



FAI | THE OFFICE OF THE CZECH
FINANCIAL ARBITRATOR

**ANNUAL REPORT ON THE ACTIVITIES
OF THE FINANCIAL ARBITRATOR
2014**

May 2015

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I. INTRODUCTION

This Annual Report on the Activities of the Financial Arbitrator 2014 as a document addressed to the public (the Financial Arbitrator shall also present the annual reports on its activities to the Chamber of Deputies and to the Government) contains the basic information on the Financial Arbitrator as an out-of-court dispute resolution body authorized to decide specific disputes related to the financial market, on the activities of the Financial Arbitrator, and on the costs spent on ensuring the Financial Arbitrator's activities in 2014.

The Financial Arbitrator is competent to decide disputes between the financial institutions and their customers, particularly consumers, arisen in connection with providing payment services, offering, providing or mediation of the consumer credits, managing or administering the collective investment funds, offering investment in the collective investment funds or comparable foreign investment funds, offering, providing or mediation of the life insurance and money exchanges.

As to the number of heard disputes and queries received, 629 complaints were filed individually in 2014 and 1,055 disputes have been heard in total (i.e. the above mentioned 629 disputes filed in 2014 together with the disputes filed earlier) from all the areas of the Financial Arbitrator's competence. In addition, 93 thousand complaints concerning the fee for credit administration have been filed jointly. Therefore, the number of heard disputes raised significantly compared to the preceding years. The number of the answered queries received from the public reached 2,5 thousand.

Most complaints and queries concerned life insurance (followed by the complaints and queries concerning consumer credits that significantly prevailed in the past).

In the area of the consumer credits the majority of disputes filed against the consumer credit providers concerned credits provided to buy a used car in which the annual percentage rate of charge (APR) was the subject of the dispute. In the disputes concerning life insurance the consumers mostly complained about missing or misleading information provided before concluding the contract, particularly the information on the so called initial and administrative costs (part of which forms the intermediary's remuneration), or presenting and selling the life insurance as a savings product.

In general, the Financial Arbitrator finds the assistance provided in the proceedings by the institutions, as well as and their approach to the proceedings on the whole appropriate. Nevertheless, some of the institutions failed to provide assistance to the Financial Arbitrator in the proceedings concerning the fee for mediation of the consumer credit contract. In the proceedings in question the Financial Arbitrator found that the contract has never been concluded in fact and yet the institution has not returned the fee and refused to communicate with the consumer and, later, with the Financial Arbitrator as well. In such cases, the Financial Arbitrator usually fined the institution and upheld the complaint.

In more than half of the heard disputes the parties were able to settle the dispute amicably with the assistance of the Financial Arbitrator. As far as the court review of the decisions of the Financial Arbitrator is concerned, the institutions contested a couple of decisions of the Financial Arbitrator with the court. In the court proceedings terminated to this day the courts upheld the Financial Arbitrator's decisions.

Unfortunately, even the complainants fail to provide assistance to the Financial Arbitrator in some cases. The complainants or their representatives complicate the conduct of the proceedings

by failing to respond to the requests of the Financial Arbitrator, or by claiming the costs of the proceedings to which they are not entitled, as expressly stated by the Financial Arbitrator Act. Some of the complainants even refuse, after all their claims have been satisfied by the institution based on the amicable settlement (in the free of charge proceedings with no need to be represented by an attorney), to enable the termination of the proceedings by withdrawing the complaint.

In 2014 the Financial Arbitrator continued adding decisions to the online Collection of Decisions and published all of the essential decisions in full text (without the specification of complainants' identification data). Thereby the Financial Arbitrator gradually achieves the main goal of the Collection of Decisions, which is the predictability of its decisions (as documented by the references to the Collection of Decisions and the quotation of the specific decisions made not only by the institutions, or their attorneys, but also by the complainants, i.e. consumers in their filings). As the typical Czech consumer is rather reluctant to read anything the Financial Arbitrator published the summary of essential information on the proceedings in the document called Financial Arbitrator in 10 Points.

The tasks associated with the professional, organisational and technical arrangements of the Financial Arbitrator's activities shall be performed by the Office of the Financial Arbitrator. At the time of its foundation the Office had 14 members, including the Financial Arbitrator and the Deputy Financial Arbitrator. In the course of the year 2014 the number of employees of the Office of the Financial Arbitrator increased to 35. As far as the economic management of the Office of the Financial Arbitrator as a government agency and a separate accounting entity is concerned, no binding indicators or total volume of state budget funds earmarked for the activities of the Financial Arbitrator and of the Office of the Financial Arbitrator were exceeded in the course of 2014. As well as in the preceding years, only the inevitable costs were spent on the activities of the Financial Arbitrator and of the Office of the Financial Arbitrator. The Financial Arbitrator has no need of legal advice or representation and all its resources are being spent as efficiently as possible and to the indispensable extent only.

In Prague on 20th May 2015

Monika Nedelková m. p.
Financial Arbitrator

II. FINANCIAL ARBITRATOR, PROCEEDINGS BEFORE THE FINANCIAL ARBITRATOR

The Financial Arbitrator has been founded back in 2003 by the Act No. 229/2002 Coll., on Financial Arbitrator, as an out-of-court dispute resolution body founded by the government and authorized to decide specific disputes related to the financial market.

The Financial Arbitrator is competent to decide disputes between the financial institutions (banks, other payment service providers, consumer credit providers, life insurance companies, consumer credit or life insurance intermediaries, persons managing or administering collective investment funds, exchange offices) and their clients; the Financial Arbitrator is not, however, competent to decide disputes between two financial institutions or two private persons. The Financial Arbitrator is not a mediator or the arbitrator (in the original sense of the word); the Financial Arbitrator is not a supervisory body (in contrast to the Czech National Bank or the Czech Trade Inspection Authority).

As of 1 July 2011 the Financial Arbitrator and the Deputy Financial Arbitrator shall be appointed or dismissed by the Government on a proposal of the Minister of Finance. The Financial Arbitrator shall be responsible to the Government for the exercise of his/her duties. Only irreproachable, fully legally capable persons of good reputation, sufficient qualifications and experience may be appointed Financial Arbitrator or Deputy Financial Arbitrator.

Monika Nedelková has been appointed the Financial Arbitrator by the Government in November 2011 for the term of office of 5 years.



Monika Nedelková graduated from the Faculty of Law of the Charles University in Prague. Since 1995 she has worked almost exclusively in public administration and focused on the financial market area. She started her career in the Department for Capital Market Supervision at the Ministry of Finance. She also worked as a trainee in a leading Czech law firm. At the Czech Securities Commission, she held the positions of the Head of the Legal Division and the Director of the Enforcement Department. After dissolution of the Czech Securities Commission she took the position of the Director of Enforcement in the Czech National Bank. Prior to being appointed the Financial Arbitrator, she governed the Financial Market Supervision Department at the Ministry of Finance.

Lukáš Vacek was appointed the Deputy Financial Arbitrator by the Government for the first time in March 2013 for the term of office of 2 years. In January 2015 he has been re-appointed the Deputy Financial Arbitrator for the term of office of 5 years.



Lukáš Vacek graduated from the Faculty of Law of the Charles University in Prague. In the years 2004-2013 he worked at the Ministry of Finance, out of which for more than 7 years he held the position of the Head of the Retail Financial Services and Consumer Protection in the Financial Market Unit. He was mainly responsible for the preparation of legislation in the area of consumer credits, for the enactment of the Financial Arbitrator Act, but also for the area of insurance of bank deposits or distribution of financial services. On behalf of the Czech Republic, he negotiated the

EU legislative proposals within the EU Council working groups, including e.g. the Mortgage Credit Directive, the revision of the Insurance Mediation Directive and other legislation. He used to be a member of the Platform for Out-of-court Resolution of Consumer Disputes at the

Ministry of Industry and Trade. He has been actively engaged in financial education and in resolving the problems following from over-indebtedness. He regularly publishes articles in professional journals (Jurisprudence, Law and Family, Commercial Law Revue) and he is a lecturer as well.

The Financial Arbitrator is authorized to decide any dispute within its competence provided that a Czech court is otherwise competent to decide it.

The Financial Arbitrator is not authorized to decide a dispute if

- the Financial Arbitrator is not competent to decide the dispute or the Financial Arbitrator has already heard or decided it,
- the dispute has been decided by the court of law or the court proceedings have been initiated,
- the dispute has been decided in the arbitration proceedings or the arbitration proceedings have been initiated.

The complaint may only be filed by the client against the financial institution, not vice versa; in the payment services disputes and money exchanges disputes a consumer or professional, an individual or legal entity may file a complaint; in the life insurance disputes a person considering to enter into an insurance contract, policyholder, the insured, right holder, or appointed person may file it. In all other disputes only a consumer, i.e. an individual not running a business related to the subject of the dispute may file a complaint.

The proceedings before the Financial Arbitrator shall be free of charge; the parties bear the costs of their own legal representation (if any) therefore the Financial Arbitrator shall not decide on the costs of the proceeding.

In the proceedings, the Financial Arbitrator shall proceed pursuant to the Financial Arbitrator Act and, adequately, pursuant to the Act No. 500/2004 Coll., Administrative Procedure Code, as amended.

