



OFFICE OF THE
FINANCIAL SERVICES OMBUDSMAN

Annual Report 2010

Strengthening
the
OFSO



**OFFICE OF THE
FINANCIAL SERVICES OMBUDSMAN**

MISSION STATEMENT

To be Fair, Impartial and Confidential
in the resolution of Disputes



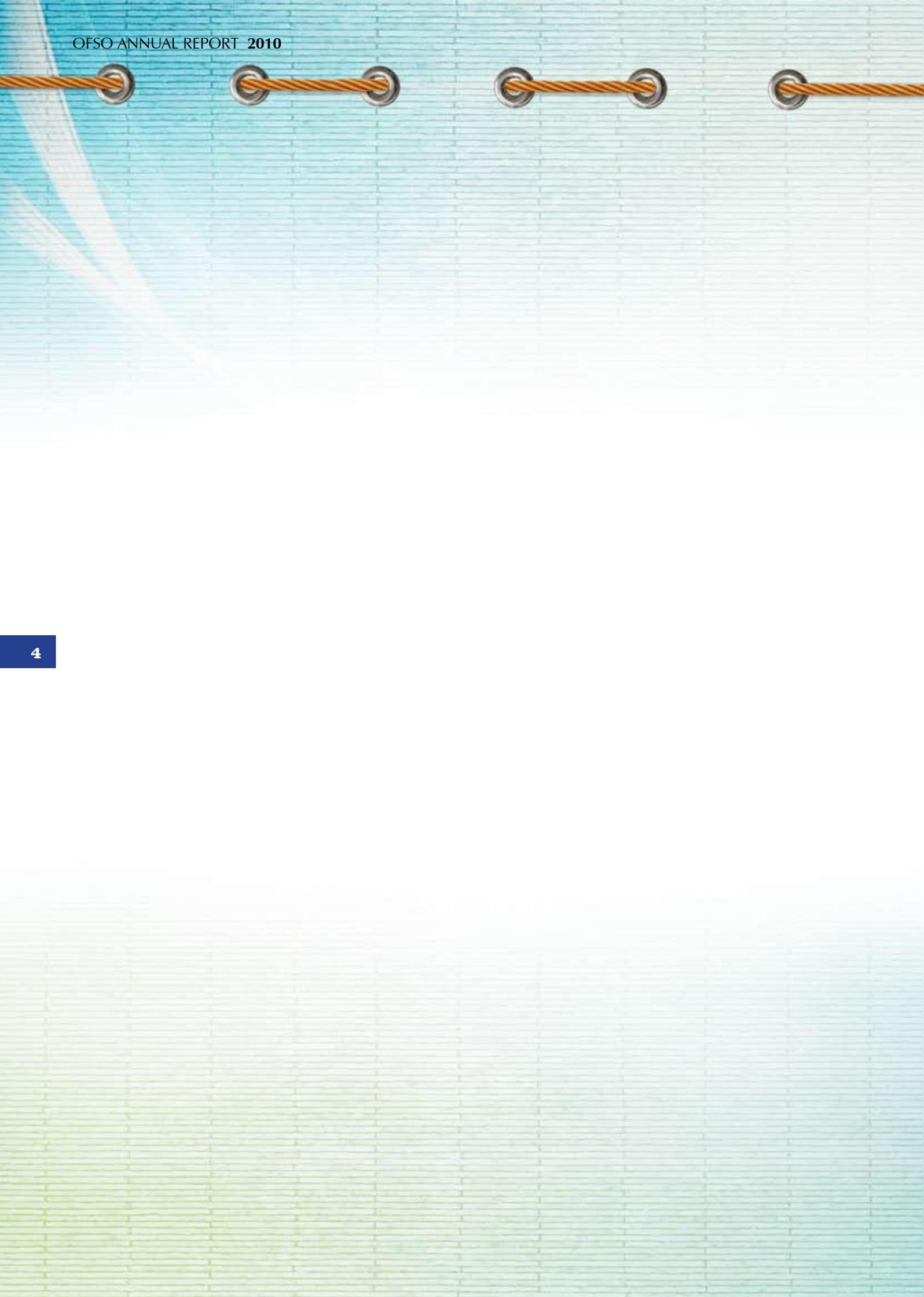


Table of Contents

Foreword	6
Preface	7
Report for the year ended December 31, 2010	9
Report of Banking/Non-Banking Complaints	
Report of Insurance Complaints	
Report on Outreach Programme	
Report on Staff and Training	
Kudos received for the year 2010	
Case Studies – Banking	19
Banking 1 : Attempted ATM withdrawal	
Banking 2 : Wire Transfer of Pounds Sterling to Bank Account	
Case Studies – Insurance	20
Insurance 1 : Denial of Death Claim Proceeds on Life Policy	
Insurance 2 : Denial of Liability - Breach of Contract	
Objectives and Procedural Arrangements of the OFSO	21
Establishment and Objectives of the OFSO	
Key Objectives for 2010	
Complaints Process at the OFSO	
Complaints Outside of the Jurisdiction of the Ombudsman	
Settlement Options available to the Ombudsman	
Staff Activities	26
Outreach Pictures: People We Have Seen and Places We Have Been/Courtesy Visits	
Staff of the OFSO	
Farewell to Staff of the OFSO	
List of Participating Financial Service Providers	
Notes	



The Office of the Financial Services Ombudsman (OFSO) has achieved much since it was established eight years ago. Starting off with jurisdiction over only the banking system (the commercial banks), the creation of the Office served as a catalyst for commercial banks to upgrade their internal dispute resolution mechanics to better address customers' complaints. In April, 2005 insurance companies were brought under the scheme which was further expanded in March 19, 2009 to encompass the non-banks.

One measure of the scheme's success is the reduction in the number of complaints handled by the OFSO. From a high of 156 in 2004, the number of complaints against commercial banks fell to a low of 15 in 2010. Complaints against insurance companies have also fallen though not by the same amount. It is interesting that the member institutions themselves have reported a declining trend in complaints at in-house resolution centres.

Since its inception, the Ombudsman Scheme has been voluntary, not under-pinned by legislative authority. One unfortunate consequence of this has been that the jurisdiction of the OFSO has been constrained to a minimum list of activities to which all licensees are prepared to agree. Consequently, a significant (and increasing) number of complaints

Foreword

Ewart S. Williams

Governor

Central Bank of Trinidad and Tobago

received by the Ombudsman are outside the Terms of Reference. This has the potential to undermine the credibility of the Office.

