



OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN



WE CAN HELP!

The Office of the Financial Services Ombudsman (OFSO) provides a legitimate and independent channel through which individuals and small businesses can seek redress with respect to complaints against any bank or insurance company in Trinidad and Tobago. This service is free of charge to the complainant. The OFSO also aims to educate the public about the need to be vigilant in all their financial transactions. As such, the OFSO will be offering tips on banking and insurance and some case studies for lessons learnt.

LOAN TRANSACTIONS

Before deciding to take out a loan, you should consider the following:

- The loan should fulfill a need. It can be short, medium or long term in nature. It may be used to purchase a home or a car, for medical expenses, education but should not be used for financing immediate wants.
- Loan repayments should be manageable to avoid defaulting on your loan. You should be aware of the terms and conditions of the loan and any implications if you default on your loan. If not, ask the bank officer to explain.
- Do not sign the loan agreement until you are comfortable and you understand all the terms and conditions. Read your agreement carefully. Do not be afraid to ask any questions. It is very tempting to sign on the dotted line when a loan is granted, without fully understanding the implications and hoping that nothing will go wrong.

REPAYMENT OF YOUR LOAN

Most loans require that a security (collateral or guarantee) be applied against the loan. Some loans will be securitized by the item purchased, e.g. car, house, furniture. Other assets may also be used, as collateral, such as fixed deposits, shares, mutual funds, etc. A guarantee from a third party, that is, someone else (friend, relative) who is willing to assist you in obtaining the loan, may be accepted by the bank as security.

- If the customer defaults in his or her repayment terms, the security used is usually cashed in and used by the bank to pay off the balance of the loan. If the security is not enough to repay the balance of the loan, the customer will be required to pay the shortfall.
- In the case of a guaranteed loan, the third party will be called upon to repay the bank the balance owing on the loan. It is important that the third party is fully aware of this potential liability and should therefore ensure that his/her resources are adequate to meet this obligation if and when called upon to do so.
- There is usually a penalty fee if you are late in paying your monthly installment. Do not agree to pay by the 23rd of each month if you know that you expect to be paid on the 25th of each month. Not only can you be charged a late penalty fee and additional interest each month, you may end up with a bad 'track record' (credit rating).
- Some banks allow a grace period of one or two days for paying your loan installment. Do not abuse the grace period. It should only be used on the odd occasion and not for each payment.
- As soon as the loan is fully repaid, it is important that the customer request that the bank release the security that was assigned to the loan. There is a cost attached to the document for releasing the security. It is however in the best interest of the customer to ensure that the release is done.

FOR FURTHER DETAILS, PLEASE CALL

THE OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN AT:

625-4835/625-2601 Ext. 2650, 2685 or 2681; www.ofso.org.tt

or visit the Office on the 1st floor, Central Bank Building, Independence Square, Port of Spain.