The Financial Arbitrator shall not be bound by the wording of the complaint and may, in cooperation with the complainant, change or adjust the remedy requested so as to express what the complainant actually seeks (even though he/she is unable to formulate the subject of the dispute or the circumstances correctly); that, however, does not mean that the Financial Arbitrator could examine the legal relationship of the complainant and the financial institution in its entirety regardless of issues raised by the complainant.

The Financial Arbitrator shall decide the dispute within 30 days of the date of commencement of the proceedings; in particularly complicated cases, the Financial Arbitrator shall decide no later than within 60 days; if, due to the nature of the dispute, the decision cannot be made within the deadline, the Financial Arbitrator may reasonably extend it.

The Financial Arbitrator shall seek the amicable settlement of the dispute in the first place; such approach, however, shall not be to the detriment of the fair and due consideration of the dispute.

The proceedings before the Financial Arbitrator have two instances; the Financial Arbitrator shall decide the dispute in merits by an award. The award may be contested by any party by filing objections which shall be considered by the Financial Arbitrator as well. The award in legal force shall be judicially enforceable in the same way as the court judgment. The award in legal force may be contested by a lawsuit filed with a court of law by any party.

In the award by which the Financial Arbitrator, even partially, upholds the complainant's complaint, the Financial Arbitrator shall also impose an obligation on the institution to pay a penalty of 10 % of the amount that the institution is, pursuant to the award, obliged to pay to the complainant, not less than CZK 15,000, however. The penalty of CZK 15,000 shall also be imposed where the subject of the dispute is not of a pecuniary nature. The penalty shall be a part of the State budget revenue. Besides that the Financial Arbitrator is entitled to fine the institution for non-cooperation in the proceedings, particularly for a failure to submit the evidence requested. The fine shall be up to CZK 1,000,000 and shall be a part of the State budget revenue as well.

III. COMPETENCE OF THE FINANCIAL ARBITRATOR

Under the Financial Arbitrator Act, the Financial Arbitrator is competent to decide a dispute between

- a) a payment service provider and payment service user arisen in connection with providing payment services,
- b) an electronic money issuer and electronic money holder arisen in connection with issuing and reverse exchange of the electronic money,
- c) a creditor or intermediary and consumer arisen in connection with offering, providing or mediation of the consumer credit,
- d) a person managing or administering a collective investment fund, or offering an investment in the collective investment fund or in a comparable foreign investment fund and consumer arisen in connection with managing or administering the collective investment fund, or with offering an investment in the collective investment fund or a comparable foreign investment fund,
- e) an insurance company or insurance intermediary and person considering to enter into an insurance contract, policyholder, the insured, right holder, or appointed person arisen in connection with the offering, providing or mediation of the life insurance,
- f) a money exchange provider and person considering money exchange, or person with whom a money exchange has been made.

The Financial Arbitrator is authorized to decide disputes arising in connection with providing payment services, particularly:

- malfunction of the ATM – failure to dispense cash,
- money presented to the bank by client via ATM or personally not credited to the account,
- termination of the payment account contract,
- deduction of charges from the amount of the payment transaction made by the payment service intermediary,
- non-execution of a payment transaction initiated by the payee (or a refusal to execute it),
- malfunction of the ATM – money debited from the account twice (or several times),
- payment with a credit card – money debited from the account twice (or several times),
- ATM withdrawal or payment with a credit card made by a third party (misappropriation of a credit card),
- misappropriation of a payment instrument (internet banking),
- delayed execution of a payment transaction,
- incorrect exchange rate used for a cross-border wire transfer,
- incorrect fee for providing a payment service,
- payment transaction made without consent of the payment service user.

The Financial Arbitrator is authorized to decide disputes arising in connection with providing consumer credits, particularly:

- incorrect amount of compensation for early repayment,
- validity of the withdrawal of the credit agreement or intermediary agreement,
- assessment of creditworthiness of the debtor,
- validity of declaring the whole credit payable,
- fees following from the credit agreement or intermediary agreement,
- invalidity of the credit agreement (on the whole), of the provision on penalty for non-compliance with the agreement, or of another provision of the credit agreement,
- amount of debt following from the credit agreement,
- right to a discount interest rate set by the Czech National bank (after being claimed with the creditor),

- annual percentage rate of charge (APR).

The Financial Arbitrator is authorized to decide disputes arising in connection with collective investment, particularly:

- settlement following the purchase / redemption / exchange of units,
- purchase / redemption / exchange price of units,
- malperformance of the demand of the unit-holder to purchase / redeem / exchange units,
- fee for purchase / redemption / exchange of units,
- damage caused in connection with collective investment counselling,
- failure to perform information duties by a person managing or administering a collective investment fund, or a comparable foreign investment fund.

The Financial Arbitrator is authorized to decide disputes arising in connection with life insurance, particularly:

- damage caused by an insurance company or an insurance intermediary due to malperformance of duties in the course of the process of conclusion of the life insurance agreement,
- invalidity of the life insurance agreement (on the whole), or of the specific provision of the life insurance agreement,
- amount of surrender value.

The Financial Arbitrator is authorized to decide disputes arising in connection with money exchanges, particularly:

- damage caused by malperformance of the pre-contractual information duty.

The Financial Arbitrator is not competent to decide the following disputes:

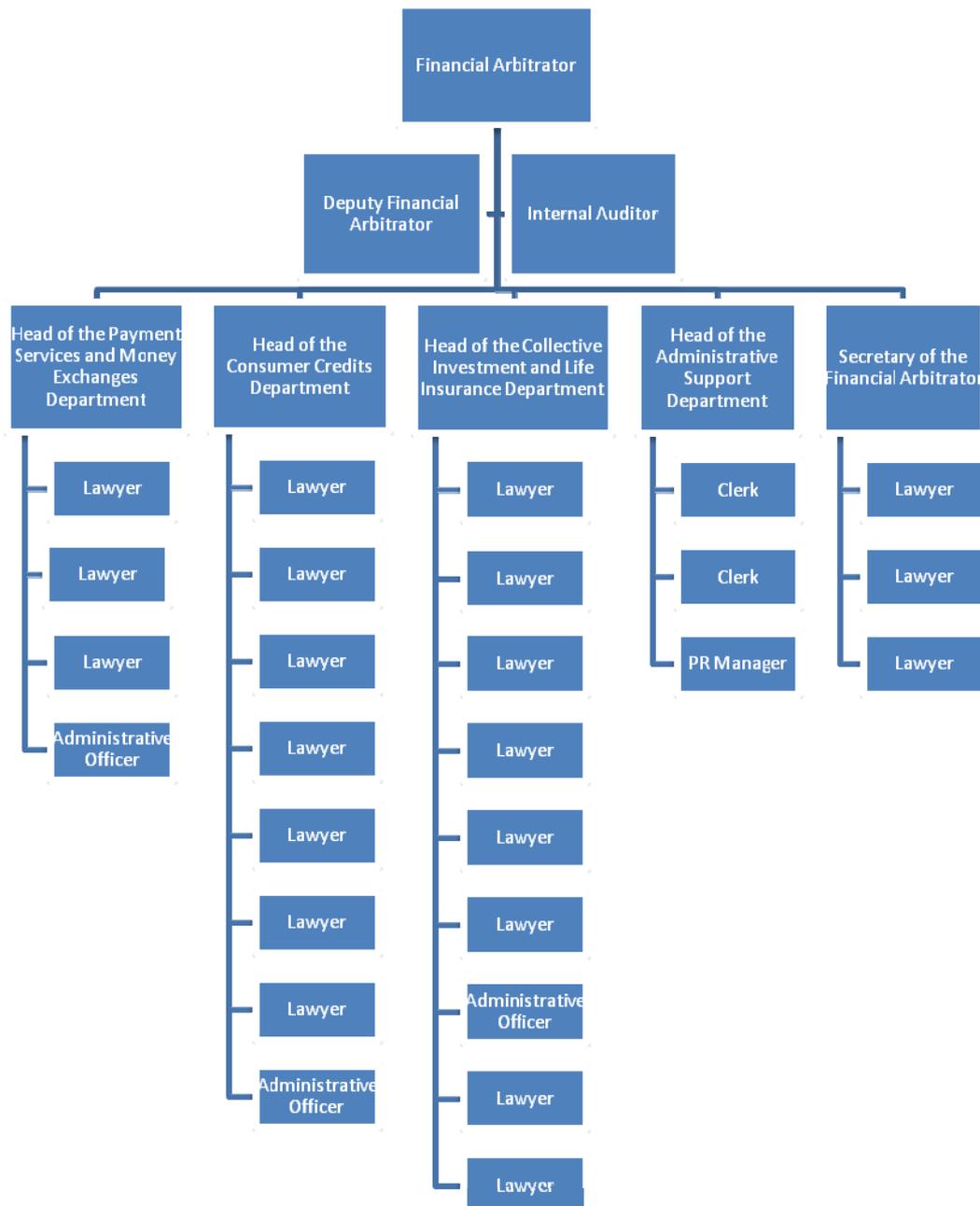
- disputes arisen in connection with building savings, mortgages, business credits,
- disputes arisen in connection with trading other securities than units,
- disputes arisen in connection with other than life insurance,
- pension rights, supplementary pension rights, pension savings and complementary pension savings,
- interest on the fixed-term deposit account or termination of contract on such account unless it is a payment account at the same time,
- fee for other than payment services, unless keeping a payment account is concerned;
- purchase contracts, even if the price was covered by a credit,
- inheritance disputes, even if any related obligations were covered by a credit,
- disputes between the owners of flat units or between the Owners Associations and their members,
- disputes between husband and wife concerning the settlement of the common property, even if obligations following from the credit agreements form a part of the common property,
- disputes with investment intermediaries concerning mediation of contracts on securities administration;
- disputes with security traders or investment intermediaries concerning direct investment in bonds, securities, derivatives, or commodities.

