INFO Network E-Bulletin
October 2016



**Conference notes**

**INFO 2016:**Don't forget that the INFO 2016 presentations are now available to all members in the intranet.

**INFO 2017 diary dates:**Plan to head down-under! INFO 2017 will be hosted by the Financial Ombudsman Service Australia in Melbourne from 24 to 27 September 2017. More information soon.

**News from members**



Jeremy Lee, Chief Executive Officer
Ombudsman for Financial Services
Malaysia

New scheme to operate in accordance with internationally-recognised principles

The Ombudsman for Financial Services Malaysia commenced operation on 1 October 2016. It is approved by Malaysia's Central Bank (Bank Negara Malaysia) under the *Financial Services Act 2013* and *Islamic Financial Services Act 2013*.

The Ombudsman will operate in accordance with the principles of independence, fairness and impartiality, accessibility, accountability, transparency and effectiveness. Scheme governance is provided by a board of directors chaired by YBhg Tan Sri James Foong, a retired Federal Court Judge.

The introduction of the new financial ombudsman scheme is timely. It further strengthens the financial consumer protection framework in an environment of increasing diversity with competitive offerings of financial products and services. In operating the scheme, the Ombudsman for Financial Services incorporates enhanced governance and operational arrangements in line with international best practices to promote fair, effective and independent dispute resolution.

Financial consumers can refer eligible disputes involving banks, insurance companies, takaful operators, development financial institutions, designated payment instrument issuers, insurance and takaful brokers, and financial advisers to the Ombudsman for Financial Services for resolution.

[New website](http://infonetwork.createsend1.com/t/t-l-htvtyd-l-j/): [www.ofs.org.my](http://infonetwork.createsend1.com/t/t-l-htvtyd-l-t/)



Karen Stevens, Ombudsman
Insurance & Financial Services Ombudsman Scheme
New Zealand

2016 annual report

When the Insurance & Financial Services Ombudsman Scheme released its Annual Report on September 27, we focused on the strength of experience and the value of complaints for industry and consumers.

Chair of the IFSO Scheme Commission, Dame Paula Rebstock, said 'over 21 years, a dispute resolution scheme gains considerable knowledge and experience about the range of issues facing an industry. This knowledge and experience is valuable for financial service providers and their customers, because it is effectively an encyclopaedia of what can and does go wrong'.

The 2015-2016 Annual Report, shows the IFSO Scheme received 272 complaints (up from 254 in the previous year) and responded to 3,193 complaint enquiries (up from 3,057 in the previous year). The greatest number of complaints (165 or 61%) related to general insurance; followed by complaints related to health, life and disability insurance (83 or 30%). Complaints about the Canterbury earthquake made up 37 of the 272 complaints. Complaints about financial advisers remain relatively low (8 complaints up from 5 the previous year), together with credit contract complaints (10 complaints, up from 5).

See our [Annual Report Summary](http://infonetwork.createsend1.com/t/t-l-htvtyd-l-h/); our [media release](http://infonetwork.createsend1.com/t/t-l-htvtyd-l-k/) and follow up media articles on [financial advisers](http://infonetwork.createsend1.com/t/t-l-htvtyd-l-o/) and [insurance](http://infonetwork.createsend1.com/t/t-l-htvtyd-l-b/).



Clive Pillay, Ombudsman
Ombudsman for Banking Services
South Africa

Complaint handling initiatives

**As a pilot project, we have introduced telephonic assessments for complaints that fall outside OBS jurisdiction and other simpler complaints.**

Currently an assessment report is prepared in respect of all complaints.  With the new approach, an adjudicator will simply telephone a complainant and advise him that his complaint falls outside our jurisdiction or that we cannot find in his favour and the reasons therefor. He will be asked whether he requires a report to that effect or whether we can close our file.

If he says we can close our file, our Customer Relationship Management (CRM) system automatically generates a letter to the complainant confirming the conversation, confirming the outcome of his complaint and confirming that he does not require a report.

