this time a \$9,000 Guaranteed Investment Certificate (GIC) from a retirement fund with her former employer. The GIC matured in 2011.

Ms. B started making monthly withdrawals of \$4,800. In late 2009, she inquired with her banking representative as to the amount remaining in her RRSP account and was told \$10,400 was left. She continued to make the same monthly withdrawals.

In March 2010, Ms. B was shocked to learn that her RRSP was almost completely depleted. In addition, the GIC had been redeemed early to satisfy the amounts required for the monthly withdrawals. Ms. B complained to the bank that it had improperly informed her of the account balance, as only the remaining severance and not

the GIC amount should have been included in the account total. She requested \$9,000 in compensation, representing the original value of the GIC.

The bank turned down Ms. B's request, saying that Ms. B received correct information from them. The bank had made clear to Ms. B that the account total of \$10,400 included the value of the GIC and that, furthermore, Ms. B was advised she would have to redeem the GIC early in order to maintain her regular monthly withdrawals. The bank pointed to the fact the branch employee sought and obtained approval from his manager to process the early redemption of the GIC as evidence that Ms. B must have given specific direction to do so. Ms. B rejected the bank's version of events and escalated her complaint to OBSI.

Complaint not upheld

We interviewed Ms. B and the bank employee who processed the account withdrawals. While we were unable to determine what exactly was said between Ms. B and the employee, it is highly unlikely a bank employee would obtain a manager's approval without the necessary signoffs from a client. Furthermore, we noted Ms. B received regular statements from the bank detailing her account balance and type of investments. Ms. B admitted she did not review her statements and had assumed she had sufficient funds for the withdrawals.

Clients have a duty to monitor their account statements and report any problems they discover. In Ms. B's case, her statements clearly indicated the \$59,000 severance amount was nearly exhausted and that continued withdrawals would require the early redemption of the GIC. OBSI did not recommend compensation.

Banking Case Study #4

GRANDPARENT SCAM

An elderly woman, Ms. W, had a grandson living overseas.

In September, Ms. W received a phone call from her grandson, who had been teaching English in South Korea. He indicated that he wished to move to China to continue teaching, and requested financial assistance from his grandmother for the move. As she was close with her grandson and helped raise him after the death of his mother, Ms. W wanted to help. Through her local bank branch, Ms. W sent a wire transfer to her grandson for \$35,000.

In October the grandson phoned again, telling Ms. W he had been in a car accident, arrested for drunk driving, and needed bail money to get out of jail. In a later call he told her he needed additional money for legal counsel. Concerned for his safety and well-being, Ms. W wired additional money to China. Combined with the original transfer, Ms. W sent \$123,000 to her grandson.

At Christmas, Ms. W's grandson came to visit. When asked about his troubles, the grandson said he had not relocated to China, had not been in an accident, had not been in jail, and had not called asking for money. Ms. W realized she had been the victim of a fraudster. She immediately notified her bank, but the criminals had disappeared and the bank was unable to retrieve any of the money.

Ms. W complained to her bank that they did not properly inform her of the risks associated with the wire transfers, and demanded compensation for her losses.

The bank declined. It explained that bank staff had cautioned Ms. W about the possibility of fraud and even offered ways to mitigate the risks on numerous occasions, to no avail. Unsatisfied, Ms. W brought her complaint to OBSI.

Complaint not upheld

During our investigation, we interviewed bank staff who recalled raising a number of concerns with Ms. W.

Ms. W had instructed the bank to prepare wire transfers to recipients other than her grandson. She had told bank staff that her grandson could not travel to a bank and that the money would instead be delivered by a friend. Bank employees were wary of this story and explained to Ms. W that fraudsters often employed such tactics. They suggested that Ms. W, at a minimum, include her grandson's name in the payment order or send the funds to him "in trust". However, Ms. W declined to take these precautions.

Each time Ms. W went to her bank to make another transfer, branch staff asked if Ms. W had confirmed that her grandson received the money. They also repeatedly warned of the possibility of fraud. Each time, Ms. W indicated her grandson had received the money.

Our investigation concluded that the bank acted appropriately. It had warned Ms. W multiple times that sending the money via wire transfer as she had instructed would leave her vulnerable to fraud. The bank also provided advice on how Ms. W could mitigate the risk, advice that was ignored. OBSI did not recommend the bank compensate Ms. W for her losses.

Investment Case Study #1

SUITABILITY

In January 2007 Ms. P was 52 years old. Her ex-husband had recently passed away leaving her about \$300,000 in an RRSP at a large bank-owned investment firm. She contacted the advisors on the RRSP account to discuss estate transfer matters.

Ms. P opened a new RRSP account with the advisors and rolled over her ex-husband's RRSP. She also transferred about \$45,000 in GICs and about \$6,000 in mutual funds from her RRSPs at another firm to consolidate her registered investments.

In January 2007, Ms. P's new account application form showed she had a long-term growth objective and a medium risk tolerance.

In February 2007, \$500,000 in life insurance proceeds was deposited into Ms. P's new non-registered account. In addition, she opened a \$29,000 "in trust" account for her son. She met with the advisors who completed a financial inventory and discussed her financial needs further. Before her ex-husband's death, Ms. P had been receiving \$2,000 in monthly support payments and earned about \$30,000 a year as a bookkeeper. After his death, Ms. P resigned from her job to attend to family and estate matters, with the expectation that she would find other work in the future.

On February 22, 2007 Ms. P completed a questionnaire clearly showing she was investing for income, needed \$3,000 per month and could accept low short-term fluctuations, but could not accept any losses.

The advisors recommended a selection of investments including principal-protected notes and bond and equity mutual funds ranging from low-medium risk to high-risk. In July 2007, coincidental with a higher-risk mutual fund purchase, the advisors updated Ms. P's risk tolerance from 100% medium to 75% medium and 25% high.

Between November 2007 and July 2008, Ms. P sent at least seven emails to the advisors desperately asserting that she was a very low-risk investor, did not understand how the market works or what makes a good investment, that she had told them she wanted safe investments that would provide her with interest, that she could not afford losses, and that she was distraught and physically ill

because of the decline in her investment values. In spring 2008, she specifically asked that her investments be changed so there would be no risk and no more losses. The advisors responded saying she need not be concerned about capital losses, she should not make irrational decisions, it would be irresponsible and a mistake to make changes, and that she should remain invested as is until the account values recover.

Ultimately, Ms. P transferred her accounts away from the firm in late 2008. She complained to the firm about her investments and requested compensation for her non-registered account losses in particular. She excluded her RRSP account losses from her claim because she had decided to keep her ex-husband's RRSP investments for sentimental reasons. When the firm did not offer Ms. P any compensation, she escalated her complaint to OBSI.

Complaint upheld

During our investigation, the advisors acknowledged there was limited discussion about Ms. P's investment objectives and risk tolerance in January 2007. Despite the investment objective and risk tolerance parameters on the account application and update forms, the questionnaire Ms. P completed in February 2007 clearly showed she was a low-risk investor, seeking income with capital preservation. While the advisors agreed these were Ms. P's objectives and risk tolerance, many of the investments they recommended exceeded her low-risk tolerance and were not suited to her capital preservation objective. The advisors told us they always gave Ms. P the option to sell, but that she followed their advice to avoid crystallizing a loss.

Ms. P told us there was no discussion about fluctuations or risk until her investment values began to decline and she raised concerns. The advisors said that Ms. P had over 15-years experience investing in mutual funds and therefore, she had a good appreciation of market fluctuations and risk. Based on our interviews with Ms. P and the advisors, and on the emails exchanged between Ms. P and the advisors in 2007 and 2008, we found Ms. P had limited investment knowledge. We also could not conclude on file notes or other available evidence

that the advisors sufficiently disclosed the risks and expected volatility of the investments they recommended.

Although Ms. P did not understand that her investments were unsuitable, we found she immediately raised her concerns about her declining portfolio value and did everything we believed she could do to try to limit her losses. However, the advisors would not help her take action and instead repeatedly assured her the market values would recover, convincing her that she should leave the portfolio as is.

In the circumstances, we found it reasonable that Ms. P. followed the advisor's advice to remain invested to recover the losses she had never expected in the first place and we concluded that the advisors were entirely responsible for Ms. P's loss.

We calculated that Ms. P. lost about \$34,000 on the non-registered and "in trust" accounts and would have earned a modest amount of income had she been suitably invested in low-risk interest-bearing investments given the low interest rate environment at the time. The firm agreed with our conclusions and settled with Ms. P.