IV. ORGANISATIONAL ARRANGEMENT OF THE FINANCIAL ARBITRATOR'S ACTIVITIES

The tasks associated with the professional, organisational and technical arrangements of the Financial Arbitrator's activities shall be performed by the Office of the Financial Arbitrator, which shall form a government agency, an accounting entity, and its revenue and expenditure shall form a part of the budget chapter of the Ministry of Finance.

The employment and remuneration of the Financial Arbitrator, Deputy Financial Arbitrator and other employees of the Office of the Financial Arbitrator shall be governed by the Labour Code.

Organizational structure of the Office of the Financial Arbitrator on 21 December 2014:



V. STATISTICS AND SUMMARY OF THE ACTIVITIES OF THE FINANCIAL ARBITRATOR

In 2014, 629 complaints were filed individually and the Financial Arbitrator commenced 33 proceedings to impose fines due to non-cooperation of the institutions, i.e. 662 in total. In addition, the Financial Arbitrator answered more than 2,500 queries.

Although the number of complaints filed in 2014 is lower than in the preceding year, the total number of heard disputes is considerably higher as the proceedings concerning the fee for credit administration commenced jointly in 2013 (the so called “Fee disputes”) have not been processed earlier than in the beginning of 2014.

Table – Comparison of the number of proceedings commenced (2003-2015)

Year	Number of proceedings commenced
2003	66
2004	130
2005	160
2006	77
2007	95
2008	99
2009	118
2010	135
2011	167
2012	204
2013	706 proceedings commenced individually and 93,139 complaints filed jointly
2014	662
January – May 2015 (until 20 May 2015)	393

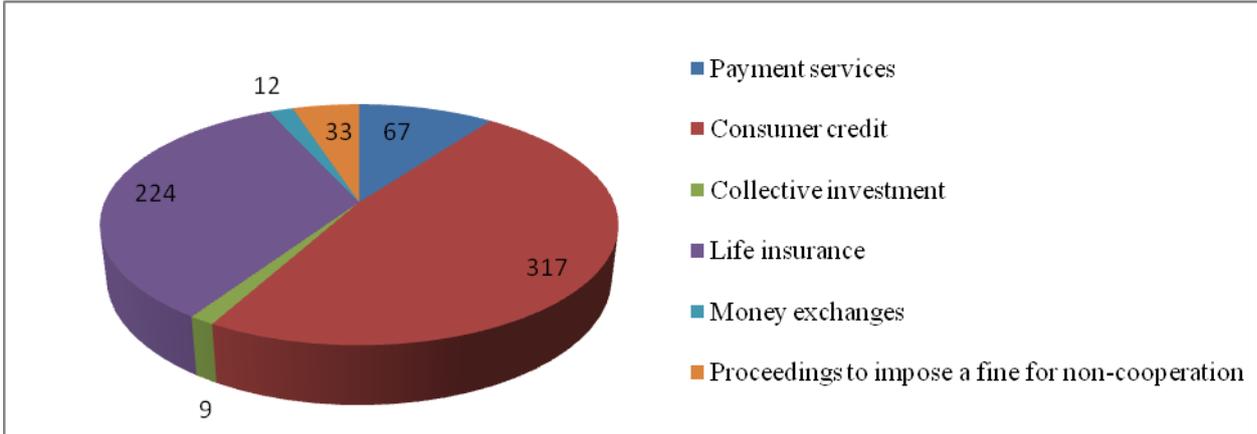
For comparative reasons, the data of 2015 have been added. In the course of the first 5 months of the year 2015, 393 proceedings were commenced, including 3 proceedings to impose a fine for non-cooperation.

Most complaints filed in 2014 concerned consumer credits, the life insurance complaints being the second most frequent.

Table – Proceedings commenced in 2014 divided into specific areas

Dispute area	Number
Payment services	67
Consumer credit	317
Collective investment	9
Life insurance	224
Money exchanges	12
Proceedings to impose a fine for non-cooperation	33
In total	662

Graph – Proceedings commenced in 2014 divided into specific areas

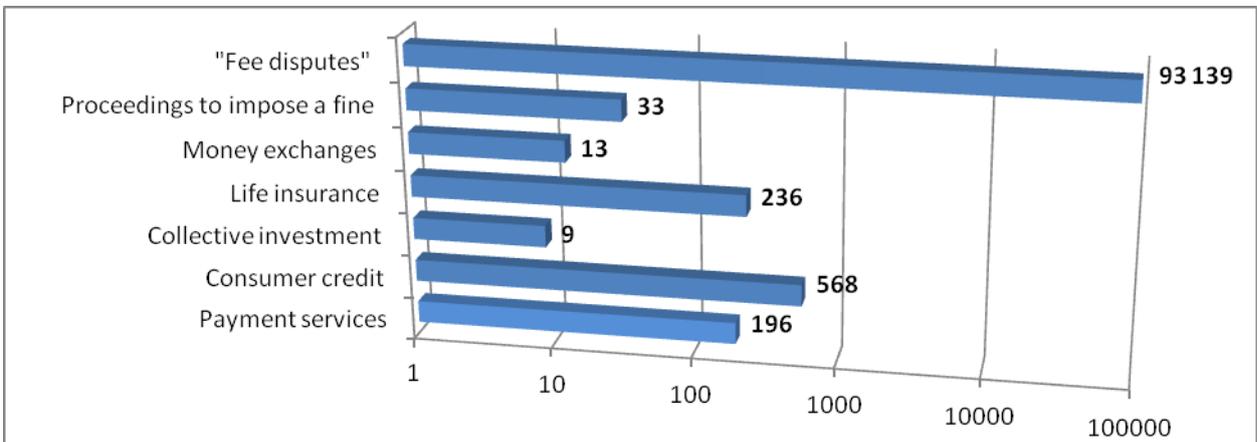


The payment services disputes most frequently concerned unauthorized payment transactions, malfunction of the ATM (failure to dispense cash) and misappropriation of the credit card or electronic (internet) banking. In the consumer credit area the disputes most frequently concerned fees for credit administration (keeping a credit account), fees for early repayment and for conclusion or mediation of the credit agreement. Many others concerned invalidity of the credit agreement, or of the specific provision of the credit agreement, and the calculation of the annual percentage rate of charge (APR). The life insurance disputes most frequently concerned invalidity of the life insurance agreement, or of the specific provision of the life insurance agreement, and damage caused by malperformance of the pre-contractual information duties.

Table – All disputes heard in 2014 divided into specific areas

Dispute area	Commencement of the dispute				Total
	2011	2012	2013	2014	
Payment services	2	0	127	67	196
Consumer credit	2	11	238	317	568
Collective investment	0	0	0	9	9
Life insurance	0	0	12	224	236
Money exchanges	0	0	1	12	13
Proceedings to impose a fine	0	0	0	33	33
“Fee disputes”	0	0	93,139	0	93,139
Total	4	11	93,517	662	94,194

Graph – All disputes heard in 2014 divided into specific areas



The Financial Arbitrator shall decide disputes quickly and without undue delays. The proceedings shall be governed by the investigation principle. In other words, the Financial Arbitrator shall collect all the relevant evidence to be able to decide the dispute upon his/her best knowledge and belief, impartially, fairly, without undue delays and only on the basis of the facts established in accordance with the Financial Arbitrator Act and other legislation. Therefore, the complexity of the case and the need of cooperation of the parties to the dispute and third institutions or persons shall always be taken into account. The complexity of the case is to be assessed considering the subject of the dispute and evidence collected, having regard to the assertions of the parties and the reliability thereof.

