

Complaint numbers take large jump: OBSI

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TORONTO- Complaints to the national independent dispute resolution service for banking services and investment consumers have more than doubled in two years, the Ombudsman for Banking Services and Investments (OBSI) reported today. In fiscal 2008, the office opened 670 cases, a 43 per cent increase over the 468 files opened in 2007. In 2006, OBSI received 328 complaints.

OBSI is the national dispute resolution service for customers of more than 600 financial institutions, including domestic and foreign banks, investment dealers, trust companies, mutual fund dealers, credit unions and scholarship trust plan dealers. Established in 1996, OBSI reviews unresolved disputes between consumers and firms, and may recommend compensation up to \$350,000. An alternative to the court system, OBSI is free to consumers.

Increases were experienced in both banking services and investment files, said Ombudsman David Agnew.

"The increase shows growing awareness of OBSI's services and the right of consumers to bring their unresolved disputes to us," said Mr. Agnew. "We also are seeing better communications to consumers from some firms in their internal complaint-handling systems to ensure their customers know about OBSI and their right to bring an unresolved complaint to us for an independent and impartial review.

"However, we know that we and our stakeholders, including the industry, can do a better job of making sure every consumer who has an unresolved complaint is aware of OBSI. That's particularly important in these turbulent economic times."

In investment files, suitability complaints continue to dominate in files investigated. Suitability issues arise when consumers make a complaint about a mismatch between their investment objectives and needs, and the securities recommended or purchased for them by their advisor. In the banking services files, loans and transaction accounts were the leading products in the complaint files investigated.

OBSI closed 93 per cent of its files in 2008 within 180 days, surpassing its service standard of closing 80 per cent of files within 180 days. During the year, OBSI facilitated settlements involving compensation for clients in 91 cases and made 64 recommendations for compensation after doing a full investigation. All OBSI recommendations were accepted by firms in 2008. In another 103 investigation files OBSI upheld the firm's position.

"With the volatility of the markets, and the downturn in the economy, we expect a busy 2009," said Mr. Agnew.

Revised terms of reference for OBSI will come into effect later in 2009, and include procedures for handling systemic or widespread issues as well as an updated framework for firm-level complaint handling.

More information is available at www.obsi.ca.