



E-Bulletin No: 28, July 2010



Network news

New Network Member

The Network is very pleased to welcome a new Member scheme—the **Office of the Pension Funds Adjudicator South Africa** ([website](#)). Many of you will recognise the name of the Pension Funds Adjudicator, **Charles Pillai**, who was previously the Ombud for Financial Services Providers, South Africa.

Farewell and Welcome

We farewell **Henrik Davidsen**, Head of the Danish Complaint Board of Banking Services, who leaves on 1 August 2010 to take up a role at the [Financial Stability Company](#) (established in October 2008 as part of an agreement between the Danish State and the Danish financial sector on a scheme to secure financial stability in Denmark). Our very best wishes go with you, Henrik. We welcome **Thomas Brenoe** as the new Head of the Danish Complaint Board of Banking Services from 1 August 2010. Thomas comes to the role from the Danish Financial Services Authority.

INFO 2010 – only two months to go

Cape Town in South Africa awaits you

The INFO 2010 Organising Committee reminds us there are only two months to go before Network Members gather in Cape Town. The conference sessions start on Tuesday 28 September and run through until Thursday 30 September 2010. The Welcome Reception is on the evening of Monday 27 September. We asked the Organising Committee what delegates can expect:

“After the welcome address, the conference kicks off with an economic overview by Prof. Matthew Lester from Rhodes University. He is well known as an entertaining speaker. He also writes Tax Talk for the Sunday Times.

There will be a further 7 plenary sessions (including 2 panel discussions) and 10 topics discussed in breakaway sessions. 39 different speakers will make presentations during the conference. We have drawn speakers from a number of Ombudsman schemes from around the world, as well as from South Africa.

There will also be ample opportunity during the social events, at teatime and lunch, to have informal discussions with colleagues. We will have a “notice board” where delegates can post issues that they would like to have discussed, and we hope in this way to facilitate the airing of shared problems.

We have asked speakers to send us their slides/summaries beforehand and we will forward these to delegates before the conference. We hope that this will also assist delegates who may not be fluent in English.

There are many attractions in and around Cape Town that you may want to make time for before or after the conference (Table Mountain, Robben Island, the Winelands, 2010 World

Cup fan walk and stadium, Kirstenbosch Gardens, to name just a few). September is the start of the wild flower season in the Western Cape and the whales have arrived in Cape waters. It's still possible to register. We hope to see you there!"

[Register now](#)

[Programme](#) information

[Accommodation](#) information

[Conference venue](#) information

News from Network Members

Banking Mohtasib (Ombudsman) Pakistan

Mansur ur Rehman Khan, Ombudsman

The Banking Mohtasib (Ombudsman) Pakistan (BMP) released its 2009 Annual Report on 8 July 2010. In 2009, we received 1,608 formal complaints and 1,615 informal complaints.

Our achievements included:

- Revamping of Banking Mohtasib Complaint Tracking System
- Highest total number of complaints resolved
- Introduction of Urdu FAQs, complaint forms & mounted posters
- Correspondence with complainants in Urdu where complaint received in Urdu
- Justice at door steps of complainants: hearing of cases at places nearest complainant's residence
- Re-organisation of BMP office on functional lines
- Intensive efforts are being made to resolve complaints within 90 days
- A series of meetings with the designated Key Contact Persons of banks to expedite response from the banks
- Proposal made for amendment of the Banking Companies Ordinance to reduce the notice period from 45 days to 15 days

Analysis of systemic issues and some recommendations:

- Wrong application of exchange conversion rate
- Counting of cheque leaves at the time of receiving cheque books
- Return of unpaid cheques and late issuance of notice of dishonour of cheques
- Payment of insurance claim
- Banks to advise complainant to lodge fir against payee when forged cheque is paid
- Payment of large amount of cash over the counter without identity check
- Preservation of record of disputed transactions
- Fraudulent transaction - credit cards
- Adequate compensation in case of loss of pledged gold ornaments
- Amendments to the Banking Companies Ordinance 1962

[Read more](#)

Go to the [full Annual Report](#)

Read a [media report](#)

Financial Arbitrator of the Czech Republic

František Klufa, Financial Arbitrator

More than 400 consumers turned to the Office of the Financial Arbitrator of the Czech Republic in 2010. The Office dealt with a total of 423 complaints in the first half of 2010. This represents an increase of more than 5% compared to the first half of 2009. Of this number, 133 were written enquiries, 120 petitions were filed via the website (www.financniarbitr.cz) in the section "Ask the Arbitrator". 133 petitions were dealt with by phone and 35 were delivered in person. Two petitions were filed via the data box system.