Investment Case Study #2

SUITABILITY

In early 2007, Ms. F was referred to a new investment advisor by a friend. At the time, she was 63 years old and retired. Between February and May, 2007, she invested a total of \$470,000 in growth-oriented mutual funds.

The account application Ms. F signed in February 2007 showed her investment knowledge as “high.”

Based on our interview and other evidence, we found Ms. F actively followed market developments and kept abreast of world economic news. Ms. F also completed an Investment Profile Questionnaire (IPQ) showing she had a high-growth long-term capital appreciation objective. In addition to the IPQ, Ms. F signed a handwritten statement saying her assets exceeded \$1.3 million, of which three quarters were in conservative investments, and that she did not want to be restricted to investments within her IPQ score. She selected a high-risk aggressive growth profile indicating she could tolerate negative performance over a year or more in exchange for the possibility of earning higher returns. She also acknowledged that she had sufficient income to meet her needs and was not relying on the investments in this account.

In March 2009, she transferred her investments valued at about \$156,000 away from the firm.

Ms. F complained that her advisor inaccurately documented her as an aggressive investor with good investment knowledge. She said she had told him that she was a single senior, her income came from her limited investments and a small pension, and she could not take risks with her money. Ms. F also said she had very limited investment knowledge and relied on her advisor to select investments for her. She said that based on her trust, she signed and initialed the forms the advisor filled out without reading them. The firm responded that Ms. F's investments were in line with her instructions and there was adequate disclosure of the investments' risks, and so did not offer compensation. Ms. F then brought her complaint to us.

Complaint not upheld

Based on our interview and other evidence, we found Ms. F actively followed market developments and kept abreast of world economic news. She also explained to us her views about the future direction of the markets. Ms. F had held various investments in the past, understood and could compare and contrast their different attributes, and could explain the relationship between risk and return. We concluded Ms. F had good investment knowledge.

Given the IPQ and the signed statement along with Ms. F's level of investment knowledge, we concluded that Ms. F understood the documents she signed and was indeed an aggressive growth investor willing and able to hold high-risk mutual funds for the potential to earn higher returns. While an aggressive investment strategy is unusual at Ms. F's age, we found it was not unsuitable for Ms. F in her circumstances.

We analyzed her mutual fund investments and found that they were all growth-oriented equity funds. Our analysis also showed they were initially allocated about 30% to medium-risk mutual funds, 32% to medium-to-high and 38% to high-risk mutual funds. However, periodic switches were made and by June 2008, Ms. F's account was entirely invested in one high-risk natural resource

mutual fund. Given Ms. F's aggressive growth objective and high risk tolerance, her investments were suitable at all times.

However, Ms. F said the advisor should have contacted her when the markets were dropping in 2008 so that she could have sold in a timely manner and avoided incurring losses. Ms. F acknowledged that she monitored her investment values online regularly. When the markets were declining in the fall of 2008 she monitored her accounts daily. Given her investment knowledge and experience and that she was aware of and following what was happening in the markets in general and with her investments specifically, we concluded she was in a good position to have sold her investments or to have taken other steps to limit losses. In fact, Ms. F gave instructions to her advisor in November 2008 to switch the entire account to a significantly lower-risk mutual fund.

While Ms. F's portfolio experienced losses, the investments were suitable for her. Ms. F also understood and accepted the risks and was well positioned to sell or change her investments at any point to limit the risk or volatility. We did not recommend the firm compensate Ms. F.

Investment Case Study #3

OUTSIDE BUSINESS ACTIVITIES

In February 1999, Mr. C opened an RRSP account. Five years later, he closed the account when he sold all of his investments to purchase a new home. Mr. C had no further contact with his former advisor until early 2008, when they ran into each other at a local store.

By Mr. C's recollection, the advisor suggested they meet to discuss an investment opportunity, he could earn a guaranteed monthly return of 5% and the principal could be repaid after six months with 30-days written notice.

Mr. C and the advisor met in April 2008 at Mr. C's home where he signed documentation agreeing to lend the advisor and the advisor's personal company \$20,000 for a period of twelve months. Mr. C. wrote a cheque payable to the advisor for \$18,000 and said the advisor made up the \$2,000 difference from his own personal funds. In return, Mr. C expected to receive monthly interest payments of \$1,000 and principal repayment at the end of the loan period.

In July 2008, Mr. C met the advisor a second time at his home and signed another loan agreement to lend the advisor and his personal company an additional \$60,000 for six months. For this loan Mr. C expected to

receive monthly interest payments of \$3,000 and principal repayment at the end of the loan period. Mr. C wrote a cheque payable to the advisor for \$60,000.

In October 2008, the advisor notified Mr. C that, due to the economic downturn, his interest payments would be lower than planned for the next four months.

After the four months were up, Mr. C received no further interest or principal repayments. By May 2009 the advisor stopped returning Mr. C's calls or emails. After months of trying, Mr. C complained to the advisor's firm asking for his money back, saying he trusted the advisor because he represented a credible company and that he believed the investments had been made through the firm. The firm responded that the loans were a personal matter between Mr. C and the advisor, and that it had no responsibility in the matter. Mr. C then complained to us.

Complaint not upheld

During our investigation, Mr. C acknowledged that the advisor had not referenced or presented himself as representing the firm when they met at Mr. C's home rather than the firm's office. We found that the advisor had not provided a business card or asked Mr. C to sign any forms showing the firm's name or logo as he had in the past. Similarly, the advisor did not ask Mr. C to sign documents to open a new account with the firm despite the fact that Mr. C had closed his account four years earlier.

The loan agreements, which Mr. C said the advisor had read to him aloud, made no reference to the firm, only to the advisor and the advisor's personal company. The advisor also made no suggestion to Mr. C that the money would be used to purchase an investment. It was clear Mr. C was lending the money. For each loan, Mr. C had written cheques to the advisor personally, whereas he had previously written cheques for his investments payable to mutual fund companies. After writing the cheques, Mr. C did not receive any transaction confirmations or account statements from the firm as he had for previous investments, nor did Mr. C contact the firm to get statement information or to try to collect interest or principal owed before his complaint in November 2009. The firm argued that Mr. C was

not a client of theirs at the time and that it had no responsibility in the matter.

While firms are in fact responsible and liable for the actions of their advisors, and it seems apparent that the advisor was conducting personal financial dealings outside of the firm contrary to securities regulation, we must consider what's fair in the circumstances in our investigations. We found clear evidence that Mr. C knew he was providing personal loans to the advisor and was not purchasing investments through the firm. As a result, we could not find the firm responsible for Mr. C's losses and did not recommend compensation.

Investment Case Study #4

LEVERAGE

In 2005, Mr. and Mrs. N were 57 and 77 years old respectively, retired, and had combined household annual income of about \$20,661. They were experiencing financial difficulty and having trouble paying their expenses. Their son introduced them to his advisor by telephone, hoping he could provide advice on how his parents could manage their finances.

The advisor worked in another province and never met Mr. and Mrs. N. The advisor recommended they borrow to invest in order to generate new income.

Based on his advice, in March 2006 Mr. and Mrs. N took out a \$300,000 mortgage on their \$540,000 home and property, and invested \$250,000 of this money in mutual funds. The advisor then recommended two additional investment loans, each for \$250,000. In total, Mr. and Mrs. N borrowed \$750,000, using borrowed money as collateral for the second and third loans. The interest-only loan payments totaled about \$5,522 monthly or \$66,263 annually. The advisor's plan entailed taking cash withdrawals from the mutual funds to make the loan payments and using the excess, which he expected to be \$1,000 per month, to help Mr. and Mrs. N meet their household expenses.

In 2008, the market volatility resulted in margin calls being issued on each of the two investment loans. Upon realizing the investment position his parents were in, the son of Mr. and Mrs. N complained to the firm. When the firm did not resolve the complaint in a timely manner, the complaint was escalated to OBSI.

Complaint upheld

During our investigation we found no evidence that the advisor gathered or assessed information about Mr. and Mrs. N's financial circumstances before he recommended the leverage strategy. Instead, we found that several key factors were apparently ignored.

The loan payments represented 321% of Mr. and Mrs. N's income. Aside from their home and property, they had no other assets of value and owed about \$5,000 in credit card debt. The mortgage and loans represented 140% of their net worth and they had no savings or other liquid assets with which to have made loan payments or met margin calls.

In addition, neither Mr. nor Mrs. N had any investment experience before being introduced to the advisor. We found they had no understanding of investments or investing in general and no understanding of the leverage strategy or its risks. Despite the fact that they had signed leverage disclosure, we found no evidence to suggest the advisor had presented and explained the risks, including the risk that they could lose their home. We could not rationalize that Mr. and Mrs. N would have knowingly agreed to the leverage strategy recommendation, risking complete financial ruin

if it failed. Therefore, we concluded they did not understand and could not have accepted the risks.