In the aftermath of the international financial crisis, regulators in both advanced and emerging market countries have increased focus on financial literacy and protection for consumers of financial services. The recent financial turmoil in Trinidad and Tobago suggests that these issues should also be among our immediate priorities.

The OFSO has a critical role to play in achieving these objectives. There is now a strongly held view that to enhance its effectiveness, the OFSO must broaden its mandate and increase its capacity to provide protection to consumers of financial services. The Financial Institutions Act (FIA) 2008 includes a requirement for mandatory subscription of all licensees to an external dispute resolution mechanism, approved by the Central Bank. A similar provision is being proposed for inclusion in any new Insurance Act. The next logical step would be to provide a formal statutory framework for the OFSO which gives the Office a broader reach along with sanctions to promote compliance. This is a standard feature of OFSOs' in several other jurisdictions.

In closing, I would wish to specially commend the staff under the leadership of the recently appointed Financial Services Ombudsman, Ms. Suzanne Roach, for their untiring efforts during the year. It was a period in which there were several changes in the establishment and in which the customers tended to have heightened fears; nevertheless, they were able to successfully address the complaints and to raise awareness and understanding of the purpose and function of the Office. I have every confidence that they will continue to rise to the challenges in the period ahead.

A handwritten signature in black ink, appearing to read 'Ewart Williams'.

Ewart S. Williams

Governor

Central Bank of Trinidad and Tobago



I assumed office on May 1, 2010 with the mandate from the Governor of the Central Bank not only to address complaints of consumers of financial services but also to increase the public's awareness of the Office of the Financial Services Ombudsman (OFSO). Over the past year, it has been my distinct pleasure to work with all our stakeholders in meeting these objectives. I wish to take this opportunity to thank everyone for their unstinting support and assistance.

During the year, the OFSO focused a great deal of attention on engaging the public in discussions with a view towards obtaining a deeper understanding of their concerns. We formulated a strategy in which we took education to the people. The Ombudsman visited the branches of member institutions and held seminars with a number of interest groups throughout Trinidad and Tobago.

While the OFSO maintained the targeted timeframe within which to resolve complaints, we were also able to make some new strides. During the year we:

- Reached agreement with member financial institutions to increase the OFSO's processing limit on third party property damage claims under a motor policy from \$25,000 to a maximum of \$50,000 with effect from January 1, 2011. This

Preface

Suzanne Roach

Financial Services Ombudsman
Trinidad and Tobago

is an important first step, but given the cost of parts and repairs, we know that this is just the beginning.

- Initiated dialogue with the internal dispute resolution units of member institutions in order to foster a greater degree of cooperation in the conduct of claims processing.
- Paid courtesy visits to several member insurance institutions throughout Trinidad and Tobago and obtained commitment for adherence to the Claims Guidelines.
- Held meetings with various community groups and non-governmental organizations to inform them about the services of the OFSO.
- Met with key stakeholders in Tobago including The Tobago House of Assembly; The Rotary Club of South West Tobago; The Tobago Division, Trinidad and Tobago Chamber of Industry and Commerce and The Tobago Hotel and Tourism Association. We also sought to improve the services offered during our bi-monthly visits to Tobago.
- Began discussions with Loss Adjusters with a view towards gaining adherence to a Code of Standards.

Our outreach activities revealed recurring complaints with regard to the Insurance Sector notwithstanding the decline in reported complaints. These included inadequate settlement offers, undue delay in resolving complaints, denial of claims, inconsistencies in the treatment of valuations from Loss Adjusters, non-adherence by several companies to the procedures stated in the Claims Guidelines established by the Central Bank, insufficient explanation of products being sold and some questionable practices to force settlement.

While there were fewer complaints with regard to the banking sector, the level of public dissatisfaction was unacceptable. Many of the concerns raised fall outside the Terms of Reference of the OFSO, but

they suggest a need to revisit its scope. Issues raised pertained to the level of service fees and charges, the spread between the rates of interest on loans and deposits, the spread between the buying and selling rate of foreign currencies, the downward adjustment to property values and the delay in the downward adjustment to mortgage rates when interest rates fall.

The broad variety of issues raised called for a range of responses. Where the matter fell outside the Terms of Reference, we referred them to the relevant agencies. In general, we sought to ensure timely investigation and prompt action for redress and to promote a greater level of understanding of consumers' rights and responsibilities. In addition, we stepped up collaboration with the National Financial Literacy Programme (NFLP) to increase the public's knowledge base on financial products and services and enhanced co-operation with the Financial Institutions Supervision Department of the Central Bank with a view to introducing standard guidelines for Loss Adjusters.

8

Our interaction with member institutions, analysis of comments made at stakeholders' meetings, the core problems and related issues giving rise to these, provided the rationale for the theme of this year's activity "Strengthening the Role of the OFSO". It has been a full and rewarding year. I am particularly

grateful for the opportunity to have met so many of our stakeholders and customers. The success over the past year has been as a result of the support given by the financial service providers; the ground-work provided by my predecessors Mrs. Judy Chang and Ms. Anne Marie Narine and most importantly the work of the dedicated and committed staff of the OFSO. I wish to extend my thanks to them all. I also wish to thank the Governor of the Central Bank for the confidence he has shown by entrusting me with the responsibilities of this Office.



Suzanne Roach
Financial Services Ombudsman
Trinidad and Tobago

Report for the year ended December 31, 2010

Report on Banking/Non-Banking Complaints

COMPLAINTS RECEIVED by the OFSO

In 2010, the Office of the Financial Services Ombudsman (OFSO) received 15 complaints about issues in the banking/non-banking sector. This was 7 complaints fewer than in 2009 (Table 1). The decrease in banking complaints from 2009 can be partly attributed to the effectiveness of the procedures and systems of the internal dispute resolution units that the sector has developed to handle customer complaints, as well as to the level of communication and cooperation between the OFSO and the industry. It may also well be a reflection of the limited scope of the OFSO's authority as a significant number of complaints fell outside of its Terms of Reference.