If the complainant requests a report, similarly, our CRM system automatically generates a letter confirming the conversation, confirming the outcome of his complaint, confirming that he requires a report and lastly confirming that a report will be sent to him in approximately 14 days.

The use of telephonic assessments always entails conveying of negative information ('bad news') to a complainant.  A complainant could, therefore, respond by becoming abusive, argumentative, etc.

We have accordingly arranged for an accredited life coach to train both the managers and the staff on emotional intelligence, customer service and conflict resolution.

**Consumers at the end of their tether with their banking institutions now have a convenient new way of lodging a complaint.**

We have also introduced a dedicated telephone complaint system to enhance service to South Africans countrywide. A complainant explains the nature and details of the complaint over the telephone to the OBS consultant. The consultant captures the details and opens a case. To proceed with the case, the consumer also agrees to the OBS’ terms and conditions and authorises it to access his or her bank account. The conversation is recorded and the recording held in our case management system for five years.

This service gives effect to the emphasis in the Financial Sector Regulation Bill on facilitating financial customers' access to appropriate Ombuds. It also improves access to bank customers throughout the country. There is no need for the complainant to sign a document or visit our offices. This is particularly useful for consumers who live outside Johannesburg. It is also a boon for those who do not have access to email or are incapacitated in some way.

The other methods for lodging a complaint with the OBS remain in place, namely the website, email, fax, post and hand delivery. The launch is also another step further in the drive to becoming a paperless office, an initiative launched by the OBS several years ago.

**Bank customers with a gripe against their banks can now track the progress of their cases once they have lodged a complaint our office.**

As part of our commitment to consumer convenience, we have introduced a tracking system for all complainants. Previously, only those submitting a complaint through the website would receive a password with which they could monitor their complaint. This is an important service that we are confident will be welcomed by all our complainants, as it gives them immediate access to information on their cases, without them having to call our office or wait for a reply to email queries.



Sarah Bradley, Ombudsman and CEO
Ombudsman for Banking Services and Investments, Canada

OBSI celebrates 20 years

OBSI celebrates its 20th anniversary this year. We began operations in 1996 with an initial mandate to handle small business banking complaints. Less than two years later, our mandate expanded to include retail banking customers and in the following years, our mandate expanded to include investment-related complaints.

Since that time, we have opened over 12,000 investigations and recommended compensation totalling more than $35,000,000. We have also developed a number of mechanisms over the years to ensure fairness and impartiality in our process and governance, including:

* [Loss calculation methodology](http://infonetwork.createsend1.com/t/t-l-htvtyd-l-x/). Our recent independent evaluation referred to our loss calculation tools as world class. When we evaluate investment suitability and potential financial losses, we factor sales commissions, fees, interest, and tax benefits.
* [Tolling Agreement](http://infonetwork.createsend1.com/t/t-l-htvtyd-l-m/). Consumers’ legal right to sue is not impacted by our investigations. While a complaint is under investigation, a “tolling agreement” stops the clock on the limitations period (the time permitted to commence legal action after an alleged grievance occurred)
* [Independent Governance Structure](http://infonetwork.createsend1.com/t/t-l-htvtyd-l-c/). Our board of directors must have a majority of community directors who are independent from industry. Furthermore, any decisions related to independence such as the hiring and firing of the Ombudsman, requires a double majority: a majority of directors and a majority of community directors.



Nicola Sladden, Banking Ombudsman
Banking Ombudsman Scheme
New Zealand

Annual report, new video, outreach

**We successfully released our 2015-16 Annual Report last week.**

Our caseload shows that the increased focus on preventing disputes through early intervention may be starting to show in our statistics.  There was a marginal increase in the overall number of cases, but the type of cases is changing.  Phone enquiries make up an increasing proportion of our work , and disputes numbers are dropping though more disputes are complex. Website visitor numbers continue to increase, with 60 per cent more viewers than the previous year.  And pleasingly, customer satisfaction is improving.  For the first time this year, we released an [online flip book](http://infonetwork.createsend1.com/t/t-l-htvtyd-l-a/) version of the annual report.  Linked to Google Analytics, the product provides page by page visitor usage insights.