We found it clear that Mr. and Mrs. N were in no position to risk their home or their minimal income and they could not afford to make loan payments of any amount. Given Mr. and Mrs. N's complete lack of understanding about the strategy and its risks, we concluded that they were never in a position to have limited their losses and in fact, did not understand there was a problem until late 2008 when they stopped receiving the \$1,000 of monthly income they were told they could expect. While the firm argued that Mr. and Mrs. N's son understood the strategy and was advising his parents, the evidence did not support that scenario. In any event, we noted it was not the son's responsibility, but rather the advisor's, to assess the suitability of a leverage strategy recommendation.

We calculated that Mr. and Mrs. N incurred investment losses (net of distributions received) and interest costs on the loans and mortgage totaling \$227,440. In response to our investigation and conclusions, the firm offered and Mr. and Mrs. N accepted \$220,000 in settlement of their complaint.

Consumer Assistance Officers

Some types of complaints can be handled entirely by our front-end team of Consumer Assistance Officers without requiring escalation to the team of banking investigators. Some of these issues include:

SENIORS' NO-FEE ACCOUNTS

Clients complained that they were not informed of a no-fee account available only to seniors, and they continued to pay service fees in some cases for years after they were eligible for the no-fee account. OBSI's investigation into these complaints found that the accounts were clearly advertised in-branch and on the banks' websites, and that like any account they were available upon request. The banks were not required to notify customers that they were now entitled to a no-fee account; the customer had to request this on their own.

ACCOUNT CLOSURES

We received numerous complaints in 2011 regarding banks' decisions to close customer accounts. Often there are no reasons provided by a bank for such decisions, and we cannot compel a bank to disclose its rationale. OBSI's investigation is limited to whether the bank acted in accordance with regulatory requirements, industry standards and practices, and its own internal policies. Generally this requires that the bank provides at least 30 days' notice before a transaction account is closed so the customer can make alternate arrangements. Banks do have the right to ask a customer to take their business elsewhere.

EXCHANGE RATES

Some clients complained that the banks have used different rates to calculate the exchange of Canadian funds into foreign currency (or vice versa) than that which is posted by the Bank of Canada. Banks include overhead costs and profit margins in their buy and sell rates for foreign currencies; therefore, these complaints are related to the pricing of a banking product, which is outside of OBSI's mandate to review.

Complainant Profiles

- “I would like to express my deepest gratitude to your response to this sensitive issue, and also to having informed me of all the options for dealing with [my bank]. I found your OBSI is a great service for customers like me.”

OBSI CLIENT



At OBSI we believe in the importance of knowing more about financial consumers and investors who bring their complaints to us. This helps us ensure that we provide a service that properly meets their needs and expectations, and is in the public interest.

Throughout our 2011 fiscal year, we conducted detailed research into the profile of individuals who come to our office. With the support of a professional research firm, we asked about such things as age, ethnicity, education, occupation and income. What we found was instructive and sometimes surprising.

AMONG OUR FINDINGS:

Seniors make up the majority of complainants.

Individuals over the age of 60 generated approximately 53% of the complaints we investigated. For many of these individuals, the financial harm they suffer when a bank or investment firm makes a mistake is magnified by having fewer years to

make up the losses and fewer income or job opportunities; indeed, 70% of senior complainants are retired, with another 17% either self-employed or working part-time. If compensation is warranted, OBSI may be a senior's only hope for fair compensation, as going to court may take too long and is often uneconomic given the amount of money involved.

Complainants are well-educated.

According to Statistics Canada, about 52% of Canadians aged 15 and over have a trade certificate, college diploma or university degree. However, almost 80% of people who complained to OBSI this past year and participated in our survey fit this profile.

Visible minorities are under-represented.

Census data shows that 16.2% of Canadians consider themselves to be a visible minority. During our review, only 11.6% of complainants identified as a member of a visible minority. While cultural factors may play a role, more research is needed into why we are still not reaching this important segment of Canadians in the way we should be. While we already handle inquiries in over 170 languages, include information in multiple languages on our website, and engage regularly with several ethnic media outlets, more can and should be done.

Many people still don't learn about OBSI from their financial institution.

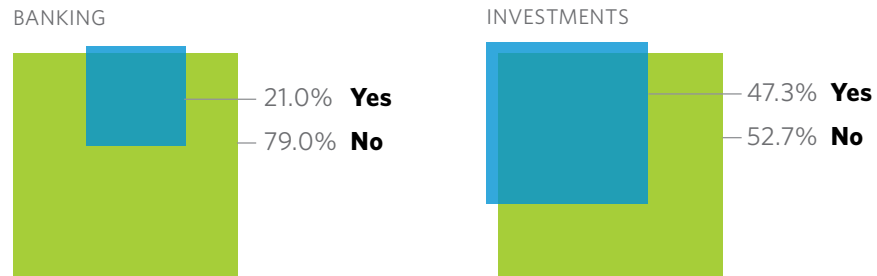
There are rules and established processes for financial institutions that participate in our service to inform their customers about OBSI and their right to bring a complaint

to us. Despite this, almost 30% of people who complained to OBSI said their bank or investment company did not advise them of this right. We sometimes see evidence of this in the files we receive from clients and firms: firm correspondence is silent about OBSI, directs the client back to an internal firm contact, or simply presents the complaint as being closed. In other instances clients either did not notice the information about OBSI because of the way it was delivered or they simply forgot.

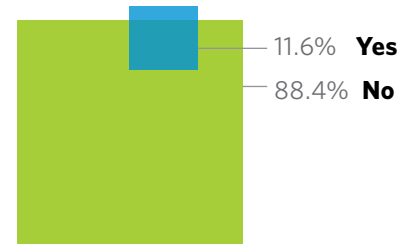
This information is not collected as part of OBSI's investigation process. Instead, the professional research firm we engaged surveys all complainants after we have closed their file. The surveys are completed anonymously and the information is provided to OBSI on that basis.

Detailed Client Statistics

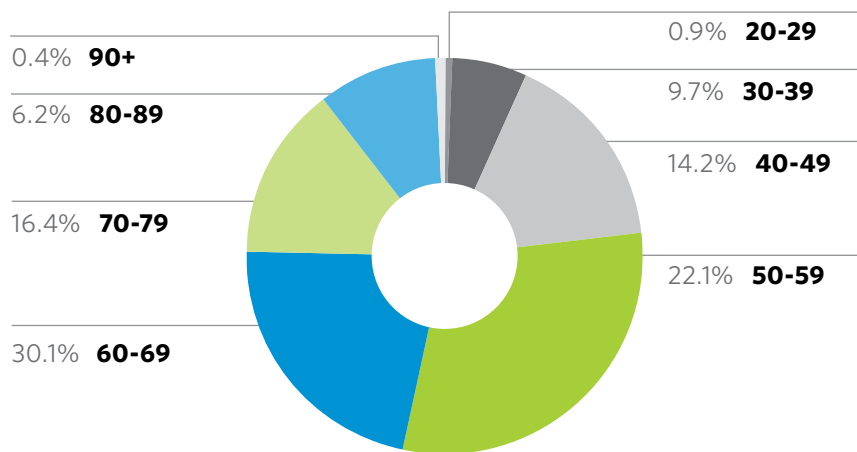
FINANCIAL FIRM ADVISED CLIENT OF OBSI?