In compliance with the Rules of Administrative Procedure and the Act on the Financial Arbitrator, 75 cases before the Financial Arbitrator were opened in order to settle the disputes submitted. This represents a rise of more than 27% compared to the first half of last year (59 proceedings were opened in 2009).

The most frequent petitions concerned domestic payments, loans, ATM transactions in the Czech Republic, other payment card transactions, account maintenance and mortgages. In 2010, the Office of the Financial Arbitrator also recorded an increased number of enquiries regarding consumer credit thanks to higher public knowledge related to the planned extension of the competences of the Financial Arbitrator next year.

It can thus be stated that, as in 2009, the trend of amicable dispute settlement continues to be maintained to a large extent. At the same time, disputes are settled thanks to communication with the participants to the proceedings, which often helps to increase the efficiency of dispute resolution. This also resulted in the fact that, based on the outcomes of proceedings before the Financial Arbitrator and following the Financial Arbitrator's initiative, some financial institutions changed their working practices and adjusted their internal working processes, as well as general business conditions. This helped to improve the position of consumers and enhance their protection. Go to the [full Annual Report](#)

From the French Insurance Mediation Scheme

Francis Frizon, Médiateur

1) The French regulator for banking and insurance ACP has launched a single phone number connected to an information call centre from where the public will be able to get information and explanations. It will be dealing with any subject related to investment, banking and insurance. The purpose is to offer consumers a unique point of contact on more common matters, before redirecting the individual towards the competent authority or eventually the competent mediator. A dedicated web site with FAQ button is linked to this operation.

2) From 1 July 2010, insurance companies acting on the French market will have to seek from the future insured—prior to the subscription of any life insurance contract—information regarding the insured's earnings and income, patrimony and general assets, family situation, financial skills and investment or saving targets. From there, insurers are obliged to sell products proven to be tailored to the need of the customers. As everything will be in writing, it will be more difficult for a plaintiff to prove a lack or a bad advice from the insurer. But if the insurer has made a mistake, it will be easier to prove it. One believes that this new regulation will have some effect on the number of litigations and also that it will ease the study of the cases by the mediator as evidence will be made easier.

From the Ombudsman for Banking and Investment Services, Canada (OBSI)

Doug Melville, Ombudsman

On June 29, the Ombudsman for Banking Services and Investments (OBSI) released its 2009 Annual Report. OBSI highlights for 2009 include:

- Opening 990 case files, a 48% increase from 2008
- Over 200% increase in total case files opened over the last three years
- 21% increase in banking case files opened over 2008
- 73% increase in investment case files opened over 2008
- Completing 84% of case files in less than 180 days
- Receiving over 12,400 inquiries by telephone, email and other sources
- Investment suitability, fraud, mortgage fees and loan refinancing were the most frequently seen complaint issues

Go to the full Annual Report in [English](#) or [French](#)

From the Financial Ombudsman Service, Australia

Colin Neave, Chief Ombudsman

The latest edition of the [Financial Ombudsman Service Circular](#) is available on our website.

The items in this Circular answer some frequently asked questions about:

- our approach to certain types of disputes, including insurance claims about flood damage and driving under the influence
- practical aspects of our new dispute resolution process, including how the 45 days allowed for internal dispute resolution *operates and the* role of case workers
- what information parties need to provide to assist their cases when seeking to establish

- that a document was sent or non disclosure in relation to insurance claims
- our approach to aspects of the Terms of Reference (TOR), including which general insurance disputes will be considered by an Ombudsman

As we continue to see a high number of consumers in financial difficulty, this Circular addresses how we assess claims where an insurance policy excess may not have been paid because of financial difficulty. We also include an update about the change to paragraph 6 of our TOR which sets a reduced time frame for internal dispute resolution for certain types of disputes.