Table 1

Banking Complaints Processed by the OFSO		
	2010	2009
Brought Forward	3	2
Received	15	22
Subtotal	18	24
Resolved	16	21
Carried forward	2	3

TYPES OF COMPLAINTS

The major areas of complaints remained unchanged from previous years. A significant proportion of complaints about the banking industry were related to the dissatisfaction with banking transactions, bank accounts and card services. These complaints increased to 54 per cent of the total in 2010 compared with 46 per cent in 2009. Two other categories, 'Loans and Credit' and 'Fees and Charges' accounted for a further 30 per cent of the total. (Table 2)

Table 2

	2010		2009	
	Total	% of Total	Total	% of Total
Accounts and Transactions	4	27	7	32
Card Services	4	27	3	14
Fees and Charges	2	13	2	9
Loans and Credit	3	20	5	23
Mutual Funds	0	0	1	5
Credit Policies and Decisions	0	0	1	5
Service and Advice	1	7	0	0
Other	1	7	3	14
TOTAL	15	100	22	100

OUTREACH EXPERIENCE

Notwithstanding the decline in banking complaints, during outreach sessions customers expressed a great deal of concern about:

- the quality of service rendered by the banks;
- the level of service fees and charges;
- the spread between the rates of interest on loans and deposits;
- the spread between the buying and selling rate of foreign currencies;
- the downward adjustment of property values; and
- the delay in downward adjustment to mortgage rates when interest rates fall.

Report on Insurance Complaints

COMPLAINTS RECEIVED by the OFSO

The OFSO received 291 new complaints against insurance companies in 2010 which represented a 17 per cent reduction from the previous year. This combined with the 61 cases that were brought forward from the previous year meant that there were a total of 352 complaints to be addressed. During the year the OFSO completed and closed 249 of these complaints. Complaints related to third party claims for motor vehicle damage or injuries in excess of \$25,000 fell outside the OFSO’s Terms of Reference. As a result 50 of the complaints received were referred to the Financial Institutions Supervision Department (FISD) of the Central Bank. This restriction was eased after December 31, 2010 as the OFSO was able to get insurance companies to agree to expand the limit of its authority to \$50,000. At year’s end there were 53 complaints in process for completion.

assistance with matters related to health plans, annuities and insurance policies.

Figure 1

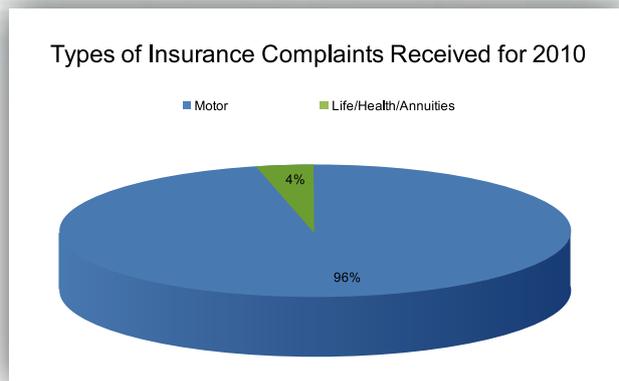


Table 3

Summary of Insurance Complaints Processed		
	2010	2009
Brought Forward	61	46
Complaints Received	291	351
Referred to the Central Bank	50	66
Processed by the OFSO	241	285
Closed	249	270
Carried Forward	53	61

DISTRIBUTION OF COMPLAINTS

In 2010, 58 per cent (168) of the complaints lodged with the OFSO were directed mainly at three companies. This is a decline from the total of five companies which dominated in prior years. The reduction was due to the suspension of one company’s operations by the Financial Institutions Supervision Department of the Central Bank under Section 68 (2) of the Insurance Act Chapter 84:01 while there were far less complaints against the second company.

TYPES OF COMPLAINTS

The types of complaints against insurance companies which were received in 2010 were similar to those in the previous year. Accordingly, the vast majority (96 per cent) pertained to incidents involving motor vehicles. There were 12 persons who sought

¹ Withdrawals generally occur for reasons related to the failure of the complainant to supply documentary evidence to substantiate a claim or instances where complainants no longer require the services of the OFSO.

Table 4

COMPANY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Subtotal (OFSO)	FIS D	Total 2010
Company A	22	19	16	19	76	16	92
Company B	9	12	5	11	37	7	44
Company C	8	7	5	5	25	7	32
SUB TOTAL	39	38	26	35	138	30	168
Other Companies	25	28	22	28	103	20	123
TOTAL	64	66	48	63	241	50	291

CATEGORIES OF COMPLAINTS

As in 2009, the major cause of complaints pertained to the quantum of the offer that insurers considered adequate for settling claims. The other major reasons were the undue delay in the payment of claims and the denial of liability of claims made against the insurers.

RESOLUTION OF COMPLAINTS

During 2010, the OFSO was able to successfully resolve 173 complaints by facilitating agreement between the complainant and the insurer. A further 30 per cent of the complaints were withdrawn from the system.¹ Only one complainant sought redress through the legal system.

Table 5

Categories of Complaints	No. of Complaints		% of Total	
	2010	2009	2010	2009
Inadequate	91	109	38	38
Undue Delay	79	99	33	35
Denial Of Claim	65	74	27	26
Other	6	3	2	1
TOTALS	241	285	100	100

EFFICIENCY OF THE COMPLAINTS RESOLUTION PROCESS

The OFSO finalised a larger number of complaints within 60 days from submission than in the previous year. However, at the end of 2010, 20 per cent or 50 of the complaints were in the system for more than 120 days due to insurers seeking legal or other professional advice.

Figure 2

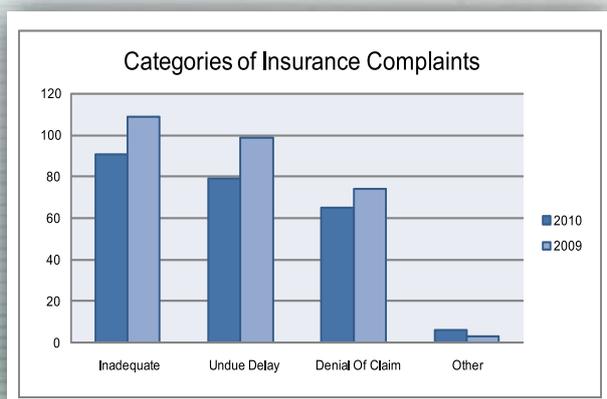


Table 6

	2010		2009	
	Number of Complaints	Per cent of Total	Number of Complaints	Per cent of Total
Resolved Within 30 days of receipt	33	13.25	22	8.15
31-60 days of receipt	68	27.31	58	21.48
61-90 days of receipt	61	24.50	95	35.19
91-120 days of receipt	37	14.86	54	20.00
More than 120 days of receipt	50	20.08	41	15.19
TOTALS	249	100.00	270	100.00

OUTREACH EXPERIENCE

During the outreach sessions there were repeated complaints with respect to the following:

- the poor service rendered by the insurance representatives in response to requests for explanation of policy conditions and settlement offers;
- the lack of explanation provided when a policy is being sold;
- the urgency to have customers sign in settlement of a claim;
- the concept of excess and the loading of premiums;
- the limited number of insurance companies that insure foreign used vehicles; and
- questionable practices to force settlement.