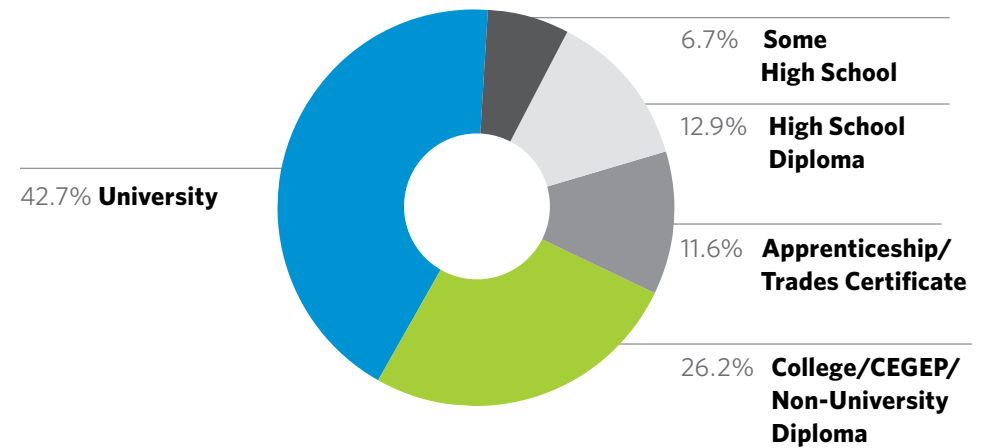
VISIBLE MINORITY



AGE OF CLIENTS

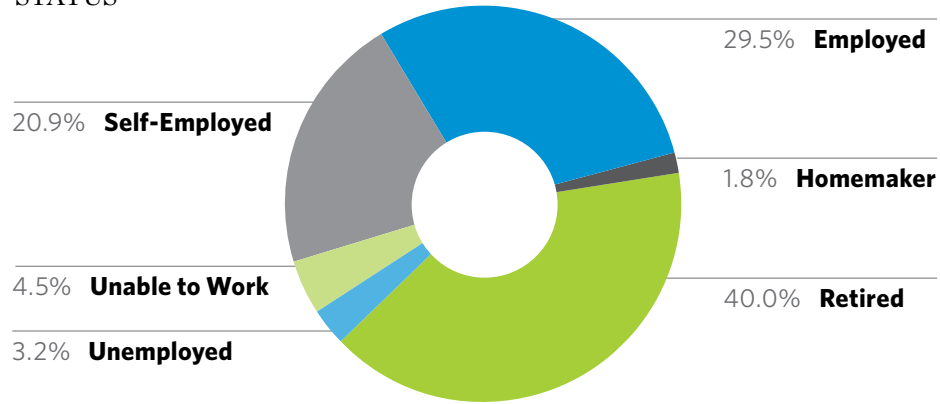


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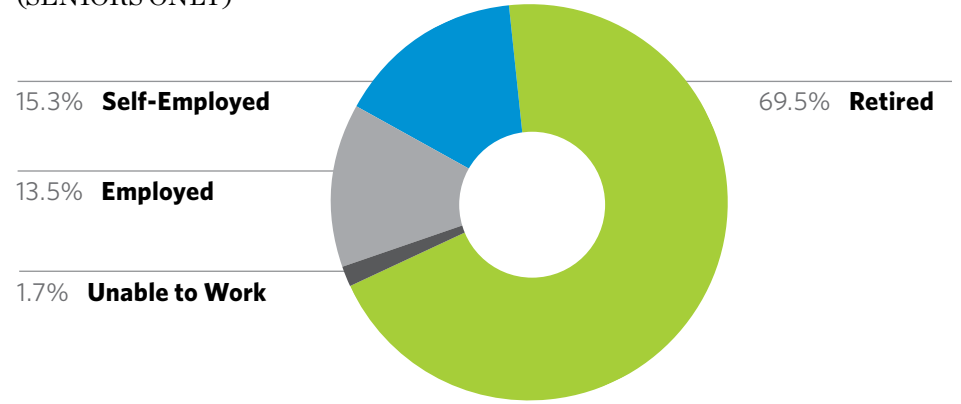


COMPLAINANT PROFILES

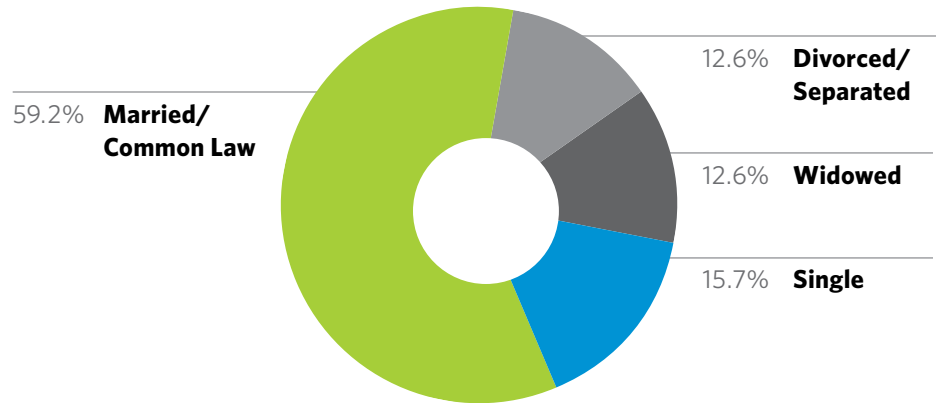
JOB STATUS



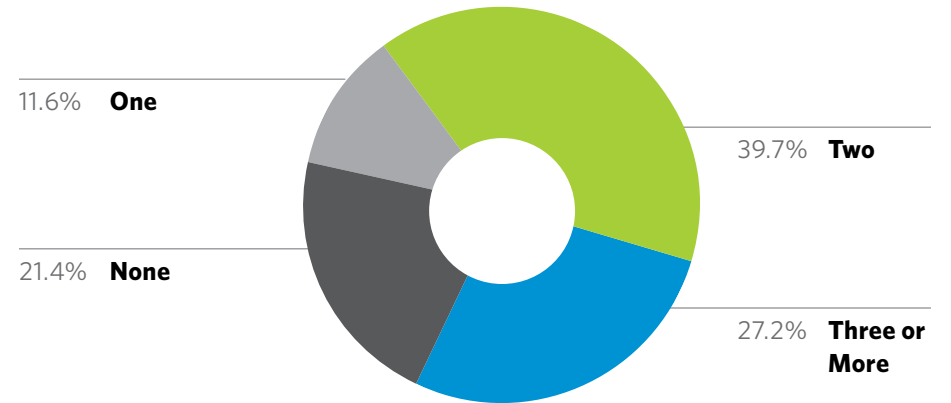
JOB STATUS (SENIORS ONLY)



