April 20, 2026

Consultation: Request for comment- OBSI Independent External Review https://obsireview.crkhoury.com.au/wp-content/uploads/2026/02/OBSI-2026-Review-Request-for-Comment_EN.pdf

Attention: CRK Team review@crkhoury.com.

OBSI has been worn down by years of industry attacks, intense industry lobbying, low- ball settlements, refusals, creation of competing fake ombudsman and the like. I am not going to repeat the many arguments for a binding decision mandate. The ball is in the CSA's court- It is time for the CSA to take a stand. That would be in the Public interest. Saskatchewan and New Brunswick have already acted.

Here are my comments:

Complainant assistance:

I believe OBSI could do more to raise awareness that its mandate includes the ability to assist Complainants with the Complaint process, including helping them articulate their Complaint to a Participating Firm where necessary. The increasing complexity of financial products and of the financial services marketplace, coupled with the significant number of vulnerable consumers in Canada, means that many consumers may not be capable of articulating the nature of their complaint to their Firm and could require assistance. The availability of this service is likely unknown by those who need it.

Use of intervenors

OBSI should make it clearer that complainants can nominate persons to assist them with their complaint journey through the OBSI process.

Acceptance of letters from unregulated entities

OBSI should only accept response letters from Participating Firms. Letters from non-regulated sources (entities that are not regulated by, or accountable to, the CSA or CIRO).

OBSI should not recommend that complainants engage internal Firm multi-stage complaint systems (appeals, otherwise referred to as escalation) that include unregulated investigators.

Systemic issue not identified

A July 2025 report by the OSC and CIRO revealed significant sales-culture issues at Canada's five largest bank-affiliated dealers. Key Findings of the OSC-CIRO Report (July 2025):

- Conflicts of Interest: One in four (25%) surveyed reps admitted that clients are, at least sometimes, recommended products or services that are not in their best interests.

- Pressure and Incentives: 40% of representatives believe that performance tracking tools, such as sales scorecards, influence product recommendations.
- Misinformation: One in three (33%) representatives reported that clients have been provided with incorrect information about products and services, notes Advisor.ca.
- Sales Pressure: Representatives reported high levels of pressure, with 32% agreeing that compensation structures prioritize sales volume over the quality of advice.
- Product Knowledge Gaps: The report found that 23% of mutual fund advisers could not correctly define "management expense ratio" (MER).

These are very serious red flags yet OBSI has not reported this as a systemic issue. I hope the independent reviewer will get to the bottom of this issue.

Reconsideration process merits an independent assessment

There is little information available on the fairness, quality and integrity of the reconsideration process. I recommend it be assessed as it will be increasingly important under a binding mandate. What % of cases submitted actually result in a reversal of the original investigator's decision? What % of cases come from Participating Firms? Greater transparency would be helpful.

Settlement agreements and Confidentiality Agreements

I urge the CSA to ban the use of NDA's and non-disparagement Agreements. They are in direct opposition of the Client Focussed Reforms and securities laws goal to protect investors from unfair, improper or fraudulent practices and foster fair, efficient and competitive capital markets, and investor confidence in capital markets. In addition, they stifle free speech and prevent communication with other investors similarly harmed. Read How a Non-Disclosure Agreement Can Cause Emotional Harm https://www.psychologytoday.com/ca/blog/culturally-speaking/202408/how-a-non-disclosure-agreement-can-cause-emotional-harm Processing experiences with others helps victims gain insight, reduce shame and achieve post-traumatic growth. When victims sign non-disclosure agreements, it can curtail the healing process and lead to physical and mental health issues.

Firm complaint resolution process obsolete

A binding decision mandate is necessary for OBSI, but not sufficient.

It seems to me that a critical systemic issue is Firm complaint handling. Firm complaint handling processes fail to use complaints as a means to reduce complaints and improve client satisfaction.

The multi-stage system established by banks is designed to wear down complainants rather than use complaints as an opportunity for continuous improvement.

OBSI is the tip of the iceberg. Many complainants are harmed that never make it to OBSI. What lies beneath is eye-opening.

There are numerous deficiencies and shortcomings in the Dealer complaint resolution process that need addressing especially in these times of client economic, financial and social distress. The deficiencies/gaps include, but are not limited to:

- Lack of core complaint handling principles
- Lack of senior management engagement
- The system is difficult to navigate
- Reliance on flawed KYC/ KYP process documents/ Poor risk profiling
- Lack of Root cause analysis
- Open loop corrective action system
- Adversarial approach to resolution
- Loss calculation methodology disconnect with OBSI
- Low-ball settlements
- Use of NDAs as a bargaining chip
- Systemic issues end up in a sinkhole
- Wearing down of complainant- "complainant fatigue" via multi-stage process

The substantive response letter should contain sufficient detail and connectivity so the retail complainant can make an informed assessment of the response letter. The communication should be in plain language.

These below the surface deficiencies need to be addressed to reduce investor harm. In other words, the CSA-CIRO must act. The AMF complaint system is a reasonable benchmark to initiate improvement.

Customer Complaints Appeals Office (the "CCAO") Terms of Reference: BNS – a Material risk for bank consumers https://www.scotiabank.com/ca/en/about/contact-us/customer-care/ccao/terms-of-reference.html

The CCAO process is what a complainant must endure if they decide to appeal to the banks' "internal" dispute resolution services- masterful legalese and wearing down of a complainant's will. A prescription for a low- ball settlement or no settlement. The CCAO is an unregulated affiliate of the bank's affiliated Dealer.

The Bank of Nova Scotia Customer Complaints Appeals Office (CCAO) Terms of Reference is (a) a legal minefield and (b) is NOT a CSA or CIRO registrant. Other banks have a similar arrangement. The CCAO should be removed from the investment complaint resolution process.

External reporting

OBSI should report to the applicable regulator/authority any charges, fees or terms and conditions it finds egregious, unfair, duplicative, deceiving, unconscionable and /or

exploitive that can harm clients or impair competition. This reporting is consistent with OBSI's Public interest mandate and basic principles of an Ombudsman.

CSA proposed Oversight will smother OBSI

The CSA's proposed oversight framework represents a clear and present danger to OBSI independence and effectiveness. This article says it all:

OBSI's binding authority is being buried alive | Investment Executive https://www.investmentexecutive.com/inside-track_/naglie/obsis-binding-authority-is-being-bualive/.

Stakeholder meetings

A semi-annual, two hour meeting is not a robust method for learning about complainant issues. This observation is particularly valid when the majority of the meeting is spent listening to OBSI achievements as observed in reading published meeting minutes. If these meetings persist, presentation materials should be distributed in advance of the meeting. A short period should be allocated to discussing the materials. The vast majority of the meeting should be used to discuss issues raised in depth. i.e. OBSI listening not speaking.

Summation

I fully support adoption of a binding mandate for OBSI without further delay. Complaint handling is a cornerstone of investor protection. Weak complainant handling is more than a regulatory issue- it is a socio-economic issue. The CSA must now translate words into action.

[Name Withheld]