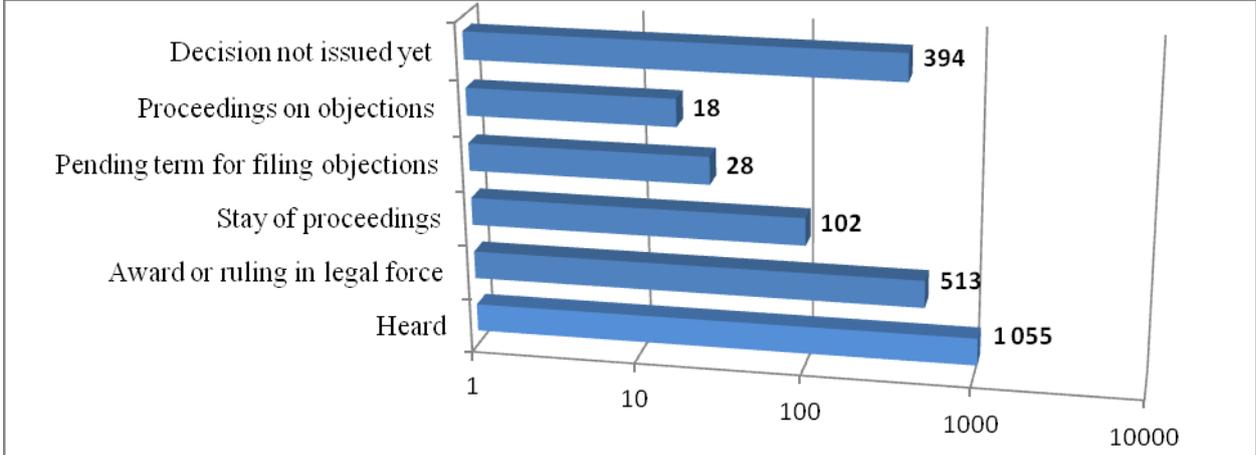
The typical conduct of the proceedings before the Financial Arbitrator is the following: as soon as the complainant removes deficiencies of the complaint that prevent the proceedings from continuing (if any) the Financial Arbitrator requests the institution against which the complaint has been filed to file its response to complaint and to submit the evidence required. It is not unusual for the Financial Arbitrator to request repeatedly both the institution and the complainant to submit or amend their assertions or evidence, or to ask third institutions or parties for cooperation. As the Financial Arbitrator shall seek the amicable settlement of the dispute in the first place in justified cases, the length of the proceedings may be negatively affected by the prolonged efforts to reach the agreement.

By the end of the year 2014 the Financial Arbitrator succeeded to finish both individually and jointly filed “Fee disputes”. On the other hand, the Financial Arbitrator was not able to finish all the proceedings commenced in the preceding years. In some cases the proceedings could not continue due to pending insolvency proceedings of the institutions, or related criminal proceedings, some proceedings could not be resolved due to the complexity of the case, especially as far as collecting the evidence was concerned.

Table – Results of the individual proceedings heard in 2014 as to the state of proceedings on 31 December 2014

State of proceedings	Year of commencement				Total
	2011	2012	2013	2014	
Heard	4	11	378	662	1,055
Award or ruling in legal force	2	11	232	268	513
Stay of proceedings	2	0	100	0	102
Pending term for filing objections	0	0	2	26	28
Proceedings on objections	0	0	13	5	18
Decision not issued yet	0	0	22	371	394

Graph – Results of the individual proceedings heard in 2014 as to the state of proceedings on 31 December 2014



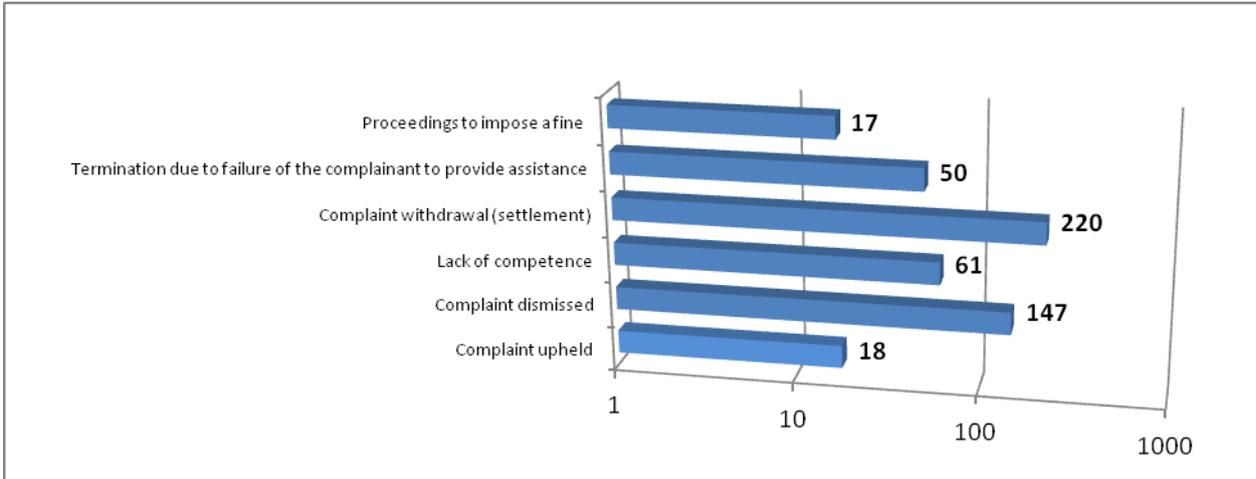
In 2014 the Financial Arbitrator finally settled 93,652 proceedings. As far as the results of the disputes in competence of the Financial Arbitrator are concerned, in more than half cases an amicable settlement was reached. In 30 % cases the Financial Arbitrator dismissed the complaint as the claims raised by the complainant were unjustified. In more than 20 % cases the Financial Arbitrator had to refuse the complaint as the dispute did not fall within its competence, or terminate the proceedings due to failure of the complainant to provide assistance to the Financial Arbitrator.

In addition, from 1 January 2015 to 20 May 2015 the Financial Arbitrator finished 180 disputes commenced in 2014 or earlier, out of which 173 were settled finally.

Table - Results of the individual proceedings and proceedings to impose a fine finally settled in 2014 as to the outcome of the proceedings

Result	Year of commencement				Total
	2011	2012	2013	2014	
Complaint upheld	0	3	10	5	18
Complaint dismissed	1	6	130	10	147
Lack of competence	1	0	12	48	61
Complaint withdrawal (settlement)	0	2	67	151	220
Termination due to failure of the complainant to provide assistance	0	0	13	37	50
Proceedings to impose a fine	0	0	0	17	17
Total	2	11	232	268	513

Graph - Results of the individual proceedings and proceedings to impose a fine finally settled in 2014 as to the outcome of the proceedings



Results of the “Fee disputes” commenced jointly

By the end of October 2013, 106,396 complaints were filed with the Financial Arbitrator in the course of the specific public initiative by the attorney at law engaged in that initiative and concerned the fee for credit administration / administration and keeping a credit account. All the complaints were refused as they did not comply with the requirements of the Administrative

Procedure Code and, therefore, constituted invalid filings. The Financial Arbitrator sent a notice to that effect to the above mentioned attorney at law.

The same situation occurred by the end of November 2013 when 93,139 complaints were filed with the Financial Arbitrator concerning the fee for credit administration / administration and keeping a credit account. Out of 92,947 validly filed complaints each multiple (even tens) of complaints were filed on behalf of one and the same complainant. In compliance with the principle of procedural efficiency, the Financial Arbitrator merged any and all proceedings between the same parties and related to a single credit agreement into joint proceedings. As a result, the total number of such joint proceedings was 2,339.

In spite of the administrative complexity of the process the Office of the Financial Arbitrator managed to examine all the complaints and, until the end of January 2014, 95 % of the complainants were notified of the commencement of the proceedings, some of them being requested to amend the complaint at the same time. The remaining 5 % of the notifications were unable to be properly served, e.g. due to incorrect postal addresses provided by the complainants. In spite of the difficulties the Financial Arbitrator succeeded to serve all the complainants after all.

Out of the total number of the “Fee disputes”, the Financial Arbitrator terminated 343, in concrete 173 disputes were terminated due to lack of competence of the Financial Arbitrator to decide the dispute (as e.g. a mortgage or business credit was concerned), 57 disputes due to failure of the complainant to provide assistance to the Financial Arbitrator, 109 disputes due to withdrawal of the complaint, 2 disputes due to the groundless complaint (no issue has been identified between the complainant and the institution), 1 dispute due to inadmissibility (the same dispute has already been decided), and 1 dispute due to death of the complainant without any procedural successor. One ruling on termination has been contested by an appeal; nevertheless the Financial Arbitrator dismissed the appeal and confirmed the ruling. As soon as all the evidence has been collected and due legal analysis made, the Financial Arbitrator started to issue decisions in merits, i.e. the awards, starting in June 2014. The total number of the awards issued was 1,992. No award was contested by objections. Four proceedings have not been finally settled yet due to the pending inheritance proceedings.

By the awards issued, all the complaints were dismissed as in none of the cases the Financial Arbitrator found the fee for credit administration / administration and keeping a credit account to have been agreed upon invalidly. The same conclusions were reached by the Supreme Court and the Constitutional Court who dealt with the “Fee disputes” as well as the above mentioned public initiative encouraged lawsuits in matters not falling within the competence of the Financial Arbitrator (fee for mortgage administration / keeping a mortgage account).

Proceedings to impose fines, penalties

In 2014 the Financial Arbitrator imposed obligations on the institutions to pay penalties of CZK 353,311.80 in total (in the cases where the complaints were upheld) and fines of CZK 295,000 in total.

The penalties and fines of CZK 90,000 imposed in 6 proceedings have been voluntarily paid by the institutions. Generally, in case the institution fails to pay the penalty or fine even within the additional term provided by the Financial Arbitrator, the Financial Arbitrator shall address the competent customs office to enforce the relevant decision. Until 31 December 2014 the Financial Arbitrator had to address the customs office regarding the penalties and fines of CZK 513,211.80.

Queries

Besides the decision-making activities, the Financial Arbitrator shall answer the queries received from the public, and provide relevant information to the public or public authorities if requested to.