**Hot off the press is our first**[**scheme video**](http://infonetwork.createsend1.com/t/t-l-htvtyd-l-f/)**.**
It provides a more visual way to learn about what the scheme does and the link will be made available to consumer groups, participant banks, and government agencies for their respective use.  We’ll also have it on our website and use it on social media.  We’ve used animated shapes so the video isn’t seen to be targeting one particular socio-economic or ethnic group.

**Our support of this year’s New Zealand Money Week drew attention to the rise in complaints we received during the last financial year about early repayment costs**.

We had a spike of complaints about these as interest rates dropped and people wanted to fix their home loans at lower rates. The story featured on a nationwide business television news programme.  The points we got across included that:

* banks use complex formulas to work out the cost
* the formulas vary from bank to bank
* misunderstanding how the cost is calculated, and how the amount can fluctuate rapidly, are the underlying causes of nearly half of our complaints and disputes in this area
* banks need to explain how the cost is calculated. And customers with questions about this should ask their bank to explain before they sign loan documents, and to make sure they understand the explanation.



Holly Nicholson, Executive Director
OmbudService for Life & Health Insurance
Canada

Annual report, strategic plan

In September, OHLI held its annual general meeting and released its annual report for 2015/16, announcing plans for growth.

Highlights:

* Public contacts exceed 86,000
* Complaint investigations increase by 27.6%
* Settlement ratio in favour of the consumer climbs to 80% at investigation stage
* All final, non-binding recommendations accepted

From the Chair: "OLHI's five-year strategic plan is our road map to continued success, with six key markers we need to pass along our travels. Among these goals are a broader public profile and high stakeholder satisfaction, with increased visibility outside central Canada. To accomplish this, we have made key investments in a new case management system and website – true game-changers that transform the way OLHI does business."

The new infrastructure responds to stakeholder needs for accessibility, transparency and efficiency, as well as higher quality information and an even better consumer experience.

For fiscal 2015/16, public contacts of more than 86,000 matched historic levels. Complaint investigations increased 27.6% over last year and doubled the number two years ago. As has been the case since OLHI's inception, all final, non-binding recommendations were accepted by the insurance company and the consumer was paid quickly.

[More on the OHLI site](http://infonetwork.createsend1.com/t/t-l-htvtyd-l-v/)
[Media reporting following our annual report release](http://infonetwork.createsend1.com/t/t-l-htvtyd-l-e/)

**More from our 'getting to know you' series**

Insurance Ombudsman of the Serb Republic, Republic of Srpska, Bosnia and Herzegovina

Lijliana Sokolić, Ombudsman | [Website](http://infonetwork.createsend1.com/t/t-l-htvtyd-l-s/) |INFO Network Member since 2013

**Which financial services/products does your scheme cover?**
Insurance
**Which financial services businesses?**
All insurance companies and intermediaries licensed to conduct insurance business in the Republic of Srpska
**How was your scheme established?**
By law on the insurance companies.
A bylaw regulates the appellation and scope of work of the Insurance Ombudsman
**Who set it up?**
The Insurance Agency of the Republic of Srpska
**Who can make a complaint to your scheme?**
Consumers—physical persons: contractors of insurance; insured persons; beneficiaries of rights resulting from insurance contracts; and third parties suffering damages on the basis of contracts on insurance for citizens' liability for damages.
**Must they complain to the financial services provider first?**
Yes
**How long does the provider have to resolve the complaint before it can be escalated to your scheme?**
15 days
**Are financial service providers required to tell complainants about your scheme?**
Yes, in accordance with the Code of Business Ethics and bylaws
**Does the complainant have to pay a fee/deposit to have a complaint handled by your scheme?**
No
**Which forms of dispute resolution does your scheme provide?**
Mediation/conciliation
Recommendation (non-binding)
**Are your decisions subject to appeal or oversight?**
Yes, a non-court appeal mechanism
**Is there a maximum amount you can award?**
No
**Can you make awards for non-financial loss?**
No
**About how many enquiries and complaints does your scheme receive each year?**
About 250 enquiries and 120 complaints
**How many staff does your scheme have?**
2 – Ombudsman and one associate