COMPLAINT DEMOGRAPHICS

The demographics of the complaints received shows that many of the complainants were from the eastern and southern areas of Trinidad.

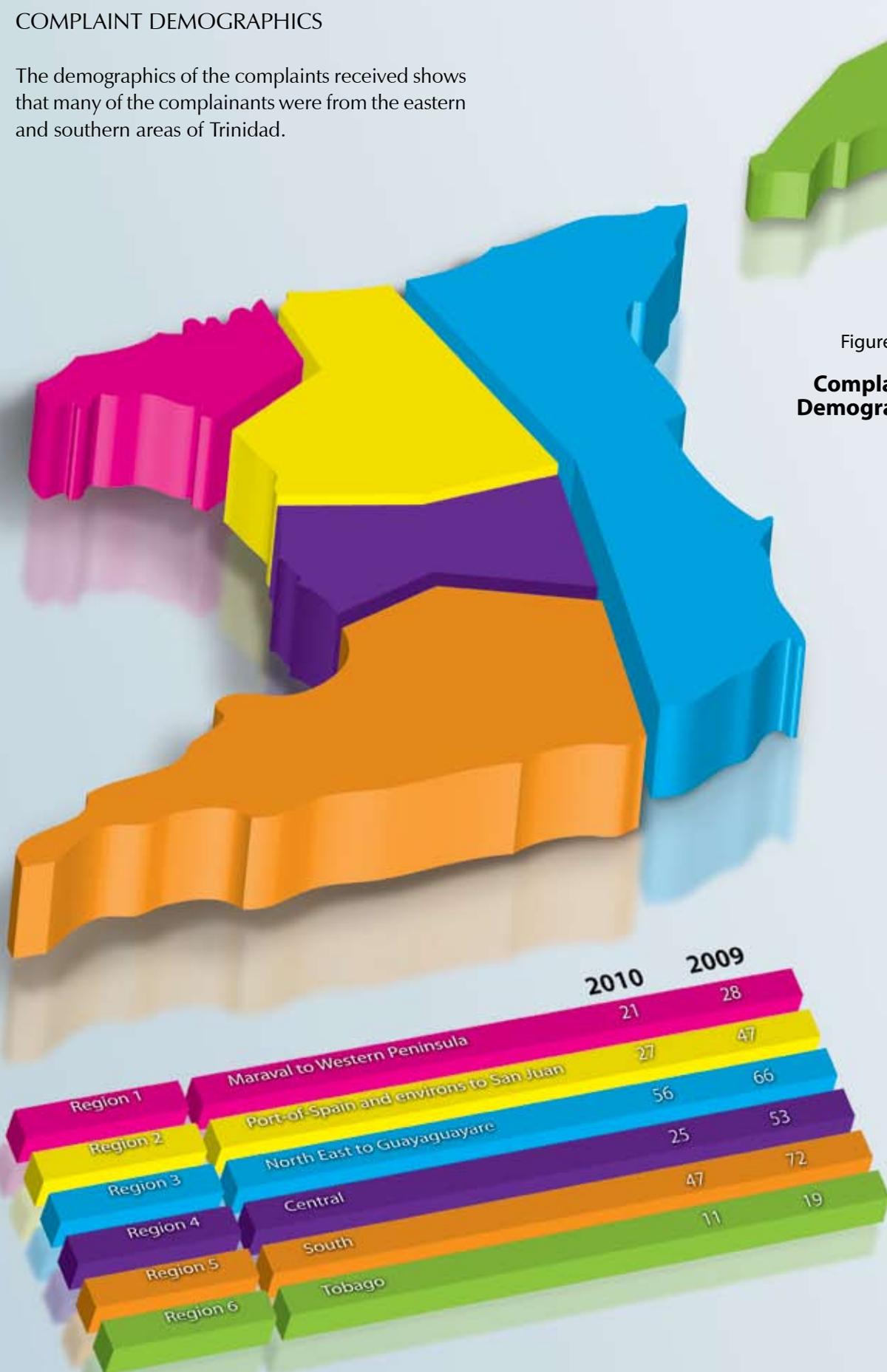


Figure 3
Complaints Demographics

Report on Outreach Programme

The Outreach Programme has become an integral part of the function of the OFSO as emphasis is placed on increasing public awareness of the services provided. Our approach has included site visits, presentations as well as the use of the print media.

SITE VISITS, MEETINGS AND PRESENTATIONS

The Financial Services Ombudsman (FSO) continued to promote the OFSO at meetings with special interest groups. Discussions were held with the Chief Secretary of the Tobago House of Assembly, Mr. Orville London, the Rotary Club of South West Tobago, the Tobago Division of Trinidad and Tobago Chamber of Industry and Commerce and the Tobago Hotel and Tourism Association. During these visits, we sought to educate the public on their rights and responsibilities when conducting financial transactions.



PUBLICATIONS

The publication of the Mediator newsletter continued during 2010. Each publication focused on a specific theme such as Focus on Tobago, Feedback from Consumers, Disaster Preparedness, and Tips on Family Protection. Case studies were used to highlight current issues relating to the Banking and Insurance sectors. The Complaints Process remained a focal point of each issue of the newsletter to make the public more aware of the procedures for lodging complaints. To further increase public awareness, 3,210 copies of the Mediator were mailed to different

locations in Trinidad. In Tobago, 5,000 flyers were placed in the Tobago News on the weekends prior to the OFSO's bi-monthly visit.

In 2010, arrangements were finalised for the Financial Services Ombudsman to publish a bi-monthly column in the print media. The series began on January 18, 2011 with the topic Do You Know About the OFSO? The intention is to use this addition as an avenue to explain issues that affect the financial services industry.

