

December 3, 2007 ISSUE

CONSULTATION ON OBSI'S MANDATE

OBSI's mandate, or Terms of Reference, last underwent significant amendment in 2002 when we welcomed the members of the IDA, MFDA and IFIC, and expanded our coverage on the deposit-taking side as well. Much has changed in the last five years. More recently, along with the insurance ombudservices, we have approved the Framework for Cooperation with the federal and provincial regulators that have set out expectations for the scope and level of service we offer as part of the consumer protection system in financial services.

Our independent review also pointed out areas where we could continue to improve our service. At its September meeting, the OBSI Board of Directors approved in principle amending the Terms of Reference to align our mandate with the Framework. A revised Terms of Reference has been drafted, and is now being released for consultation to all stakeholders.

[Click here to download the draft.](#) If you would like to comment on the revised Terms of Reference, please send your comments to: Terms of Reference Review, OBSI, PO Box 896, Station Adelaide, Toronto, ON M5C 2K3 or to publicaffairs@obsi.ca

The deadline for comments is January 15, 2008. All comments will be published in a future edition of the newsletter and on our website.

INDEPENDENT REVIEW OF OBSI

Recently the OBSI had its first independent, external review of its operations. This review found the ombudsman service both professional and effective.

"We are very pleased with the results of the review, particularly that the independent reviewer found we met all of our service standards," said Dr. Peggy-Anne Brown, Chair of the Board of Directors. The review was done by The Navigator Company of Melbourne, Australia.

The review contains 24 recommendations to enhance various areas of OBSI's operations, and the Board of Directors has accepted the report in its entirety. Dr. Brown said, "The report provides helpful guidance to OBSI, and the recommendations will be implemented over the coming months."

The Navigator Company, headed by Phil Khoury, has reviewed several Australian ombudsmen services as well as consulting to a variety of public and private enterprises. To read the full report, [click here](#)

IDA PROPOSES NEW COMPLAINT-HANDLING RULES

The Investment Dealers Association has issued proposed new complaint-handling rules for its member firms designed to "ensure the fair and prompt handling of complaint at member firms."

Earlier this year the Mutual Fund Dealers Association also issued draft new rules for its member firms. Included in the proposed IDA rules is a provision that will permit clients to bring unresolved complaints to OBSI 90 days after raising it with the firm.

[To view the notice](#)



CASE STUDY: AN INCONVENIENT MORTGAGE

A couple took out a mortgage from a bank, agreeing that their payments would include property taxes that the bank would remit to the city. A month later, they received a notice from the municipality saying their taxes were due. After some finger-pointing about whether the bank's or clients' lawyer was to blame, the bank agreed to reprocess the paperwork to make sure the taxes would be paid automatically. Four months later, another notice arrived from the city: their taxes were overdue. Upset with the two missed payments, the couple told the bank they were considering moving the mortgage because of the possible impact on their reputation with the city and their credit ratings.

The bank's branch manager apologized and soon after a letter arrived saying the bank had contacted the city to remedy the situation, and it had taken the blame for the mix-up. However, the couple had had enough and, claiming the bank had failed to live up to its obligations, moved their mortgage. Because the mortgage was only a few months into its term, a prepayment penalty of \$2,100 was levied. When the couple asked for a waiver of the penalty based on the bank's poor handling of the taxes, a senior bank official apologized for the errors, declined to waive the penalty and offered the couple a \$100 restaurant gift certificate. Insulted by the offer, the couple declined, closed all their accounts at the bank and brought their complaint to OBSI.

In fact, the couple's credit ratings were unaffected and the bank had written an appropriately contrite letter to the city taking responsibility for the tax arrears. While we sympathized with their loss of confidence in the bank given its failure over several months to straighten out what should have been a routine transaction, they did consciously choose to proceed despite knowing of the obligation to pay the penalty.

Under the circumstances, we believed the bank's offer of a \$100 gift certificate was insufficient. We recommended the bank pay \$500 to the couple given the inconvenience they experienced.

RESP DEALERS JOIN OBSI

The members of the Registered Education Savings Plan Dealers Association of Canada (RESPDAC) joined OBSI on November 1, 2007, giving their hundreds of thousands of plan holders access to a national, independent and impartial dispute resolution service for unresolved complaints.

"This is a major step forward for the members of RESPDAC, further strengthening our commitment to our plan holders and to the reputation of our industry," said Peter Lewis, Chair of RESPDAC. "Each of our member firms currently does its utmost to resolve concerns raised by plan holders," Mr. Lewis continued. "But up to now, a client had limited recourse if their dispute or complaint reached an impasse. OBSI provides an ideal solution for both sides."

"The members of RESPDAC clearly comprise an important component of the financial services industry in Canada, and we're very pleased to welcome them as our participating firms," said Ombudsman David Agnew.

The member firms of RESPDAC, also known as scholarship plan dealers, are C.S.T. Consultants Inc., Children's Education Funds Inc., Heritage Education Funds Inc. and USC Education Savings Plans Inc. Under the OBSI system, plan holders with a complaint first attempt to resolve it with their RESP dealer. If the complaint cannot be resolved satisfactorily, the plan holder has the right to bring the dispute to OBSI.

RESPDAC members manage about \$7 billion in assets on behalf of plan holders across Canada. Further information is available at www.respdac.com



NEW OBSI BROCHURE AVAILABLE

Our new "How we can help you" brochure is now available. You can either [download a PDF](#) version of the brochure, e-mail us at publicaffairs@obsi.ca or phone us at 1.888.451.4519 to order hard copies.

ROUNDTABLE ON DISPUTE RESOLUTION IN RETAIL INVESTOR LOSS CASES

Ombudsman David Agnew and Rob Paddick, Senior Deputy Ombudsman, Investments at OBSI will be participating in this roundtable as presenters.

Wednesday, Jan. 30, 2008 8:30 a.m. - 2:00 p.m.

Osgoode Professional
Development Centre
1 Dundas St. W., 26th Floor
Toronto, ON

[For more information or to register](#)