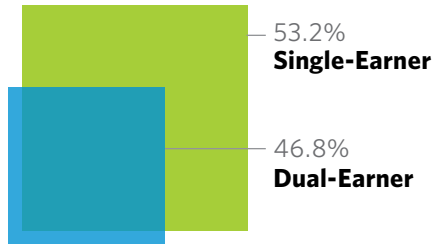
MARITAL STATUS



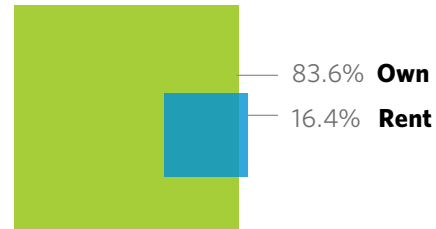
NUMBER OF CHILDREN



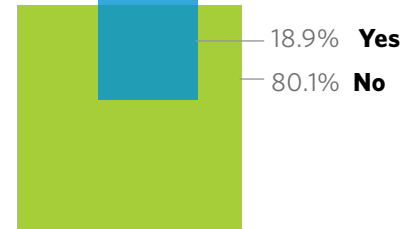
FAMILY INCOME - TYPE



HOME OWNERSHIP

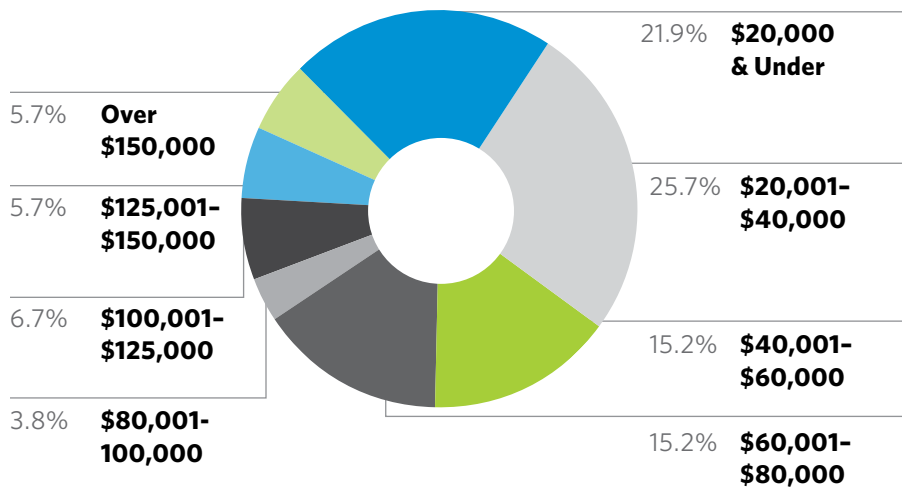


CHILDREN UNDER AGE 18

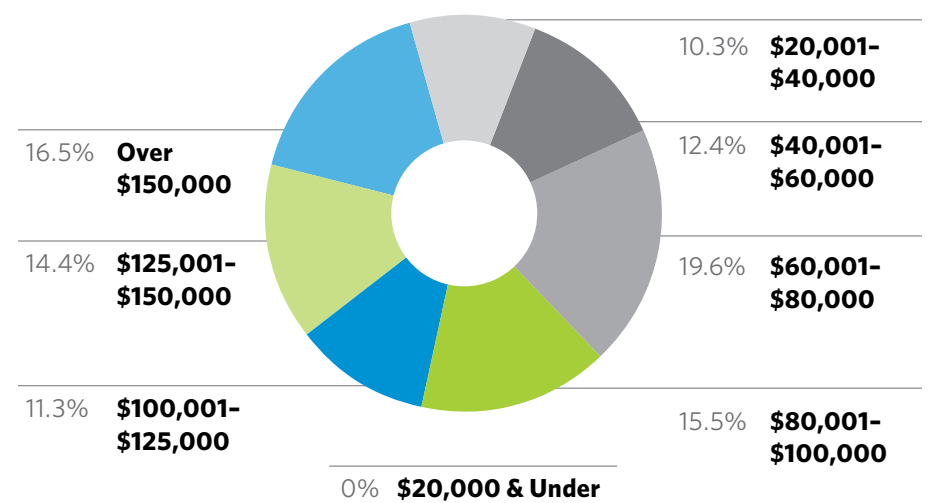


*Note: Some questions may not add up to 100% due to rounding.

FAMILY INCOME (SINGLE-EARNER HOUSEHOLDS)



FAMILY INCOME (DUAL-EARNER HOUSEHOLDS)



Corporate Governance

■ “Timely, effective, efficient, informative, clear, transparent, straightforward. That is how I describe the service you gave me.”

OBSI CLIENT

Our governance structure ensures the Ombudsman and OBSI's staff are independent and impartial, and have the necessary resources to carry out their jobs.

An independent and non-profit organization, OBSI is overseen by a Board of Directors. A majority of the directors are independent and have not been part of industry or government for at least two years. A minority of the directors are appointed by industry bodies.

Beyond the composition of the Board, further important safeguards of OBSI's independence are in place. In addition to having at least a two-thirds majority on the board, the Independent Directors control the hiring and evaluation of the Ombudsman, the budget process, the Terms of Reference and the nomination of Independent Directors.

The Independent Directors search for new independent board members, balancing diversity, geography and a variety of backgrounds and skills. Collectively, the directors have experience in business, law,

consumer and regulatory affairs, economics, community organizations, dispute resolution and public service. The current Board of Directors includes two Order of Canada recipients.

The Board of Directors meets at least quarterly, and in addition has an annual strategic planning session. The Independent Directors conduct performance reviews with the Chair every two years.

Strict rules prohibit the Board or individual directors from being involved with individual complaints. The final decision concerning complaints rests with the Ombudsman. There is no appeal to the Board, nor can the Board influence the decisions of the Ombudsman.



Board Committees

The OBSI Board of Directors has four active committees: Standards, Audit, Pension, and Independent Directors. There is also a Compensation subcommittee.

1

Standards Committee

The Standards Committee is responsible for overseeing OBSI's quality and performance standards and making recommendations to the Board of Directors regarding the organization's performance against regulatory requirements and expectations.

2

Audit Committee

The Audit Committee meets quarterly and reviews the financial statements of the organization, as well as receiving the report of the external auditor of OBSI.

3

Pension Committee

The Pension Committee oversees the defined contribution pension plan for OBSI, including reviewing fund performance.

4

Independent Directors Committee

The Independent Directors Committee has several duties, including overseeing the hiring and evaluation of the Ombudsman, the budget process, and independent director nominations.

5

Compensation Subcommittee

The Compensation subcommittee, which reports to the Independent Directors Committee, oversees the performance management of the Ombudsman and his compensation.



DIRECTORS

Dr. Peggy-Anne Brown, Chair Vancouver

Dr. Brown is President and Co-owner of Brown Crawshaw, a Vancouver-based company specializing in employee and family assistance programming, critical incident response and wellness training. Dr. Brown, a psychologist, is an active major shareholder in two other human resources consulting firms.

Adrian Burns Ottawa/Calgary

Ms. Burns currently serves on the National Arts Centre Board of Trustees and is a member of the Executive Committee of the Board of Directors of Shaw Communications Inc. Ms. Burns is a past full-time commissioner of the CRTC as well as a former director of the Copyright Board of Canada. Ms. Burns also serves on the boards of several business and community organizations, including the Carthy Foundation and the RCMP Heritage Centre. Ms. Burns has also served on the boards of the Banff Centre National Campaign and the Ottawa Art Gallery.

DIRECTORS (CONTINUED)**Angela Ferrante****Toronto**

Ms. Ferrante is a retired executive with the Ontario Energy Board. She currently serves as Chair of the Toronto Central Local Health Integration Network and is on the boards of VIA Rail and the Independent Electricity System Operator.

Leonard G. (Len) Flett**Winnipeg**

Mr. Flett, a management consultant, is a retired executive with The North West Company, the leading retailer in northern markets. He serves on the Board and is the former Chair of the National Aboriginal Achievement Foundation, past-president of Me-Dian Credit Union, past-chair of Aboriginal Business Development Corporation (Winnipeg) and past director of Winnipeg 2000 (City of Winnipeg Development Corporation).

Daniel F. Gallivan, Q.C.**Halifax**

Mr. Gallivan is the Chief Executive Officer and Managing Partner of Cox & Palmer, an Atlantic Canada law firm. He specializes in corporate commercial, energy, and securities law. Mr. Gallivan is also a former director of the Bank of Canada and a former Vice-Chair of the Nova Scotia Securities Commission.

Craig Hayman (IIROC-appointee)**Mississauga**

Mr. Hayman, CFA, is a partner of Edward Jones, an independent financial services firm that helps individual investors achieve their financial goals with investment and insurance solutions. He is responsible for Recruiting, Training and Developing Financial Advisors throughout Canada. Mr. Hayman joined the Board in September 2011.

Lynne Kilpatrick (CBA-appointee)**Toronto**

Ms. Kilpatrick is Senior Vice President and Head, Enterprise Customer Experience at BMO Financial Group. In her previous role, Ms. Kilpatrick was SVP, Retail Banking for BMO in Canada with accountability for segment and customer strategies, marketing, customer experience, sales force productivity and data insights and analytics. She began her career as a business journalist working for the Wall Street Journal and the Financial Times of Canada. Ms. Kilpatrick joined the Board in June 2011.

Ed Legzdins (MFDA/IFIC-appointee)**Toronto**

Mr. Legzdins serves as Senior Vice-President, Retail Investments and Managing Director, International with BMO Financial Group. Mr. Legzdins' responsibilities include leading BMO's non-North American business strategy and overseeing BMO's businesses outside North America, including International Financial Institutions, Trade Finance and its businesses in Asia.

DIRECTORS (CONTINUED)

Ian Lightstone

Toronto

Mr. Lightstone is currently a director of MJI Global Inc. and ArtsandTV.com company Inc. He is a past member of the Board of Directors and Past-Chair of Bridgepoint Health Foundation, member of the Board of Directors of Gore Mutual Insurance Company and a Fellow of both the Market Research Intelligence Association and the Dobson Centre for Entrepreneurial Studies. Previously, he was the founding Principal of Thompson Lightstone & Company, one of Canada's largest market research firms.

Louise Martel

Montréal

Mme Martel, FCA, is a full professor in accounting at HEC Montréal and director of the International Watch Centre for Financial Information. She also acts as a coach in accounting/finance for senior corporate executives and participates in international projects. She is member of the board and president of the audit committee of Télé-Québec.

Luc Papineau

Senior Vice President and Branch Manager at TD Waterhouse. Served on the Board until September 2011.

Kerry Peacock

Executive Vice President at TD Canada Trust. Served on the Board until May 2011.

DIRECTOR COMPENSATION

Independent Directors receive a \$10,000 annual honorarium and \$1,800 for each meeting day. The Chair receives an additional annual honorarium of \$4,000 and committee chairs receive an additional \$2,000 annually. Industry directors do not receive compensation from OBSI.

DIRECTOR ATTENDANCE

There were seven meetings of the Board in 2011. Director attendance was as follows:

Dr. Peggy-Anne Brown 7/7
 Adrian Burns 7/7
 Angela Ferrante 7/7
 Len Flett 7/7
 Daniel Gallivan 7/7
 Craig Hayman* 3/3
 Lynne Kilpatrick* 4/4
 Ed Legzdins 4/7
 Ian Lightstone 7/7
 Louise Martel 7/7
 Luc Papineau* 4/4
 Kerry Peacock* 3/3

There were several changes to the composition of the Board of Directors this year. We thank all the Directors who are no longer on the Board for their valued contribution to OBSI over the years.