Table 7

Distribution of Mediator

Issue/Date	Area	Qty
Issue #5: Dec 2009 800	Cumuto	400
	River Estate	400
Issue # 6: March 2010 410	Cedros	200
	Tabaquite	49
	Guaico	61
	Santa Flora	100
Issue #7: June 2010 1,000	Williamsville	53
	Siparia	317
	Rio Claro	126
	Palo Seco	75
	Lower Santa Cruz	200
	Piarco Gardens, Arouca	20
	OFSO	9
	Crescent Gardens, Arouca	200
Issue #8: Sept 2010 1,000	Mount Hope, San Juan/Barataria	300
	Mount Lambert ,San Juan/Barataria	350
	Dow Village, California	100
	Esperanza, California	100
	Macaulay Park, California	15
	New Settlement, California	60
	OFSO	25

WEBSITE

The website was upgraded with a new feature to alert recipients when new information is uploaded to the site. We noted a positive correlation between updates and the number of hits on the website. For 2010, there were 2,068 visits to the website from 79 countries and territories (www.ofso.org.tt)

Table 8

Visits to the Website

COUNTRY/TERRITORY	NUMBER OF HITS
Trinidad and Tobago	1,368
United States	193
India	102
Canada	76
United Kingdom	64
Philippines	19
Barbados	17
Australia	17
Malaysia	15
Czech Republic	10
Netherlands	10
France	9
Germany	9
Sri Lanka	8
South Africa	8
Jamaica	7
Cyprus, Ireland, Indonesia, China	6 each
Turkey, Singapore	5 each
Russia, Venezuela, Taiwan, Hong Kong, Thailand	4 each
Belgium, South Korea, Guyana, Haiti, Denmark, Netherlands Antilles, Nigeria, Romania, Ukraine	3 each
Austria, Italy, Vietnam, Azerbaijan, Portugal, Mexico, Tanzania, Pakistan, Israel, Chile, New Zealand, Bahamas, Spain	2 each
Cuba, Montenegro, Côte d'Ivoire, Egypt, Poland, Kyrgyzstan, Namibia, Lebanon, Algeria, Dominican Republic, Cambodia, Kenya, Peru, Guatemala, UAE, Malta, Serbia, Lesotho, Guernsey, Suriname, Sweden, Switzerland, Nicaragua, Finland, Ghana, Bangladesh, BVI, Bahrain, Costa Rica	1 each

INTERNATIONAL AFFILIATION

The OFSO is a member of the International Network of Financial Services Ombudsman Scheme and has contributed articles to the e-bulletin published by the network.

The Financial Services Ombudsman accepted an invitation to attend the 6th Biennial Conference of the Caribbean Organisation of Ombudsman (CAROA) in Curacao in November 2010. The theme was "Integrity-The Foundation of Good Governance".

Report on Staffing and Training

During the year, there were several changes in the staff composition. Ms. Ann Marie Narine, the former Financial Services Ombudsman demitted office on April 30, 2010 after a successful 2-year engagement and was succeeded by Ms. Suzanne Roach. Ms. Roach was previously the Manager of the Internal Audit Department at the Central Bank. Two other officers, Mr. Selwyn Trim and Mrs. Natalie Abraham-Syriac also left the OFSO, the former on retirement (November 5, 2010) and the latter to pursue a different career (December 30, 2010). The OFSO welcomed Ms. Lygia Moore on November 15, 2010. Ms. Moore worked for several years at the Central Bank prior to joining the OFSO.

Given the turnover of staff in the year, emphasis was placed on building knowledge of the OFSO and strengthening relationships with similar offices in other jurisdictions. The OFSO participated in the on-line forum of the International Network of the Financial Services Ombudsman Scheme, networking with overseas colleagues to increase awareness of mediation techniques and the formal complaints process in these jurisdictions.

Kudos from the **Public**

Thank you!
Wanting you to know
that your kindness and
thoughtfulness will always be
remembered

I wish to say
thank you for your
assistance in the
matter and that your
service was very warm
and pleasant

Finally, thank you
for your much
needed assistance
regarding my
complaint.

I wish to thank your office
for its swift and effective
attention, intervention and
pursuit of this matter on
my behalf.

You are
appreciated more
than you realize.
Thank you.

Case Studies **Banking**

ATTEMPTED ATM WITHDRAWAL

Jane gave her ATM card to her mother to withdraw funds from her account because Jane could not get time to go to the Bank. Her mother went to the ATM machine and attempted to withdraw the money from Jane's account, but encountered some problems using the ATM machine.

While at the ATM, she telephoned Jane to verify her Personal Identification Number (PIN) and attempted to withdraw the money a second time, but was unsuccessful. She decided to cancel the transaction and the card was returned to her.

Later that day, Jane visited another ATM and discovered that her account was missing \$500.75 and reported the matter to the bank.

The bank investigated the matter and found that there was a legitimate ATM withdrawal of \$500.00 from Jane's account on the same day. Jane was not in agreement with the bank's findings and brought the matter to the OFSO.

The OFSO made enquiries with the bank and advised Jane that under the Card agreement with the Bank, the Cardholder is responsible for the safety of the ATM card and the confidentiality of the PIN. If the customer is found to have disclosed the PIN, the Bank is under no obligation whatsoever to enquire or verify whether any use of the card and PIN is in fact the act of the cardholder or has been done with due authorization.

The OFSO upheld the Bank's decision and the complaint was withdrawn.

WIRE TRANSFER OF POUNDS STERLING (£) TO BANK ACCOUNT

A wire transfer of one thousand, five hundred pounds (£1,500) was made from a UK bank to the local bank account of Mrs. Smith in November 2009. However, her bank account was only credited in April 2010.

During that period, Mrs. Smith assumed that the money went missing and requested the UK bank to place a stop-payment on the cheque and to reissue another cheque for £1,500 for which she was charged a fee.

When the original cheque was eventually located and the funds credited to her account, Mrs. Smith was informed by her local bank that the exchange rate for Pound Sterling to TT dollars had decreased significantly since November 2009, so she would receive much less than expected.

Mrs. Smith was not satisfied with the bank's decision and requested the assistance of the OFSO because she believed that the bank should compensate her for the difference in the exchange rates and any charges that were incurred.

The OFSO investigated the matter and it was discovered that the funds were transferred to one bank (the handling bank) and a cheque was issued and dispatched to the customer's bank. Unfortunately, the cheque was misplaced and later discovered in April 2010, when her account was credited.

The bank agreed to reimburse the difference in the exchange rates of November 2009 and April 2010 and any other charges that were incurred as a result of the delay in depositing the funds to her account.

Case Studies Insurance

DENIAL OF DEATH CLAIM PROCEEDS ON LIFE POLICY

Mr. R. took out a life policy in 2006 and named his sister Ms. E as the beneficiary. In 2010, her brother, the insured died and Ms. E made a claim to the insurance company for the proceeds of the policy.

After several months of trying to obtain a status on the claim, Ms. E was eventually advised verbally by a representative of the insurance company that according to their investigations, her brother died from a pre-existing condition which was not disclosed by him at the time of completion of the application for the insurance. As a result, the company denied the payment of the claim. Ms. E very disappointed and totally dissatisfied with the company's decision sought assistance from the Office of the Financial Services Ombudsman.

