

Financial Consumer Complaints Increase in 2010

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Ombudsman for Banking Services and Investments investigated record number of complaints, though overall rate of growth slowing

For the first time in its 15-year history the Ombudsman for Banking Services and Investments (OBSI) reviewed over one thousand financial consumer complaints in a single year, according to figures released today by OBSI as part of its 2010 Annual Report.

In 2010 OBSI opened 1024 case files, an increase of 3.4% over last year. This represents a slower rate of growth than 2009, when in the wake of global economic and market turmoil the number of case files opened by OBSI increased by 48%.

Breaking out the total by sector, the number of banking case files opened by OBSI in 2010 increased by 18.2% to 462 while opened investment case files decreased by 6.2% to 562.

"The fact that complaints have reached another new high demonstrates yet again that financial sector consumers need and deserve an impartial and effective alternative to the courts to consider complaints they have not been able to resolve with their firm," said Ombudsman Doug Melville. "This is good public policy, and also good business."

2010 complaint highlights include:

- 1024 case files were opened, a 3.4% increase over 2009.
- 18.2% increase in opened banking case files, to 462.
- 6.2% decrease in opened investment case files, to 562.
- Complainants received compensation from their financial institution in 20% of banking cases and 38% of investment cases, representing a total of \$3,788,896.
- Investment suitability, mortgage prepayment penalties, service issues, and credit and debit card fraud were the most frequently seen complaint areas.

2010 operational highlights include:

- Implementation of OBSI's new Terms of Reference allowing consumers to bring their complaint to OBSI for review 90 days after first complaining to their firm. Previously, consumers were required to wait until they received a final answer from their firm. Under the new Terms of Reference, firms are also now required, where permitted by law, to enter into a tolling agreement to suspend the applicable limitations period to protect the consumer's legal rights during OBSI's review of their complaint. OBSI also gained the ability to take action in response to systemic issues uncovered when reviewing consumer complaints. A systemic issue is one that OBSI discovers during the course of an investigation into an individual complaint which may have caused loss, damage or harm to other customers of the firm in a similar fashion to that experienced by the original complainant.
- Development of a new funding formula for OBSI that was unanimously endorsed by the various industry sectors.
- Establishment of a new Consumer and Investor Advisory Council that will meet directly with OBSI's Board of Directors on the same basis as regulators and industry.
- Creation of a special contract team of investigators to address the investment case backlog that built up due to the economic and market turmoil of 2008-2009.

Copies of the 2010 Annual Report can be found on OBSI's website by visiting:

[English: Click Here](#)

[French: Click Here](#)

OBSI is the 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: debit and credit cards; mortgages; stocks, mutual funds, income trusts, bonds and GICs; loans and credit; fraud; investment advice; unauthorized trading; 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.

For further information:

Tyler Fleming
Director, Stakeholder Relations and Communications
416-218-4244