

MARCH 8, 2012 ISSUE

OBSI UPDATE – MARCH 8, 2012

This note is one in a series of newsletters updating you on what's happening at the Ombudsman for Banking Services and Investments (OBSI).

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1. Federal Action to Protect Financial Consumers
2. Email Contact for OBSI Governance Reform

1) Federal Action to Protect Financial Consumers

The federal government has [announced](#) some important initiatives for financial consumer protection.

Unsolicited credit card cheques will be banned under proposed regulations. As well, a new [mortgage code of conduct](#) was introduced, which requires that financial institutions explain the differences between mortgage products, including ways to pay off a mortgage faster without incurring penalties. Financial institutions will also be required to provide consumers with additional information on how any mortgage prepayment penalties would be calculated.

In OBSI's recently-released [2011 Annual Report](#), we noted that our office saw a spike in the number of complaints in 2010 related to the calculation of mortgage prepayment penalties, though the volume has subsided more recently. We also reported how, for the first time ever, a bank had refused an OBSI recommendation. In that instance, OBSI found systemic problems with the bank's mortgage documentation, the largest concern being the calculation of mortgage prepayment penalties.

As a result of the bank's refusal, 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.

OBSI welcomes these announcements by the Department of Finance, especially the action on mortgages. By reducing the likelihood of mortgage documentation problems, fewer consumer complaints – legitimate or otherwise – will be made to banks. Even fewer will require escalation to OBSI for an independent investigation of their merit. This is good news for both firms and consumers.

2) Email Contact for OBSI Governance Reform

As previously reported, in response to recommendations made by OBSI's independent reviewer, our Board of Directors unanimously decided to undertake broad-based reform of our organization's governance structure.

Governance, Chair Search, and Director Search committees have been formed at the Board level. Any questions regarding OBSI's governance renewal process, or nominations for the position of Director or Chair, can be emailed to governance@obsi.ca, where they will be directed to the appropriate individuals or committees.

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For further information:

Tyler Fleming

Director, Stakeholder Relations and Communications

416-218-4244

publicaffairs@obsi.ca