

## JUNE 11, 2014 ISSUE

### BYRON CAPITAL REFUSES TO COMPENSATE UNSUITABLY INVESTED SMALL BUSINESS OWNER

The Ombudsman for Banking Services and Investments (OBSI) today announced the refusal of Byron Capital Markets Ltd. ('Byron Capital') to compensate a small business owner in the amount of \$41,149.

Byron Capital is an investment dealer based in Toronto that recently ceased most operations and whose application to resign from the Investment Industry Regulatory Organization of Canada (IIROC) is pending approval. The complainant, Mr. B, was a low- to medium-risk investor who owned a general business consulting firm and who was approaching retirement. His primary concern was the stability and continuity of income from his investments.

Mr. B's advisor at Byron Capital, Mr. W, recommended that he purchase high-risk, complex leveraged structured products in his small business account that were unsuitable given his risk tolerance and investment objectives. Although he had good investment knowledge, Mr. B reasonably relied on his advisor's characterization that these were medium-risk investments and was not aware that they were in fact higher-risk. Byron Capital is responsible for the financial harm incurred by Mr. B as a result of the unsuitable investments. It has chosen not to fulfill its responsibilities to Mr. B by providing the compensation he is owed based on the facts of the case.

OBSI's recommended compensation amount was arrived at by first calculating the difference between the amount Mr. B's investments would have been worth had he been suitably invested and the actual value as of the date he closed his corporate account with Byron Capital. Interest was then added to compensate Mr. B for the loss of use of his money, calculated from the date he first complained to the firm.

A copy of OBSI's investigation report for [Mr. B's complaint](#) is available on OBSI's website. Some names and personal information have been edited from the original version to protect the identity of certain individuals involved, including the complainant.

Where a complaint is found to have merit, OBSI makes a recommendation for compensation where it would be fair to do so, taking into account all of the facts and circumstances of the case. A refusal by a participating firm to follow a recommendation means that OBSI must publicize that refusal and the details of the complaint under Section 27 of our Terms of Reference.

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OBSI is Canada's national independent dispute resolution service for consumers and small businesses with a complaint they can't resolve with their banking services or investment firm. As a free alternative to the legal system, we work informally and confidentially to find fair outcomes to disputes about banking and investment products and services.

OBSI looks into complaints about most banking and investment matters including: mutual funds; bonds and GICs; stocks, exchange traded funds, income trusts and other securities; investment advice; unauthorized trading; fraud; debit and credit cards; mortgages; loans and credit; fees and rates; transaction errors; misrepresentation; and accounts sent to collections. Where a complaint has merit, OBSI may recommend compensation up to a maximum of \$350,000.

OBSI has an excellent record of acceptance of recommendations from both firms and complainants: over 99% of the thousands of complaints brought to our office have been successfully resolved.

For more information, contact:

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