* Director served on the Board for a portion of 2011

Financial Highlights

- “I was delighted with the service and the result. [My investigator] was always professional and polite. My only criticism is the many hoops I had to jump through dealing with the bank before I could get access to OBSI.”

OBSI CLIENT

The 2012 budget is the first in OBSI's 16-year history to show a year-over-year drop in the total budget. The 4% decline is due to the termination of the investment case backlog project and the easing off of complaint volumes. There are no special projects planned for fiscal 2012. Ongoing efforts to improve the efficiency of OBSI's operations have also resulted in reduced cost pressures.

The easing off of complaint volumes in 2011 enabled OBSI to focus on successfully tackling the accumulated backlog of investment complaints, our tri-annual review, and our role as host of the international gathering of financial sector Ombudsman schemes.

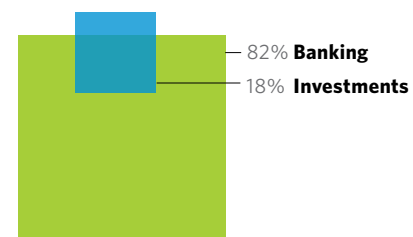
At the end of the fiscal year, the dedicated team contracted to address the investment case backlog achieved its objective of resolving 152 case files on budget and ahead of schedule. The termination of this one-time project will result in an expense reduction of \$825,000. The other one-time expense of just over \$100,000 related to the tri-annual external review that

OBSI is required to submit to every three years in accordance with the Framework for Collaboration with financial regulators.

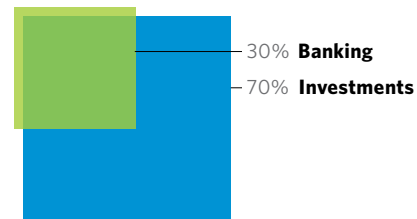
Through tight expense control and our efforts to continually improve the efficiency of our operations, OBSI managed to complete the 2011 fiscal year under budget, with a surplus that was put toward our effort to rebuild our operating reserve.

Fiscal Year Ended October 31	2012 BUDGET	2011 UNAUDITED	2010 AUDITED	2009 AUDITED	2008 AUDITED
Revenue					
Participating Firm Fees	\$ 8,056,605	\$ 8,599,862	\$ 7,668,402	\$ 5,524,779	\$ 4,973,987
Other		—	—	—	85,356
Interest Income		12,787	6,015	12,937	24,619
Expenses					
Personnel	\$ 6,385,060	\$ 5,830,726	\$ 5,357,004	\$ 4,850,314	\$ 3,718,736
Directors Fees and Expenses	392,250	384,734	306,806	364,266	273,261
Rent and Operating Costs	350,000	322,137	301,364	309,028	258,942
Marketing and Membership	220,900	171,414	111,448	138,316	107,561
Supplies, Services and Travel	154,800	128,442	126,422	127,157	100,697
Telephone	86,500	88,555	108,413	103,390	92,871
Information Technology and Support	129,100	122,829	112,197	112,703	77,520
Corporate Administrative	114,000	88,065	83,361	85,659	66,898
Legal Fees	153,770	175,486	137,155	138,716	33,152
Insurance	18,800	11,896	18,479	18,419	19,635
Audit Fee	25,425	25,425	22,600	18,850	18,000
Consultant Fees	18,000	29,115	28,844	88,099	12,509
Other	8,000	33,005	50,569	8,393	1,805
Amortization		71,049	83,212	68,603	51,854
	\$ 8,056,605	\$ 7,482,878	\$ 6,847,874	\$ 6,431,913	\$ 4,833,441
One-Time Projects	—	932,312	487,872	—	—
	\$ 8,056,605	\$ 8,415,190	\$ 7,335,746	\$ 6,431,913	\$ 4,833,441
Excess of Revenue over Expenses		\$ 197,459	\$ 338,671	\$ (894,197)	\$ 250,521

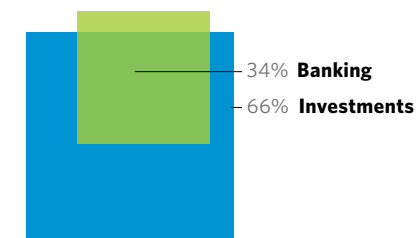
SHARE OF INQUIRY COSTS ASSOCIATED WITH EACH SECTOR




SHARE OF INVESTIGATION COSTS ASSOCIATED WITH EACH SECTOR



SHARE OF OVERALL COSTS ASSOCIATED WITH EACH SECTOR





The 2012 budget is the first in OBSI's 16-year history to show a year-over-year drop in the total budget.

APPENDIX I

Statistical Data

- “I think the industry and the Canadian financial sector would be better off if there was only one body doing this work for all the financial institutions.”

MEMBER OF THE PUBLIC

OPENED CASE FILES (2011)

SECTOR	# OF OPENED FILES
Banking Services	397
IIROC	255
MFDA	130
RESP Dealers	17
Investment - Other	3

OPENED BANKING CASE FILES

TOP 10 FIRMS	# OF OPENED FILES	% OF TOTAL
TD	131	33.0%
Scotia	73	18.4%
CIBC	65	16.4%
BMO	31	7.8%
National	19	4.8%
Laurentian	12	3.0%
MBNA	9	2.3%
HSBC	8	2.0%
Capital One	5	1.3%
Citibank	5	1.3%
ING	5	1.3%

* includes any banking affiliates and subsidiaries.

OPENED INVESTMENT CASE FILES

TOP 10 FIRMS	# OF OPENED FILES	% OF TOTAL
TD	59	14.6%
RBC	34	8.4%
Investors Group	32	7.9%
BMO	26	6.4%
Wellington West	25	6.2%
CIBC	18	4.4%
Scotia	16	4.0%
Edward Jones	14	3.5%
WFG Securities of Canada Inc.	13	3.2%
National	10	2.5%

* includes any investment affiliates and subsidiaries.

OPENED CASE FILES (HISTORICAL)

YEAR	# OF OPENED FILES
2007	468
2008	670
2009	990
2010	1024
2011	802

OPENED BANKING CASE FILES (HISTORICAL)

YEAR	# OF OPENED FILES
2007	248
2008	324
2009	391
2010	462
2011	397

OPENED INVESTMENT CASE FILES (HISTORICAL)

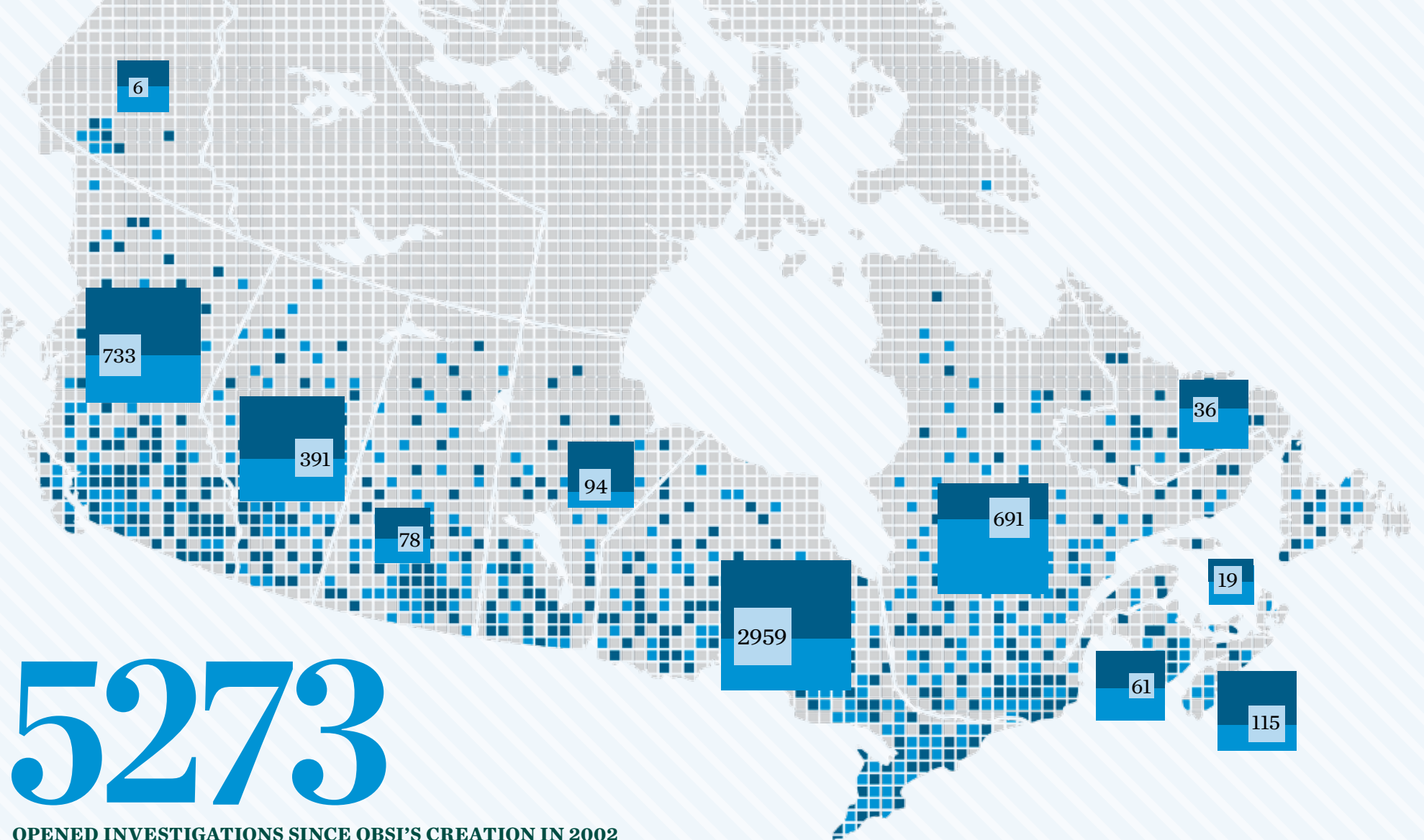
YEAR	# OF OPENED FILES
2007	220
2008	346
2009	599
2010	562
2011	405