The Financial Arbitrator shall respond to any query received; the response shall, at least, include the assessment of whether or not the Financial Arbitrator is competent to hold proceedings regarding the matter in question. Where the Financial Arbitrator is competent to decide the dispute the response shall be accompanied by the detailed information on the requirements for filing the complaint and the list of evidence to be attached. Where the Financial Arbitrator is not competent to decide the dispute the response shall state so and the reference to the body competent to deal with the matter shall be attached (e.g. the Czech National Bank, court of law, etc.)

In 2014 the Financial Arbitrator received more than 2,500 queries. The queries have been answered usually in a couple of days, in any case no later than in 30 days.

VI. COSTS SPENT ON ENSURING THE FINANCIAL ARBITRATOR'S ACTIVITIES

The costs spent on ensuring the Financial Arbitrator's activities shall be borne by the Office of the Financial Arbitrator. In the State Budget for 2014 the expenditure of the Office of the Financial Arbitrator formed a part of the Expenditure Block – Expenditure on Ensuring the Activities of the Office of the Financial Arbitrator; in terms of the sectorial budget classification it was included in Section 5471.

1) Revenues of the Office of the Financial Arbitrator

The approved budget revenue of the Office of the Financial Arbitrator of CZK 0 has not been modified in the course of 2014. Nevertheless the revenues actually achieved amounted to CZK 153,000 in total.

The penalties and fines of CZK 90,000 in total have been paid by the institutions. Other non-tax revenues of CZK 51,000 originated from the refunds for foreign missions provided by the international organization cooperating with the Financial Arbitrator and from the penalty paid by the supplier for the delayed delivery of goods. The remaining CZK 12,000 – transfers from own funds – originated from the salary budget, in concrete from the compensations for illnesses not paid out in December 2013.

2) Expenditure of the Office of the Financial Arbitrator

The total expenditure of the Office of the Financial Arbitrator of CZK 18,540,000 has been approved under the 2014 State Budget, divided into current (non-investment) expenditure of CZK 16,690,000 and capital (investment) expenditure of CZK 1,850,000. The approved budget for salaries and other payments for work performed was CZK 8,970,000 divided into CZK 8,419,000 for salaries and CZK 551,000 for other payments. The compulsory insurance payments amounted to CZK 3,050,000 and the financial allocation for the cultural and social needs fund was CZK 90,000.

In the beginning and in the course of the budget period the increase of the expenditure of the Office of the Financial Arbitrator of CZK 14,978,000 in total has been approved. As a result, the total approved expenditure of the Office of the Financial Arbitrator was CZK 33,788,000, divided into current (non-investment) expenditure of CZK 31,938,000 and capital (investment) expenditure of CZK 1,850,000. Under the current (non-investment) expenditure the increased budget for salaries and other payments for work performed was CZK 20,265,000, the compulsory insurance payments amounted to CZK 6,890,000 and the financial allocation for the cultural and social needs fund was CZK 203,000.

To the increased budget, unused resources from the preceding budget periods of CZK 4,396,000 have been added, divided into capital (investment) expenditure of CZK 1,006,000 and current (non-investment) expenditure of CZK 3,390,000. Under the current (non-investment) expenditure, those resources were used for salaries and other payments for work performed in the amount of CZK 456,000, divided into CZK 188,000 for salaries, CZK 268,000 for other payments and CZK 280,000 for the compulsory insurance.

The reason for the modifications of the budget of the Office of the Financial Arbitrator for 2014 described above was the increase of the number of employees, resulting in the increase of the costs spent on salaries and other payments for work performed. In concrete, the amount of CZK 15,094,000 was concerned (including the accompanying payments), originating in the budget chapter 398 – General Checkout Administration. The main reasons for the increase of the

number of employees were the extension of the competence of the Financial Arbitrator to cover two additional dispute areas (life insurance and money exchanges) and the increase of the number of complaints filed, particularly in the area of the consumer credit (the “Fee disputes”).

As a result, the number of systemized positions increased by 21 and the binding salary index increased by CZK 11,181,000. On 30 October 2014 the Government decided to increase the total salaries and accompanying payments budget by 3,5 %.

To sum up, the total budget of the Office of the Financial Arbitrator for 2014 was CZK 38,184,000, divided into capital (investment) expenditure of CZK 2,856,000 and current (non-investment) expenditure of CZK 35,328,000. The budget for salaries and other payments for work performed was CZK 20,721,000 divided into CZK 19,902,000 for salaries and CZK 819,000 for other payments. The total number of the systemized positions was 35; the average salary was CZK 47,386.

As far as spending the costs is concerned, in the budget period in question the amount of CZK 551,000 has been spent from the unused resources from the preceding budget periods, divided into CZK 412,000 for the current expenses under the system of programmed financing and CZK 139,000 for other current expenses. The total funds for 2014 have been spent to the extent of 68,2 %, out of which 0 % of the capital (investment) funds and 73,7 % of the current (non-investment) funds has been spent.

The amount of CZK 17,580,000 has been spent on salaries and other payments for work performed, divided into CZK 17,215,000 used for salaries and CZK 365,000 used for other payments. Thereby, the salaries and other payments funds have been spent to the extent of 86,8 %, out of which 87,3 % of the salaries funds and 66,2 % of the other payments funds has been spent. The amount of CZK 5,861,000 has been spent on the compulsory insurance payments, representing 85,1 % of the relevant budget. The amount of CZK 166,000 has been spent from the cultural and social needs fund, representing 81,8 % of the relevant budget.

As the systemized positions were occupied on a step-by-step basis, the salaries and other payments funds have not been spent entirely. The average calculated number of employees was 31 in the relevant budget period. The actual average monthly salary was CZK 46,277, which is 97,7 % of the average monthly salary calculated based on the total budget of the Office of the Financial Arbitrator.

On 1 January 2015, the unused fund resources from the preceding budget periods (including the 2014 fund resources) amounted to CZK 12,139,000, divided into CZK 2,856,000 for current expenses under the system of programmed financing, CZK 6,073,000 for other current expenses, and CZK 3,210,000 for the purpose-built expenses.

The capital (investment) funds have not been entirely used in 2014 due to a couple of reasons. Firstly, the ICT equipment purchase could not have been finalized as none of the tenders for PCs and additional equipment was finished within the framework of the centralized procurement system of the Ministry of Finance in the relevant budget period. Secondly, the IT system tender has been interrupted as it could be possibly processed via the centralised system as well. Lastly, the Office of the Financial Arbitrator did not have to buy its own ICT infrastructure yet as it still uses the infrastructure of the Ministry of Finance free of charge.

The current (non-investment) funds have not been entirely used in 2014 particularly due to low energies, water and gas charges. The budget has been calculated having regard to a possible independent operation of the Office of the Financial Arbitrator (i.e. taking into account

the current market rental prices) while the Office of the Financial Arbitrator actually seated in the building owned by the government in 2014, and therefore only had to provide limited contributions for the operation of the building. Also, the costs of the consultancy and advisory services, as well as the foreign travel costs were significantly lower than expected. Firstly, the Office of the Financial Arbitrator has been sufficiently equipped in both professional and personal regard in 2014. Secondly, due to the growing workload the educational and travel possibilities were quite limited. As a result, only a few indispensable educational campaigns related to the new Civil Code adoption were held, organised in the form of private lectures featuring a significant saving compared to public ones. As far as the domestic and foreign travel costs are concerned, only the necessary travels have been allowed.

The total travel costs and related payments amounted to CZK 164,000, out of which CZK 160,000 covered foreign activities. Such expenses included the travel costs as such, participation fees, meals and accommodation. The amount of CZK 51,000 has been subsequently reimbursed. All of the travels have been useful in regard to the activities of the Financial Arbitrator as the Financial Arbitrator gained information on the foreign financial ombudsmen's activities, prospective European legislation and consumer protection development in Europe.

For 2014, the budget called Programme 1124110 – Development and Reconstruction of the Material and Technical Equipment of the Office of the Financial Arbitrator has been approved under the system of programmed financing, amounting to CZK 2,109,000 and divided into current (non-investment) expenditure of CZK 259,000 and capital (investment) expenditure of CZK 1,850,000. After the unused resources from the preceding budget periods of CZK 1,797,000 have been added to it, the final budget amounted to CZK 3,906,000. As to the spending of costs, the amount of CZK 625,000 has been spent in the framework of the current (non-investment) expenses and CZK 0 in the framework of the capital (investment) expenses. The amount of CZK 412,000 has been spent from the unused resources from the preceding budget periods.

Costs spent on individual campaigns:

- a) 112V411000001 – campaign called Purchase and Operation of the ICT Equipment of the Office of the Financial Arbitrator – the amount spent was CZK 515,000, all within the framework of the current (non-investment) expenses (total budgeted current expenditure being CZK 848,000); the capital (investment) funds of CZK 984,000 have not been spent;
- b) 112V411000002 – campaign called Telecommunications of the Office of the Financial Arbitrator – the amount spent was CZK 109,000 within the framework of the current (non-investment) expenses (total budgeted current expenditure being CZK 202,000).

No costs have been spent on other campaigns; there was the amount CZK 1,871,000 left for such campaigns.

No public authorities' inspections took place in 2014. There was only one illness and pension insurance inspection made by the Prague Social Security Administration that found no deficiencies.

VII. PUBLIC RELATIONS, INFORMATION OBLIGATIONS OF THE FINANCIAL ARBITRATOR

To provide information to the public, as well as to the press, the Financial Arbitrator actively uses its website www.finarbitr.cz. The Financial Arbitrator regularly publishes its annual reports, press releases, news, recommendations to the consumers, or other information on it.