20

After a review of her complaint, the Ombudsman's Office made enquiries to the insurance company regarding Ms. E's claim. In their response, the company reiterated that after perusal of the medical information by their Medical Consultants, they were advised that the insured's death was caused by a pre-existing condition and on that basis the claim was being denied.

This information was communicated to Ms. E who refuted the company's view that her brother, Mr. R misrepresented the facts on the application form. She further maintained that according to her knowledge, Mr. R was never informed by a medical practitioner or any other individual of any existing medical condition and was never treated for any condition. The complainant stated that she was prepared to accept the company's position, once the company was able to produce irrefutable evidence that her brother suffered from a pre-existing medical condition and/or was being treated for a medical condition before making the application for the insurance.

After much deliberation on this claim the insurance company agreed to honor the claim and pay the proceeds of the policy to Ms. E, the named beneficiary. The OFSO notified the complainant of the company's position. She was satisfied with the

outcome and thanked the Ombudsman's Office for its intervention in bringing her matter to a satisfactory resolution.

DENIAL OF LIABILITY: BREACH OF CONTRACT –“VEHICLE NOT MAINTAINED IN AN EFFICIENT CONDITION”

Mr. C was driving his vehicle along a Main Road, when another vehicle travelling in the same direction indicated to turn left. Mr. C manoeuvred his car to overtake the vehicle but at the same time, the driver changed direction and pulled back right. To avoid a collision, Mr. C applied brakes and veered to the left, losing control of his vehicle and ran off the road. Mr. C having comprehensive motor insurance made a claim to his insurance company.

After several months, the insurance company advised Mr. C that his claim was denied on the grounds that one of the policy conditions was breached. This condition stated that the insured is required to maintain the motor vehicle in an efficient condition. Mr. C not satisfied with the outcome of his claim came to the Office of the Financial Services Ombudsman seeking assistance.

After a review of the complaint, the Ombudsman's Office wrote to the insurance company enquiring as to their position on Mr. C's claim. In their response, the company explained that the report submitted on the complainant's vehicle by the Loss Adjuster indicated that the vehicle was outfitted with "..... smooth front tyres..." and the ".....tyre thread depth was 0.2mm, well below the legal minimum....."

Given this information, the Ombudsman's Office was of the view that the facts of the complaint, as presented by both parties, indicated that the company followed all the necessary steps in the discharge of its obligations and were within their legal rights to void the policy and deny the claim.

Subsequently, our Office advised Mr. C of the company's final position. The complainant presented no further information/evidence to support his claim against his insurer and the complaint was eventually closed.

Objectives and Procedural Arrangements of the OFSO

ESTABLISHMENT AND OBJECTIVES OF THE OFFICE

The Office of the Financial Services Ombudsman (OFSO) opened its doors to receive complaints from customers of the banking industry in May 2003; the insurance industry in May 2005 and the non-bank financial institutions in 2009.

The Office was established by an Agreement between the Central Bank of Trinidad and Tobago and the banking and insurance companies. The names of the participating financial service providers are printed towards the back of this report.

“The objectives, processes and procedures for resolution of complaints for the commercial banks are the same as for the insurance companies. A summary of the Terms of Agreement follow:

The aim is to provide independent, fair, confidential and prompt resolution of complaints using the criteria of best practice in the financial services sector and fairness in all circumstances.

The Office provides a legitimate and independent channel through which complainants (individuals and small businesses) not satisfied with the treatment received from any of the participating financial institutions concerning any financial service or product, may file a complaint with the Office and seek redress.

A complainant must first seek resolution at the financial institution where the problem arose. If the matter is not resolved satisfactorily at that level, the complainant can then lodge a complaint with the Ombudsman.

The Office is not a court of law. The process is relatively informal.

The Ombudsman’s decision is based on four basic criteria:

1. overall fairness and equity;
2. general principles of best practice;
3. accepted industry standards and codes of conduct; and
4. due regard to the law.

The recommendations of the Ombudsman are not binding except when an Award is made by the Ombudsman and accepted by the customer.

The customer does not surrender his/her legal rights and is free, at any time, to explore other options for resolution of his/her complaint including taking the matter to court.”

Scope of Services

The OFSO can consider matters relating to a wide range of products and services offered by the banks and insurance companies. Generally, the OFSO will investigate issues related to:

Banks and Non-banks

- Deposit Accounts
- Loan Accounts
- Investment Services
- Trust Accounts
- Mutual Funds

Insurance

- Life policies
- Individual Annuity contracts
- Fire and general insurance
- Third Party Property Damage claims under a Motor Policy to a maximum of \$50,000.00

The main objectives of the OFSO are:

- (a) to receive complaints arising from the provision of financial services to individuals and small businesses ; and
- (b) to facilitate the settlement of these complaints.

Key Objectives for 2010

The key objectives of the Office of the Financial Services Ombudsman (OFSO) were to:

- resolve complaints in a way that is impartial, fair, accessible, timely, informal, efficient and free to consumers, and to award fair redress where appropriate;
- encourage the resolution of complaints before they reach the OFSO, by working closely with participating financial institutions;
- encourage the elimination of the sources of financial complaints, by providing clear information about the lessons learned from our work through the publication of case studies;
- have well-trained and highly-motivated staff members who are efficient, effective and flexible, and who will make good use of technology;
- coordinate work with the regulator, the Central Bank, so far as is consistent with the independent roles of the OFSO; and
- ensure stakeholders understand the role of the OFSO and to instill confidence by remaining responsive to their needs.

Complaints Process at the OFSO

COMPLAINT GUIDELINES

Before the Ombudsman's Office can accept a complaint, the following guidelines must be considered:

- The matter must have first been referred to the institution at which the complaint arose and the complainant is still not satisfied with the outcome.
- The subject of your complaint must have first occurred on or after January 1, 2003 in the case of a banking complaint and after January 1, 2004 in the case of an insurance complaint.
- The complaint must not be related to the institution's general risk management policies, general rate of interest offered, or the pricing of products and services, such as premium rates, fees and charges.
- The matter must not currently be or have been before the courts or an arbitration body or any other dispute resolution process.

MAKING A COMPLAINT

- The complaint must be in writing on the prescribed form. (Forms are available at our Offices or can be downloaded via our website).
- The form must be signed by the Complainant and the authorized representative, if necessary.
- It must state the names and addresses of both the Complainant and the branch of the bank or insurance company.
- The facts pertaining to the complaint must be supported by any relevant documents. Also, you should include the nature and extent of the loss suffered and the relief being sought from the OFSO.