Is there something you wish to suggest?

Following up on the email invitation sent recently to all Ombudsmen

Under Clause 2 of the Constitution, the Network has the following **objectives**:

- 2.1 The overall objective of the Network is to develop the expertise in dispute resolution of its Members by exchanging experiences and ideas. More particularly, the Network exists to facilitate the exchange of technical information and experiences in the following areas, among others:
 - a. Codes of conduct for Financial Services Ombudsman schemes/offices
 - b. Financial Services Ombudsman scheme/office structure, functions and governance
 - c. Information technology applications
 - d. Cross border referral of complaints
 - e. Training and continuing education
 - f. Rotational and developmental opportunities
- 2.2 In addition, the objective of the Network is to develop, to the extent possible, co-operation through the following means among others:
 - a. Conferences
 - b. Workshops
 - c. Training, education and instruction
 - d. Consultation, technical information and documentation using various formal and informal channels of communication
 - e. Joint research on subjects of mutual interest
 - f. Internships
 - g. Provision of a forum for the exchange of information and opinions on aspects of Financial Services Ombudsman scheme/office practices and procedures
 - h. Provision of a forum within which Financial Services Ombudsman schemes/offices can discuss areas of interest and concern

In meeting these objectives, the Network currently:

- licences a Member scheme or group of schemes to run the annual INFO Conference
- compiles and distributes a monthly E-Bulletin to all Members and their senior staff
- maintains a public website
- maintains a Member Intranet through which Members can source and contribute documents and links, initiate discussions, and request assistance from other Members

The Network Committee is very keen to hear of other services or activities which the Network may—over time and funds permitting—provide for Members and their staff. Is there something you would like to suggest? Please send your ideas to the Committee through the Secretariat: secretariat@networkfso.org by 31 August 2010.

Other financial services issues making news

SOUTH AFRICA

More teeth for credit watchdog

The Credit Information Ombudsman has extended his powers to enable him to investigate complaints relating to non-bank credit transactions and has changed his name to the Credit Ombudsman ... The extended jurisdiction means that Credit Ombudsman **Manie van Schalkwyk's** office, which has assisted consumers with complaints about blacklisting and credit information stored by the credit bureaux, will now also handle complaints about non-

bank credit providers registered with the National Credit Regulator ... [Full report](#)

IRELAND

Ulster Bank withdraws appeal to €7.4m compensation ruling

Ulster Bank has withdrawn a Supreme Court appeal to a ruling of the Financial Services Ombudsman telling it to refund €7.4m to those who bought into an investment fund. The Ombudsman ruled against the bank when it adjusted downwards the value of a fund by 15pc. However, it is understood that the bank will not have to pay out the full €7.4m. Early in 2006, then Financial Services Ombudsman Joe Meade directed Ulster Bank to refund the money to customers who invested in the International Share Portfolio Fund which performed poorly ... [Full report](#)

UNITED KINGDOM

1,000 Britons a week complain about being mis-sold payment protection

More than 1,000 people a week are pursuing mis-selling claims about payment-protection insurance (PPI) after having their complaints rejected by the banks, the Financial Ombudsman Service (FOS) revealed yesterday. The Ombudsman said it was receiving some 200 complaints every working day relating to the insurance cover from people unhappy with the way providers had dealt with their complaint. The FOS had expected to receive around 46,000 complaints about PPI this year, but figures now suggest the total will be far higher than this ... [Full report](#)

Warning on packaged bank accounts

Financial advisers have sounded warnings about some UK bank accounts which charge monthly fees in exchange for extra benefits. Seven million people each spend up to £480 a year to have these accounts which also offer services such as free insurance or a special savings rate. But experts are warning that the perks that come with them can be poor value for money, or may be unsuitable ... [Full report](#)

Previous issues

All issues of the Members E-Bulletin are available in the [Ombudsman Intranet](#).
If you would like to choose your own password, just contact the [Secretariat](#).

A monthly bulletin for Network Members

- To keep you informed of Network developments
- To share Ombudsman news items
- To point you to updated information on the Network website
- To contribute, please email your item to the [Secretariat](#)