For the use of both layman and professional public, the Financial Arbitrator publishes the Collection of Decisions on the website to gather its essential decisions. Each decision shall be identified by the type of decision (i.e. award, decision on objections, ruling), case number, register number, date of issue and the name of the institution against which the complaint was filed. Please find enclosed the list of decisions published in the Collection of Decisions in the Annex No. 1.

Complainants and/or anyone interested in the services of the Financial Arbitrator may appreciate the summary of the essential information on the Financial Arbitrator (see Annex No. 2 – Financial Arbitrator in 10 Points) and the list of frequently asked questions (see Annex No. 3 – Frequently Asked Questions). Both documents are to be found on the website as well.

The Financial Arbitrator also uses the social networks (Facebook and Twitter) to provide information to the public (<https://www.facebook.com/FinArbitr> and [@Finarbitr](https://twitter.com/Finarbitr)).

In 2014 the topics most discussed with the public, particularly via the press, were the following: the “Fee disputes”, disputes concerning the annual percentage rate of charge (APR) and life insurance (including the mediation of the life insurance). The Financial Arbitrator and the Deputy Financial Arbitrator provided a couple of interviews in which they described the activities and the new areas of competence of the Financial Arbitrator, and shared some tips and warnings related to the consumer credit, payment services, life insurance and collective investment.

Under the Financial Arbitrator Act, the Financial Arbitrator shall publish an annual report on its activities, inform institutions’ supervising authorities of the deficiencies found in the institutions’ activities, inform the complainants of the possibility to be provided assistance, and inform the public of its practices under the Financial Arbitrator Act and on heard disputes. The Financial Arbitrator shall publish the annual report once a year, no later than by 30 June of the following calendar year, in an appropriate way.

Besides the annual report made for the public, the Financial Arbitrator shall, once a year, by 31 March, present an annual report on its activities in the past calendar year to the Chamber of Deputies and to the Government.

All the annual reports for the public are published at www.finarbitr.cz. The annual reports for the Chamber of Deputies and the Government are almost identical to the annual reports for the public both as to the content and extent. The Financial Arbitrator has always presented them to the Chamber of Deputies and the Government in the prescribed way and within the prescribed deadline.

VIII. INTERNATIONAL COOPERATION, FINANCIAL EDUCATION

International cooperation

Under the Financial Arbitrator Act, the Financial Arbitrator shall cooperate, on a mutual basis, with corresponding authorities in other Member States of the European Union and in other countries that constitute the European Economic Area and with the European Union authorities.

FIN-NET

The Financial Arbitrator has been a long-standing member of FIN-NET, the European network of dispute resolution bodies dealing with an out-of-court resolution of disputes related to the financial market. The network gathers the so called financial ombudsmen from the majority of the European Union Member States, or from other countries that constitute the European Economic Area. Its mission is to share experience originating from the dispute resolution practice of its members and to assist in resolution of the cross-border disputes. In March 2013 the Deputy Financial Arbitrator has become a member of the FIN-NET Steering Committee for the 2-years term of office. The Steering Committee is in charge of planning the prospective orientation of the network and preparation of the plenary session's agenda.

INFO Network

The Financial Arbitrator is a member of the INFO Network (i.e. the International Network of Financial Services Ombudsman Schemes), the international network of dispute resolution bodies dealing with an out-of-court resolution of consumer disputes related to the financial market.

In 2014 the Deputy Financial Arbitrator, who has been authorized by the Financial Arbitrator to act on her behalf in the matters of cross-border cooperation, made 6 foreign travels to participate in:

1. Annual FIN-NET plenary meeting;
2. Unacceptable Terms in the Financial Services Contracts Conference;
3. FIN-NET Steering Committee meeting;
4. Annual INFO (International Network of Financial Services Ombudsman Scheme) conference 2014;
5. Annual FIN-NET plenary meeting;
6. FIN-NET Steering Committee meeting.

Financial education

The Financial Arbitrator and the Deputy Financial Arbitrator are particularly interested in the financial education activities. Particularly the Deputy Financial Arbitrator is very active in this field.

The Financial Arbitrator has been engaged in the “Financial Compass” and the “Family Finances Alphabet” projects. The involvement is not limited to a passive partnership but amounts to active participation on lectures and workshops where the Financial Arbitrator and the Deputy Financial Arbitrator are able to share their experience.

In addition, the Deputy Financial Arbitrator is a member of the Work Group for the Financial Education with the Ministry of Finance.

In June 2014 the Deputy Financial Arbitrator participated in the European Financial Systems international conference that took place in Lednice under the auspices of the Faculty of Economics and Administration of the Masaryk University in Brno. In the course of the conference, a workshop dedicated to financial education was held where the discussions focussed, inter alia, on the Financial Education lessons of the Masaryk University within the framework of which the Deputy Financial Arbitrator lectured in April 2014.

In November 2014 the Deputy Financial Arbitrator gave a lecture on the Financial Arbitrator and its decision-making process in the framework of the Unacceptable Terms in the Financial Services Contracts International Conference that took place in Bratislava under the auspices of the Faculty of Law of the P. J. Šafárik University in Košice.

Besides giving lectures to professionals the Deputy Financial Arbitrator also regularly delivers lectures to the layman public where not only does he provide information on the Financial Arbitrator's activities but he also shares some tips and warnings to have in mind when negotiating financial contracts. Such a lecture took place, for example, in September 2014 in Šlapanice near Brno.

Last but not least, the Deputy Financial Arbitrator accepted membership in the evaluation committee of the final level of the 5th Financial Education Competition for Primary and High Schools. Through his comments and observations related to the competition questions, as well as to the competition on the whole, he sought to initiate specific improvements of the competition as he considers the financial education starting at the primary school extremely important.

IX. PERSPECTIVES

As well as in the preceding years, the Financial Arbitrator shall focus on the dispute resolution.

Nevertheless, raising awareness about the Financial Arbitrator shall remain one of the key tasks for the future. The Office of the Financial Arbitrator shall continue using the following ways to achieve this goal: active communication with the public and the press, public appearances, presentations, press releases, annual reports, publishing information on the website (news, recommendations, decisions, and other documents) and on the social networks.

In addition, the Financial Arbitrator shall enhance the financial education in the Czech Republic not only personally, or through the Deputy Financial Arbitrator, but in cooperation with the NGOs, universities and other bodies acting in the field as well.

In relation to the transposition of the provisions of the Directive 2013/11/EU of the European Parliament and of the Council on Alternative Dispute Resolution (ADR) into the Czech law the Financial Arbitrator assumes that starting from 2015 or 2016 its competence will be extended to cover additional areas of the financial market, e.g. the building savings, mortgages and other credits not governed by the Consumer Credit Act, as well as investment services offered to the consumers.

In the course of 2015 the Financial Arbitrator shall take part in the testing and launching of the European platform for online alternative dispute resolution made by the European Commission under the Regulation 524/2013 of the European Parliament and of the Council on Online Dispute Resolution (ODR). Starting from 9 January 2016 the Financial Arbitrator shall accept complaints filed via the above mentioned web platform.

As far as the international cooperation is concerned, the Financial Arbitrator shall attempt to exploit its international contacts, particularly to consult the new areas of its competence with the foreign partners.

Likewise, the Deputy Financial Arbitrator shall focus on the cooperation within FIN-NET (the European network of financial ombudsmen) and INFO Network (the world-wide network of financial ombudsmen), especially during the Annual INFO Network conference taking place in Helsinki in September 2015.

In the current world it becomes more and more common for the consumers to seek for financial services, especially the investment, not only in the local (Czech) and/or European market, but outside the EU as well, resulting in considerable difficulties in resolving any dispute arisen. In such instances, both formal and informal cooperation of the Financial Arbitrator with the foreign financial ombudsmen may be of great assistance.