Conciliatore BancarioFinanziario, Italy

Dr Corrado Conti, Chairman | [Website](http://infonetwork.createsend1.com/t/t-l-htvtyd-l-g/) | INFO Network Member since 2008

**Which financial services/products does your scheme cover?**
Investments
**Which financial services businesses?**
All investment providers in Italy and their sales agents, intermediaries and fee-based financial advisers
**How was your scheme established?**
By voluntary participation
**Who set it up?**
The Italian Bankers Association together with a large majority of banks registered in Italy
**Who can make a complaint to your scheme?**
All customers – consumers, small and large businesses, not-for profits/charities
**Must they complain to the financial services provider first?**
Yes
**How long does the provider have to resolve the complaint before it can be escalated to your scheme?**
60 days on average – each provider can set its own terms as long as that does not exceed 90 days
**Are financial service providers required to tell complainants about your scheme?**
Yes
**Does the complainant have to pay a fee/deposit to have a complaint handled by your scheme?**
No
**Which forms of dispute resolution does your scheme provide?**
A decision that binds the financial business whether or not the customer accepts it
**Are your decisions subject to appeal or oversight?**
No. If the complainant is not satisfied by the decision, they can pursue the matter in court.
**Is there a maximum amount you can award?**
Yes. € 100.000
**Can you make awards for non-financial loss?**
No
**About how many enquiries and complaints does your scheme receive each year?**
About 2000 enquiries and 1000 complaints
**How many staff does your scheme have?**
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Financial Services Complaints Limited, New Zealand

Susan Taylor, CEO | [Website](http://infonetwork.createsend1.com/t/t-l-htvtyd-l-w/) | INFO Network Member since 2010

**Which financial services/products does your scheme cover?**
Non-bank credit, insurance, investments, pensions/superannuation, trusts, foreign exchange
**Which financial services businesses?**
Those which are members of our scheme (and their intermediaries, including claims management companies, mortgage brokers, loan brokers, fee-based financial advisers)
**How was your scheme established?**
By law, as a government-approved scheme
**Who set it up?**
A group of people including financial advisers and mortgage brokers, i.e. the financial services industry
**Who can make a complaint to your scheme?**
Consumers, small businesses (19 or fewer employees), not-for profits/charities
**Must they complain to the financial services provider first?**
Yes
**How long does the provider have to resolve the complaint before it can be escalated to your scheme?**
20-40 working days, depending on the number of levels in the provider's internal process
**Are financial service providers required to tell complainants about your scheme?**
Yes
**Does the complainant have to pay a fee/deposit to have a complaint handled by your scheme?**
No
**Which forms of dispute resolution does your scheme provide?**
Mediation/conciliation
Decision that binds the financial business if the complainant accepts it
**Are your decisions subject to appeal or oversight?**
Judicial review by the courts
**Is there a maximum amount you can award?**
Yes. NZD 200,000 for direct financial loss and NZD 2,000 for inconvenience
**About how many enquiries and complaints does your scheme receive each year?**
1800 - 2000 enquiries and about 200 formally investigated disputes
**How many staff does your scheme have?**
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A monthly e-bulletin for INFO Network members

To keep you informed of INFO Network developments
To share Ombudsman news items
To point you to updated information on the INFO Network website
To contribute, email your links, news items, articles to the Secretariat at any time