RESOLUTION OF COMPLAINT

The Ombudsman's Office will assess your complaint to determine whether it falls within its Terms of Reference. Thereafter, all attempts are made to settle the dispute by Agreement between the two parties, that is, yourself and the financial institution.

If no Agreement is reached, then a full investigation is launched into the matter leading to the making

of a Recommendation or finally to an Award by the Ombudsman to settle the matter.

The complainant does not surrender his/her legal rights and is free, at any time, to explore other options for the resolution of his/her complaint including taking legal action. In this case the OFSO will consider the matter closed at that stage.

For Further information, you may contact or visit:

The Office of the Financial Services Ombudsman

Located at:

The First Floor, Central Bank Building, Eric Williams Plaza,
Independence Square, Port of Spain • Tel: 625-4921 Ext.2685/2681/2675/2650
and The Division of Finance and Enterprise Development
(Tobago House of Assembly), Glen Road, Scarborough • Tel: 635 0981

Email: info@ofso.org.tt

Website: www.ofso.org.tt

Complaints Outside of The Jurisdiction of the Ombudsman

Certain complaints are not investigated since they are specifically excluded under the terms of reference. These include competitive issues which are better left to the dictates of market forces.

The areas outside of the jurisdiction of the OFSO are:

(i) Those specifically excluded:

Insurance

- Premium rates and/or underwriting decisions
- Actuarial tables, surrender values, paid-up values, bonuses or investment rates as they apply to life and long-term insurance policies
- Pensions under Group Pension Plans and Deposit Administration Schemes
- Alleged false or misleading marketing practices
- Unacceptable service except where it relates to service of a monetary nature
- Third party personal injury claims arising out of a motor accident
- Matters barred by law
- A claim where the amount is more than TT\$500,000 in respect of first party matters and TT\$50,000 in respect of third party property damage under a motor policy

Banking

- General rates of interest, offered or charged
- Fees and charges
- Risk management policies or pricing of the products

(ii) Matters that are currently or have been before the courts or an arbitration body or other dispute resolution process.

(iii) Matters that have occurred before January 1, 2003, in the case of a banking complaint and before January 1, 2004 in the case of an insurance complaint, except where the complainant only became aware, and cannot be expected to become aware, of the matter after those dates respectively.

Complainants retain their legal rights and are free to pursue the matter in court if they are not satisfied with the decision of the OFSO. However, if a complainant decides to go to the court or an arbitration body first, the option of bringing the matter to the OFSO is not available since both of these processes are final and binding.

Settlement Options available to the Ombudsman

The options available for resolving financial complaints at the OFSO are as follows:

1. Settlement by Agreement;
2. Recommendation by the Ombudsman; and
3. Award by the Ombudsman

Settlement by Agreement

This involves mediation between the financial institution and the complainant to arrive at an agreed position. The majority of the complaints are resolved in this manner.

Recommendation by the Ombudsman

If no Agreement is reached between the financial institution and the complainant, either party may request the Ombudsman to make a Recommendation for settlement or withdrawal of the complaint. Once the recommendation of the Ombudsman is accepted by the complainant and the financial institution in full and final settlement, the matter is resolved at this stage.

If any one of the parties, the complainant or the financial institution, does not accept the recommendation made by the Ombudsman, the matter may be taken to the final stage.

Award by the Ombudsman

If the complaint is not settled by Agreement or Recommendation, the Ombudsman may make an Award. The Award is limited to \$500,000 and must not be greater than the amount required to compensate the complainant for direct loss or damage suffered by reason of acts or omissions of the institution.

If accepted by the complainant, the Award is binding on the financial institution. If not accepted by the financial institution, the Ombudsman is obligated to report the non-compliance to the Governor of the Central Bank.

Although the Ombudsman has the power to make Recommendations and Awards, the preferred route is that of reaching agreement via mediation to find a solution acceptable to all parties and this has been the case thus far.

STAFF ACTIVITIES

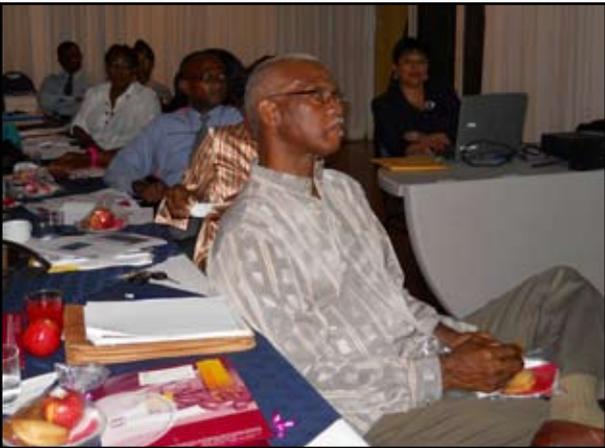
OUTREACH *Pictures*



Tobago Hotel and Tourism Association Meeting



The Inner Wheel, St. Augustine



Rotary Club of South West Tobago



University of Southern Caribbean Financial Symposium



Governor Ewart S. Williams and Mr. Peter Hinchliffe at the Annual Meeting 2009

Places We Have Been / People We Have Seen

Visit of the Ombudsman, Royal Bank of Canada

Luncheon with First Citizen's Bank Executive Team

The Tobago House of Assembly

The Rotary Club of South West Tobago

The Tobago Division, Trinidad and Tobago Chamber of Industry and Commerce

The Tobago Hotel and Tourism Association

Soroptimist International of St. Augustiune

The Soroptimist International National Association Annual General Meeting (Tobago)

The Inner Wheel of St. Augustine

The Institute of Internal Auditors (Trinidad and Tobago Chapter)

The Information Security Audit and Control Association of Trinidad and Tobago

The University of Southern Caribbean (Staff Financial Symposium)

The Nigerian High Commission (50th Independence Anniversary Celebration)

Courtesy visit to Trinidad and Tobago Insurance Limited (TATIL)

Financial Symposium (Point Fortin)

The Division of Finance and Enterprise Development (Tobago House of Assembly)