Annex 1 – Summary of the decisions published in the Collection of Decisions

Case number	Institution	Key words/subject of the dispute
179/PS/2012	Air Bank, a.s.	Incorrectly executed payment transaction
158/2011	BRE Bank S.A.	ATM withdrawal made with a stolen credit card
17/PS/2012	Citibank Europe plc	Unauthorised payment transaction – MO/TO transaction
69/PS/2012	Citibank Europe plc	ATM withdrawal made with a stolen credit card
145/PS/2013	Česká spořitelna, a.s.	Fee
89/PS/2012	Česká spořitelna, a.s.	ATM withdrawal made with a stolen credit card
23/PS/2013	Česká spořitelna, a.s.	Account blocked due to the enforcement of judgement including the double amount of life minimum
1/PS/2013	Česká spořitelna, a.s.	Account blocked due to the enforcement of judgement including the double amount of life minimum
452/PS/2013	Československá obchodní banka, a. s.	Payment transaction fee, fee accounting period
11/PS/2013	Československá obchodní banka, a. s.	Competence of the Financial Arbitrator, building savings
FA/PS/86/2014	Československá obchodní banka, a. s.	ATM withdrawal, incorrect exchange rate
603/PS/2013	Československá obchodní banka, a. s.	Malfunction of the ATM, failure to dispense cash, incorrectly executed payment transaction
122/PS/2012	Československá obchodní banka, a. s.	Malfunction of the ATM, failure to dispense cash, incorrectly executed payment transaction
263/PS/2013	Československá obchodní banka, a. s.	Current account contract and credit card contract termination
202/PS/2013	Fio banka, a.s.	Foreign currency payment transaction fee
577/PS/2013	Fio banka, a.s.	Fee for return of an undeliverable payment
677/PS/2013	Fio banka, a.s.	Malfunction of the ATM, failure to dispense cash, incorrectly executed payment transaction
FA/PS/181/2014	Fio banka, a.s.	Damages for account blockage made due to an unjustified enforcement of judgement
226/PS/2013	GE Money Bank, a.s.	Misappropriation of a credit card
266/PS/2013	Komerční banka, a.s.	Account blocked due to the enforcement of judgement including the double amount of life minimum
FA/PS/57/2014	Komerční banka, a.s.	Malfunction of the ATM, failure to dispense cash, incorrectly executed payment transaction
FA/PS/184/2014	Komerční banka, a.s.	Foreign exchange loss in payment transaction
626/PS/2013	mBank S.A.	Malfunction of the ATM, failure to dispense cash, incorrectly executed payment transaction
499/PS/2013	Metropolitní spořitelní družstvo	Failure to execute payment transaction, damages, interest on late payments
418/PS/2013	Metropolitní spořitelní družstvo	Failure to execute payment transaction, damages, interest on late payments
24/PS/2013	Raiffeisen stavební	Competence of the Financial Arbitrator,

	spořitelna a.s.	building savings
396/PS/2013	Raiffeisenbank, a.s.	Fee for keeping an account which is blocked due to enforcement of a judgement, account termination
310/PS/2013	Raiffeisenbank, a.s.	Return of the payment sent to an incorrect account
55/PS/2012	Sberbank CZ, a.s.	Unauthorised payment transaction – signature, extinction of the rights
235/PS/2013	UniCredit Bank Czech Republic and Slovakia, a.s.	Unauthorised payment transaction – signature, extinction of the rights
456/PS/2013	UniCredit Bank Czech Republic and Slovakia, a.s.	Malfunction of the ATM, failure to dispense cash, incorrectly executed payment transaction
649/PS/2013	ZUNO BANK AG	Foreign exchange loss in a domestic payment transaction
FA/SM/314/2014	Maccorp Czech s.r.o.	Money exchange fee
254/SU/2013	CASPER Consumer Finance, a.s.	Contract conclusion fee
562/SU/2013	CETELEM a.s.	Credit limit increase, unauthorised payment transactions
592/SU/2013	CFC Capital Group s.r.o.	Mediation of the consumer credit, terms of the contract, invalidity of the contract
76/SU/2012	CPE Credits of Private Equity a.s.	Invalidity of the credit contract
FA/SU/24/2014	CS Financial CSF s.r.o.	Mediation of the consumer credit, terms of the contract, invalidity of the contract
54/SU/2013	Česká spořitelna, a.s.	Fee for credit administration/keeping a credit account
107/SU/2012	Česká spořitelna, a.s.	Fee for credit administration/keeping a credit account
96/SU/2013	Česká spořitelna, a.s.	Competence of the Financial Arbitrator (mortgage)
FA/SU/96/2014	Česká spořitelna, a.s.	Conclusion of the credit contract in favour of a third party
58/SU/2013	Československá obchodní banka, a. s.	Fee for credit administration/keeping a credit account
FA/SU/238/2014	d&b Investment Group s.r.o.	Mediation of the consumer credit, terms of the contract, invalidity of the contract
39/SU/2013	Equa bank, a.s.	Competence of the Financial Arbitrator (mortgage)
FA/SU/161/2014	ESSOX s.r.o.	Competence of the Financial Arbitrator – debtor running a business
FA/SU/34/2014	Europe Financial Group s.r.o.	Mediation of the consumer credit, terms of the contract, invalidity of the contract
19/SU/2013	GE Money Bank, a.s.	Fee for credit administration/keeping a credit account
50/SU/2012	Home Credit a.s.	Malfunction of the ATM, failure to dispense cash, incorrectly executed payment transaction
181/SU/2012	Komerční banka, a.s.	Fee for credit administration/keeping a credit account
282/SU/2013	Maghera Royal s. r. o.	Using a phone number accessible for higher than common price

68/SU/2013	MSC MONEY SERVICE CORPORATION, a.s.	Providing and mediation of the consumer credit, "consultancy"
139/SU/2012	MSC MONEY SERVICE CORPORATION, a.s.	Providing and mediation of the consumer credit, "consultancy"
164/SU/2012	MSC MONEY SERVICE CORPORATION, a.s.	Providing and mediation of the consumer credit, "consultancy"
137/SU/2012	MSC MONEY SERVICE CORPORATION, a.s.	Providing and mediation of the consumer credit, "consultancy"
181/SU/2013	Raiffeisenbank, a.s.	Fee for credit administration/keeping a credit account
FA/SU/96/2014	Česká spořitelna, a.s.	Invalidity of the credit contract, manifestation of will, misapprehension
240/SU/2013	Randolph & Mortimer & Dooke LTD	Invalidity of the credit contract
FA/SU/31/2014	Royal Credit s.r.o.	Mediation of the consumer credit, terms of the contract, invalidity of the contract
638/SU/2013	Rychlý Credit s.r.o.	Mediation of the consumer credit, terms of the contract, invalidity of the contract
380/SU/2013	UniCredit Bank Czech Republic and Slovakia, a. s.	Exceeding of the credit limit, fee for exceeding the credit limit
171/SU/2013	Vlasta Ženíšková	Mediation of the consumer credit, remuneration
FA/ZP/6/2014	Kooperativa pojišťovna, a. s., Vienna Insurance Group	Current premiums, extra premiums, damages
FA/ZP/39/2014	Pojišťovna České spořitelny, a. s., Vienna Insurance Group	Paid premiums receipt, deductions from the tax base
704/ZP/2013	AIG Europe Limited	Competence of the Financial Arbitrator, accident insurance
FA/KI/516/2014	PPF Banka, a.s.	Damage caused in connection with collective investment
FA/P/141/2014	CFC Capital Group s.r.o.	Failure to provide assistance to the Financial Arbitrator
FA/P/363/2014	CM Company s. r. o.	Failure to provide assistance to the Financial Arbitrator
FA/P/420/2014	CM Company s. r. o.	Failure to provide assistance to the Financial Arbitrator
FA/P/124/2014	CS Financial CSF s.r.o.	Failure to provide assistance to the Financial Arbitrator
FA/P/370/2014	d&b Investment Group s.r.o.	Failure to provide assistance to the Financial Arbitrator
FA/P/364/2014	Enyo Insurance s. r. o.	Failure to provide assistance to the Financial Arbitrator
FA/P/201/2014	Europe Financial Group s.r.o.	Failure to provide assistance to the Financial Arbitrator
FA/P/131/2014	Expres Elita s.r.o.	Failure to provide assistance to the Financial Arbitrator
FA/P/316/2014	Maghera Royal s.r.o.	Failure to provide assistance to the Financial Arbitrator
FA/P/140/2014	RICKABYS s.r.o.	Failure to provide assistance to the Financial Arbitrator

		Arbitrator
FA/P/123/2014	Royal Credit s.r.o.	Failure to provide assistance to the Financial Arbitrator
48/SU/2013	RiPSS Invest s. r. o.	Invalidity of the credit contract
264/SU/2013	mBank S. A., acting through its branch office in the Czech Republic	Information duty, sanctions, APR
453/PS/2013	Česká spořitelna, a. s.	Termination of the credit contract, unjust enrichment, removal from the Registry of Debtors
530/SU/2013	Mari Trade a. s.	Credit contract withdrawal, information duty
FA/PS/387/2014	Citibank Europe plc	Incorrectly executed payment transaction
FA/PS/401/2014	Fio Banka, a.s.	Misappropriation of a credit card
FA/PS/421/2014	Fio Banka, a.s.	Malfunction of the ATM, failure to dispense cash, incorrectly executed payment transaction
FA/PS/434/2014	Raiffeisenbank a.s.	Account blockage, termination of blockage of the account
FA/SU/268/2014	CM Company s. r. o.	Mediation of the consumer credit, terms of the contract, invalidity of the contract
FA/SU/269/2014	Enyo Insurance s. r. o.	Mediation of the consumer credit, terms of the contract, invalidity of the contract