Where Do Our Complaints Come From?

As a national service, OBSI gets complaints from coast to coast. We also see files from customers of participating firms living abroad who have banking and investment relationships with firms in Canada.

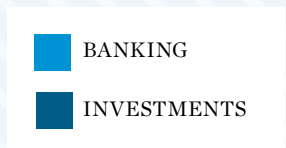
This table compares the percentage of complaints received by OBSI by province or territory. The proportionately lower number in Quebec reflects the fact that the caisses populaires Desjardins do not participate in OBSI for banking services and the AMF provides redress mechanisms for investors that do not exist in other jurisdictions.

JURISDICTION	COMPLAINTS
Ontario	58.2%
Quebec	12.8%
British Columbia	11.2%
Alberta	8.1%
Manitoba	2.6%
Nova Scotia	1.6%
Saskatchewan	1.4%
New Brunswick	1.2%
International	1.0%
Newfoundland	0.6%
Prince Edward Island	0.5%
USA	0.5%
Yukon	0.1%
Northwest Territories	0.0%
Nunavut	0.0%
	100.0%



5273

OPENED INVESTIGATIONS SINCE OBSI'S CREATION IN 2002



CONTACTING OBSI

CHANNEL	%
Phone	59.9%
Email	23.4%
Mail/Courier	6.2%
Fax	6.2%
On-line	4.1%
Walk-in	0.1%
TOTAL	100%

PRODUCTS

BANKING	# OF COMPLAINTS
Transaction Accounts	103
Mortgages	102
Credit Cards	71
Other	38
Debit Cards	36
Loans	36
Term Deposit/GIC	21
Life Insurance	9
RRSP/RRIF	8
Safe Deposit Box	7
Electronic banking	5
Travel Insurance	4
P&C Insurance	3
Merchant Card Services	2
Services Issue	1
Disability Insurance	1
Principal-Protected Notes (PPNs)	1
TOTAL	448

INVESTMENTS	# OF COMPLAINTS
Mutual Funds and Securities	402
Other	28
Scholarship Trust Plans	12
Segregated Funds	7
Principal-Protected Notes	4
TOTAL	453

ISSUES

BANKING	# OF COMPLAINTS
Service Issues	138
Transaction or Process Error	116
Fraud	74
Fees/Rates	64
Other	49
Collection Activity	7
TOTAL	448

INVESTMENTS	# OF COMPLAINTS
Suitability	224
Fees	50
Transaction Error	41
Misrepresentation	40
Transfer of Account	28
Unauthorized Trading	25
Service Issue	22
Fraud	11
Margin Issues	9
Other	3
TOTAL	453

INQUIRIES

TOP 10 FIRMS	# OF INQUIRIES	% OF TOTAL
TD	1138	18.5%
BMO	534	8.7%
CIBC	521	8.5%
Scotia	468	7.6%
RBC	352	5.7%
National	193	3.1%
Capital One	187	3.0%
HSBC	185	3.0%
MBNA	153	2.5%
Citibank	121	2.0%

* includes any banking or investment affiliates and subsidiaries.

In 2011, 282 out of 352 inquiries (80.1%) related to RBC were about banking services, despite RBC having withdrawn from OBSI for banking complaints back in 2008. This clearly shows the confusion created for consumers in an environment where multiple dispute-resolution providers are allowed by government. With TD now having withdrawn from OBSI for banking complaints as well, this confusion can be expected to increase in 2012.

COMPENSATION

	TOTAL	AVERAGE	MEDIAN	LOWEST	HIGHEST	NUMBER OF CASE FILES
Banking Services	\$487,546	\$7,387	\$1,100	\$30	\$74,983	66
Investments	\$2,691,721	\$16,118	\$7,500	\$154	\$220,000	167
ALL	\$3,179,267	\$13,645	\$5,000	\$30	\$220,000	233

In 2011, 233 cases files ended with monetary compensation to the client, worth a total of \$3,179,267. This represents 26% of all closed case files. 15% of banking complaints (66 of 448) and 37% of investment complaints (167 of 453) ended with monetary compensation. In addition, twelve complaints ended in some form of non-monetary restitution, such as a corrected credit bureau rating. There were six such cases related to each of banking and investments.

Time Frames

BANKING – STRAIGHTFORWARD COMPLAINTS

	PHASE 1: Intake and Assessment	PHASE 2: OBSI Investigation	PHASE 3: Firm/Client Decision-Making	TOTAL PER FILE AVERAGE
Average time spent in phase (days)	6.05	48.11	37.00	54.73

BANKING – ALL CASE FILES

	PHASE 1: Intake and Assessment	PHASE 2: OBSI Investigation	PHASE 3: Firm/Client Decision-Making	TOTAL PER FILE AVERAGE
Average time spent in phase (days)	8.15	113.58	29.36	126.45

INVESTMENTS – STRAIGHTFORWARD COMPLAINTS

	PHASE 1: Intake and Assessment	PHASE 2: OBSI Investigation	PHASE 3: Firm/Client Decision-Making	TOTAL PER FILE AVERAGE
Average time spent in phase (days)	148.21	81.42	30.58	238.44

INVESTMENTS – ALL CASE FILES

	PHASE 1: Intake and Assessment	PHASE 2: OBSI Investigation	PHASE 3: Firm/Client Decision-Making	TOTAL PER FILE AVERAGE
Average time spent in phase (days)	148.44	116.53	65.29	289.91

Phase 1: Intake and Assessment

- Time period measured from the opening of a complaint file through to assignment to an investigator.
- Begins with receipt of consent letter from the client. Includes the time spent sending the consent letter to the firm, waiting to receive both the consent letter and client file from the firm, and the initial assessment of the file by one of OBSI’s Case Review Officers (CROs).
- Includes any delays due to a backlog of cases resulting from an upswing in complaints or insufficient funding or staffing resources.

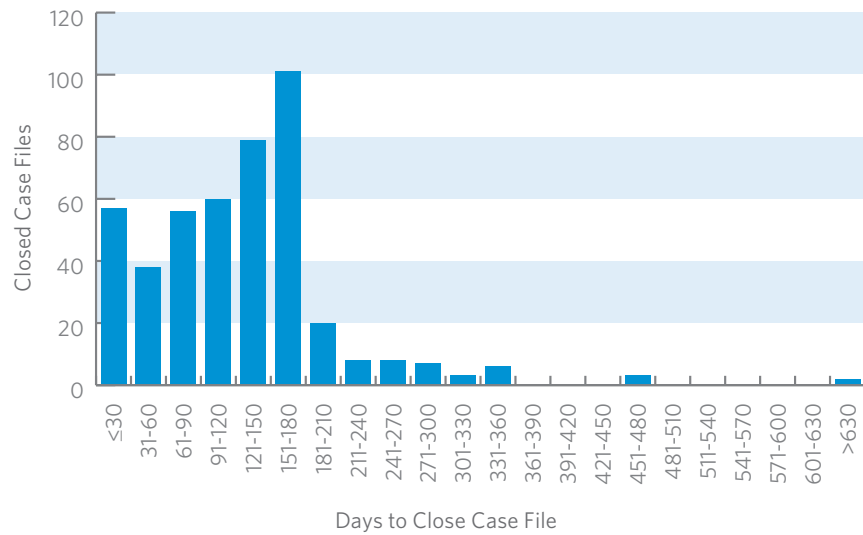
Phase 2: OBSI Investigation

- Time period measured from the file being assigned to an investigator through to OBSI forming a view of the complaint’s merits, and either communicating our initial compensation recommendation to the firm or closing the file if no compensation warranted.
- Includes both OBSI’s investigative process as well as factors outside of OBSI’s control, such as insufficient firm or client cooperation, failure to receive requested documents or information, and delays in clients or firm representatives making themselves available for interviews.

