

## OCTOBER 29, 2013 ISSUE

### DE THOMAS FINANCIAL REFUSES OBSI COMPENSATION RECOMMENDATION

The Ombudsman for Banking Services and Investments (OBSI) today announced the refusal of De Thomas Financial Corp. ('De Thomas Financial') to compensate a retired retail investor in the amount of \$254,323 as recommended by OBSI after investigating the merits of her complaint.

De Thomas Financial is a mutual fund dealer based in the Greater Toronto Area, with branch offices in British Columbia, Quebec and other parts of Ontario. The investor, Mrs. R, had no previous investment experience and almost completely relied on her advisor at De Thomas Financial.

Mrs. R's advisor recommended an unsuitable strategy of borrowing money to invest (also known as leveraging) in her non-registered account. He also recommended unsuitable investments for Mrs. R's Registered Retirement Income Fund (RRIF). Mrs. R was forced to use her RRIF withdrawals to cover the investment loan, even though they were needed to meet day-to-day expenses. It was not until after Mrs. R's children found unpaid bills in her home that the unsuitable strategy and investments were discovered and unwound.

OBSI finds that De Thomas Financial is responsible for the significant losses incurred by Mrs. R as a result of the unsuitable investments and leverage strategy. It has chosen not to fulfill its responsibilities to Mrs. R by providing the compensation she is owed based on the facts of the case.

OBSI's recommended compensation amount was arrived at by first calculating Mrs. R's capital losses associated with the leverage strategy and then adding the interest she paid on her unsuitable investment loan. OBSI then calculated the difference between the amount Mrs. R's RRIF account would have been worth had she been suitably invested and the actual value as of the date her investments were moved away from De Thomas Financial. OBSI's recommended compensation is the sum of these two amounts.

A copy of OBSI's investigation report for [Mrs. R'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. Under Section 27 of OBSI's Terms of Reference, a refusal by a participating firm to follow a recommendation means that OBSI must publicize that refusal and the details of the complaint.

\*\*\*

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: 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.

-30-

For more information, contact:

Tyler Fleming

Director, Stakeholder Relations and Communications

[publicaffairs@obsi.ca](mailto:publicaffairs@obsi.ca)

416-218-4244