Annex 2 – Financial Arbitrator in 10 points

1. The Financial Arbitrator is an out-of-court decision-making public authority constituted by law and competent to decide specific, particularly consumer disputes on financial market; the Financial Arbitrator is neither a mediator nor arbitrator (in a common sense of the word); the Financial Arbitrator is not a supervisory authority like the Czech National Bank or Czech Trade Inspection Authority;
2. the Financial Arbitrator is competent to decide disputes between the financial institutions (banks, consumer credit providers, persons managing or administering collective investment funds, life insurance companies, exchange offices) and their clients; the Financial Arbitrator is not competent to decide disputes between two financial institutions or two private persons; a complaint concerning payment services, electronic money, money exchange or (in some cases) life insurance may be filed by a consumer or entrepreneur, an individual or legal entity; a complaint concerning other issues may only be filed by a consumer, i.e. an individual who did not act in the course of his/her business activities in the matter in question;
3. the complaint must be filed in writing (by post, electronically using a secured electronic signature, via data box, or orally if protocolled) and may be filed using a form accessible at www.finarbitr.cz; the complainant needn't be represented by an attorney in the proceedings and he/she may describe the relevant circumstances and specify the remedy requested in his/her own words;
4. the proceedings before the Financial Arbitrator are free of charge; the Financial Arbitrator cannot adjudicate the costs of the proceedings to be borne by any party; both parties bear their own costs including the costs of legal representation (if any);
5. the Financial Arbitrator is not bound by the wording of the complaint and may, in cooperation with the complainant, change or adjust the remedy requested; that, however, does not mean that the Financial Arbitrator could examine the legal relationship of the complainant and the financial institution in its entirety regardless of issues raised by the complainant;
6. the Financial Arbitrator seeks at the amicable settlement of the dispute in the first place; such approach, however, shall not be to the detriment of the fair and due consideration of the dispute;
7. the proceedings before the Financial Arbitrator have two instances – the decision of the Financial Arbitrator may be contested by filing objections which are considered by the Financial Arbitrator as well; only an award in legal force (after a decision on objections has been issued) may be contested by a lawsuit filed with a court of law; the court newly considers the whole case and if it comes to a different conclusion than the Financial Arbitrator it replaces the award by its own judgment;
8. the Financial Arbitrator is competent to decide a dispute if the Czech courts are authorized to decide it; if the decision of the Financial Arbitrator is not contested with the court and enters into legal force it is as binding and enforceable as a court decision;
9. the Financial Arbitrator cannot decide a dispute if
 - a) the Financial Arbitrator is not competent to decide the dispute,

- b) the dispute has been decided in merits by the court of competent jurisdiction or the court proceedings have been initiated,
 - c) the dispute is currently being heard or has been decided by the Financial Arbitrator,
 - d) the dispute has been decided in merits in the arbitration proceedings or the arbitration proceedings have been initiated;
10. so far the Financial Arbitrator is not competent to decide:
- a) disputes arisen in connection with the building savings, mortgages, and credits provided to entrepreneurs,
 - b) disputes arisen in connection with security trading,
 - c) disputes arisen in connection with other than life insurance,
 - d) disputes arisen in connection with pension savings or supplementary pension rights.

Annex 3 – Frequently asked questions

1. I am concerned about whether I will be able to file the complaint. May the Financial Arbitrator assist me?

- a) it is not necessary to mention any legal point of view or refer to any specific law provision in the complaint; the complainant shall simply describe the issue (in his/her own words) and specify what he/she seeks in the proceedings;
- b) it is advisable to use the complaint form available at www.finarbitr.cz in the Forms section, or use the Complaint Filing Tutorial accessible on the same website;
- c) if the complaint is incomprehensible or incomplete or does not comply with the prescribed requirements the Financial Arbitrator shall not refuse it; the Financial Arbitrator shall help the complainant in amending the complaint; the complainant may also ask for prolongation of the deadline for amending the complaint;
- d) the Financial Arbitrator shall not be bound by the complaint and may itself procure evidence that the complainant omitted to refer to; thereby, the subject of the proceedings may be extended or even changed in the course of the proceedings.

2. Is there a fee for filing a complaint?

The proceedings before the Financial Arbitrator shall be free of charge; there is no complaint filing fee and the Financial Arbitrator is not entitled to adjudicate the costs of the proceedings to be borne by the other party; therefore, the complainant shall bear his/her own costs (e.g. the fee for legal counsel) even in case of success in the proceedings, and, likewise, the institution shall bear its own costs as well.

3. Do I need to be represented by an attorney or other counsel in the proceedings?

And if my complaint is upheld, will the counterparty be obliged to bear the costs of my representation?

- a) the complainant needn't be represented by an attorney or other counsel (e.g. the Consumer Protection Civic Association) when filing the complaint or in the course of the proceedings, unless the complainant decides to on his/her own;
- b) the Financial Arbitrator is not authorised to adjudicate any costs of the proceedings (e.g. the fee for legal counsel) to be borne by any party; the dispute concerning the costs shall not fall within the competence of the Financial Arbitrator; only the court of law could decide it.

4. I have been contacted by someone who claims to deal with the consumer protection and suggests representing me in the proceedings before the Financial Arbitrator for the fee of 30 % of the amount I may be adjudicated in the Financial Arbitrator's award. Shall I accept the offer?

Filing the complaint with the Financial Arbitrator is quite simple and may be done using the complaint form; to file the complaint or to act in the proceedings it is not necessary to be represented by a counsel. The Financial Arbitrator is not entitled to adjudicate any costs of the proceedings (i.e. the fee for legal counsel) to any party even in case of success in the dispute. Therefore, any potential complainant shall decide on his/her own whether to hire a counsel for the proceedings.

5. How to comply with the so called information duty of the institution?

Institutions currently have no such duty. The duty to inform the Financial Arbitrator of their contact details and any changes to it formerly laid down by the Sec. 19 of the Act No. 228/2002 Coll., on Financial Arbitrator has been repealed as of 1 November 2013.

6. Is the Financial Arbitrator competent to decide disputes concerning mortgages? Specifically, is the Financial Arbitrator competent to decide a dispute concerning the mortgage fees?

The Financial Arbitrator is not competent to decide disputes concerning consumer credits provided in order to purchase, build, reconstruct or maintain an immovable property, or credits provided, inter alia, in order to acquire property rights to the immovable property, settle the property rights to the immovable property, build the immovable property, or remodel the building or connect it to a public network, where the claim is secured by a pledge on an immovable property (such credits are better known as mortgages).

7. Is there a chance to be removed from the Registry of Debtors with the help of the Financial Arbitrator?

The Financial Arbitrator is not authorised to impose any obligations on third parties (i.e. the Registry of Debtors administrator in this case) in its awards, e.g. to make any changes in the registries they maintain. The Financial Arbitrator may only declare whether the debtor complied with all the obligations following from the contract in question or not (particularly whether the debtor repaid the debt) and, in relation to such finding, whether the creditor was entitled to keep records on the debtor's failure to comply with the obligations and share such records with other creditors. The removal of the incorrect record may only be achieved through the creditor (the bank, other credit provider) who has made that record in the first place.

8. Is the Financial Arbitrator competent to decide disputes concerning building savings?

Only some disputes of that kind. The Financial Arbitrator is competent to decide disputes concerning credits provided under the building savings system if such credits amount to consumer credits governed by the Consumer Credit Act. Also, the Financial Arbitrator is competent to decide building savings disputes concerning payment services at the same time, e.g. delayed or incorrect crediting of the amount of the payment transaction to the building savings account. The Financial Arbitrator is, however, not competent to decide disputes concerning building savings as such, e.g. disputes concerning termination of the building savings contract, fee for keeping a building savings account, crediting of interests or state support to the building savings account, etc.

9. Is the Financial Arbitrator competent to decide disputes concerning insurance? What kinds of insurance fall within its competence?

In the insurance area, the Financial Arbitrator is competent to decide any dispute between an insurance company or insurance intermediary and person considering to enter into an insurance contract, policyholder, the insured, right holder, or appointed person arisen in connection with the offering, providing or mediation of the life insurance only.

On the contrary, the Financial Arbitrator is not competent to decide disputes arisen in connection with, for example, property insurance or insurance against liability for damage

caused to third parties, including insurance against civil liability in respect of the use of vehicles and motor vehicle insurance.

Likewise, the Financial Arbitrator is not competent to decide disputes arisen in connection with other than life insurance (e.g. accident insurance, insurance against sickness) even if such insurance forms a supplementary insurance to the life insurance contract.

10. How to file the complaint that I have prepared in the electronic form?

You may:

1. print the complaint, sign it manually, attach all the annexes and deliver it (by post or in person) to the Office of the Financial Arbitrator, Legerova 1581/69, 110 00 Prague 1, Czech Republic, or
2. attach the complaint to an e-mail, sign the e-mail using your secured electronic signature and send it to arbitr@finarbitr.cz, or
3. attach the complaint to a data message, as well as all the annexes, and send it to the data box of the Office of the Financial Arbitrator, ID qr9ab9x (in such case you do not need to use an electronic signature at the same time).

Annex 4 – Providing of information under the Act No. 106/1999 Coll., on Free Access to Information

Please find below the 2014 Annual Report of the Office of the Financial Arbitrator, Government Agency, Concerning the Area of Providing Information under the Act No. 106/1999 Coll., on Free Access to Information, as amended.

The procedure followed by the Office of the Financial Arbitrator in complying with the above mentioned Act shall be governed by the Regulation of the Financial Arbitrator on Provision of Information of 30 December 2013.

Information provided in response to queries

a) number of queries	8
b) number of responses	8
c) number of decisions to refuse a query	0
d) number of appeals	0
e) number of court decisions on review of the decision of the Financial Arbitrator to refuse a query (as there were no such decisions in 2014 the Financial Arbitrator is not able to attach copies of the essential parts of the judgments and the list of costs of the Financial Arbitrator spent on court proceedings as required by the Free Access to Information Act)	0
f) number of the exclusive licenses granted	0
g) number of complaints	0
h) other information related to the process under the Free Access to Information Act	0