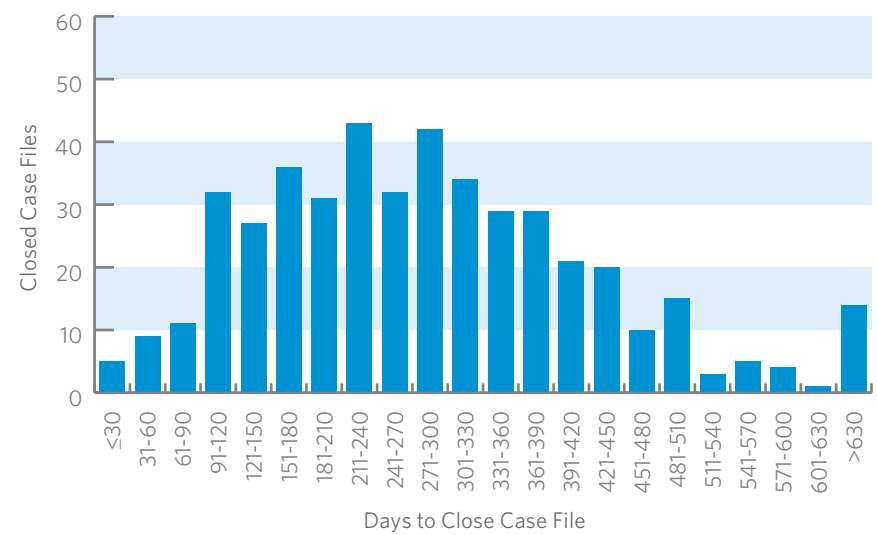
Phase 3: Firm/Client Decision-Making

- Covers only those complaint files where OBSI believes compensation is warranted. The majority of cases spend zero days in the phase.
- Time period measured from communicating our initial compensation recommendation to the firm through to closure of case files, either with firm compensating the client or officially refusing OBSI’s recommendation.
- Includes the firm’s decision-making process when deciding what action to take with regards to the complaint following OBSI’s conclusion that compensation is warranted. After the firm has agreed to compensation, in most cases the client accepts the settlement the same day, though OBSI’s process allows clients up to 30 days to decide.

BANKING



INVESTMENTS



BENCHMARK	NUMBER OF BANKING CASE FILES	PERCENTAGE OF TOTAL
≤ 180 Days	391	87.3%
> 180 Days	57	12.7%
TOTAL	448	100%

BENCHMARK	NUMBER OF INVESTMENT CASE FILES	PERCENTAGE OF TOTAL
≤ 180 Days	120	26.5
> 180 Days	333	73.5
TOTAL	453	100%

Opened Case Files

- “It stands to reason that the independent investigation of consumer complaints cannot be credibly handled by a private for-profit supplier chosen and paid for by the bank. The constant threat hanging over funding and decisions on complaints creates the perception, if not the reality, of a loss of critical independence. Any service that is solely motivated to keep the bank’s business will know who they need to please.”

DR. PEGGY-ANNE BROWN, CHAIR, BOARD OF DIRECTORS

Opened Case Files by Sector and Firm

BANKING SERVICES

FIRM	CASES	FIRM	CASES
AGF	4	ICICI Bank Canada	3
Alterna Savings	1	ING	5
Amex Bank of Canada	4	JP Morgan Chase	2
BMO	31	Laurentian	12
Bridgewater Bank	1	League Savings And Mortgage Company	1
Canadian Tire	1		
Capital One Bank	5	MBNA	9
CIBC	65	National	19
Citibank	5	President's Choice Bank	4
Computershare	1	ResMor	2
Credit Union Central of Saskatchewan	1	Sandhills Credit Union	1
		Scotiabank	73
CW Bank	2	Servus Credit Union Ltd.	2
First Data Loan Company, Canada	1	State Bank Of India (Canada)	1
Home Trust Company	1	TD Bank Financial Group	131
HSBC	8	Walmart Canada Bank	1
		TOTAL	397

INVESTMENTS – IIROC

FIRM	CASES	FIRM	CASES
Argosy Securities Inc.	3	IPC Securities Corporation	2
Assante Capital Management Ltd.	2	Leede Financial Markets Inc.	1
ATB Securities Inc.	1	Mackie Research Capital Corporation	2
BMO InvestorLine Inc.	9		
BMO Nesbitt Burns Inc.	5	Macquarie Private Wealth Inc.	6
BMO Nesbitt Burns Ltée/Ltd.	8	Manulife Securities Incorporated	1
Bolder Investment Partners, Ltd.	1	MD Management Inc	1
Brant Securities Limited	1	National	10
Canaccord Genuity Corp.	10	Qtrade Securities Inc.	2
CIBC Investor Services Inc.	4	Questrade Inc.	5
CIBC World Markets Inc.	14	Raymond James Ltd.	5
Credential Securities Inc.	3	RBC Direct Investing	4
Desjardins	4	RBC Dominion Securities Inc.	24
DWM Securities Inc.	4	Scotia Capital / i-Trade (Discount Brokerage)	3
Edward Jones	14		
Fort House Inc.	1	Scotia McLeod Direct Investing	9
Global Securities Corporation	1	Sora Group Wealth Advisors Inc.	1
Hampton Securities Limited	1	TD Waterhouse Canada Inc.	54
Haywood Securities Inc.	1	UBS	1
HSBC	9	Union Securities Ltd.	2
Integral Wealth Securities Ltd.	1	Wellington West Capital Inc.	24
Investors Group Securities Inc.	1	TOTAL	255

INVESTMENTS – MFDA

FIRM	CASES	FIRM	CASES
Armstrong & Quaille Associates Inc.	1	M.R.S. Inc.	1
Assante Financial Management Ltd.	4	Manulife Securities Investment Services Inc.	1
BMO	4	MGI Financial Inc.	1
Canfin Magellan Investments Inc.	1	Monarch Wealth Corporation	4
Connor Financial Corporation	1	PFSL Investments Canada Ltd.	3
Credential Asset Management Inc.	3	Phillips, Hager & North Investment Funds Ltd.	1
Equity Associates Inc.	1		
Family Investment Planning Inc.	2	Portfolio Strategies Corporation	2
FundEX Investments Inc.	8	Quadrus Investments Services Ltd.	5
Global Maxfin Investments Inc.	1	Royal Mutual Funds Inc.	6
GP Wealth Management Corporation	3	Scotia Securities Inc.	4
HUB Capital Inc.	1	TD Investment Services Inc.	4
Investia Financial Services Inc.	9	Ten Star Financial Inc.	1
Investment House of Canada Inc. (The)	1	W.H. Stuart Mutuals Ltd.	1
Investors Group Financial Services Inc.	31	Wellington West Financial Services Inc.	1
IPC Investment Corporation	5	WFG Securities of Canada Inc.	13
Keybase Investments Inc.	5	Worldsource Financial Management Inc.	1
		TOTAL	130

INVESTMENTS – RESP DEALERS

FIRM	CASES
Children's Education Funds Inc.	1
CST Consultants Inc.	5
Global Educational Marketing Corporation	1
Heritage Education Funds Inc.	6
Knowledge First Financial Inc.	4
TOTAL	17

INVESTMENTS – OTHER

FIRM	CASES
AGF	1
Desjardins Financial Security	1
TD Bank Financial Group*	1
TOTAL	3

*Bank selling an investment product

Ombudsman for Banking Services and Investments

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

Toll-free telephone: 1-888-451-4519
Toll-free TTY: 1-855-TTY-OBSI (1-855-889-6274)
Toll-free fax: 1-888-422-2865
Email: ombudsman@obsi.ca
Website: www.obsi.ca