Fourth Annual Tobago Economic and Business Outlook Conference



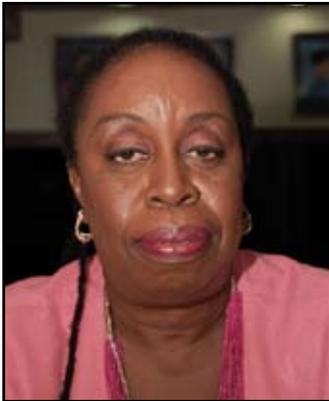
Courtesy Visits

- San Fernando - Algico, GTM Insurance, Capital Insurance, Colfire, Demarara Life, Furness Anchorage, Motor One, New India Assurance, Gulf Insurance, Presidential Insurance, Guardian Life of the Caribbean, MEGA, Sagicor, TRINRE.
- Chaguanas - Bankers, MEGA, Motor One, The Beacon Insurance, Capital Insurance, COLFIRE, Guardian Life of the Caribbean, Presidential Insurance, Sagicor, TRINRE, New India Assurance,
- East West Corridor - Sagicor, The Great Northern, New India Assurance.
- Tobago - MEGA, Maritime (Scarborough), Scotiabank (Scarborough), Cable 5 Television station, 211 Information Technology Centre
- Port of Spain - Tatil Head Office, Banking, Insurance and General Workers Union (BIGWU)

OFSO Staff *Pictures*



Suzanne Roach
Financial Services Ombudsman



Lygia Moore
Resolution Officer



Karen Thompson-Morris
OFSO Technician



Susan Morris
OFSO Assistant



Nicola Robinson
Assistant Resolution Officer



Cbar - Ann Thompson
Administrative Assistant

Farewell to Staff 2010



Ann Marie Narine , Selwyn Trim and Nataile Abraham - Syriac

Participating Commercial Banks and their Subsidiary Licensed Financial Institutions

- Bank of Baroda (Trinidad and Tobago) Limited
- Citibank (Trinidad and Tobago) Limited
Citicorp Merchant Bank Limited
- FirstCaribbean International Bank (Trinidad and Tobago) Limited
- First Citizens Bank Limited
First Citizens Asset Management Limited
First Citizens Trustee Services Limited
- Intercommercial Bank Limited
Intercommercial Trust and Merchant Bank Limited
- RBTT Bank Limited
RBTT Merchant Bank Limited
RBTT Trust Limited
- Republic Bank Limited
Republic Finance & Merchant Bank Limited
- Scotiabank Trinidad and Tobago Limited
Scotiast Trust and Merchant Bank Trinidad and Tobago Limited

Participating Non-Bank Financial Institutions

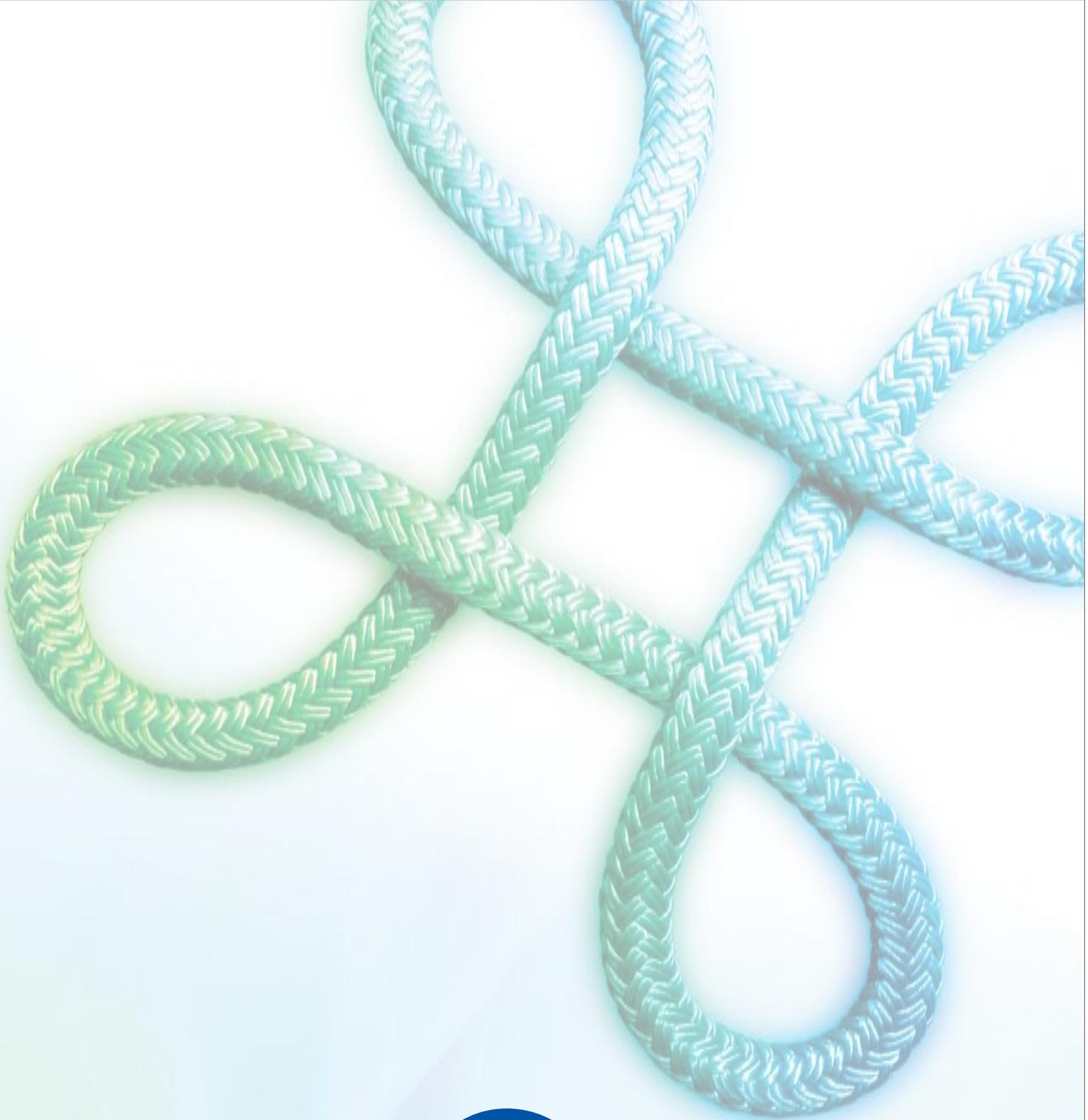
- ANSA Merchant Bank Limited
- AIC Finance Limited
- Caribbean Finance Company Limited
- Development Finance Limited
- Fidelity Finance and Leasing Company Limited
- General Finance Corporation Limited
- Guardian Asset Management Limited
- Island Finance Trinidad and Tobago Limited

Participating Insurance Companies

- American Life and General Insurance Company (Trinidad and Tobago) Limited
- Bancassurance Caribbean Limited (Guardian Group)
- Bankers Insurance Company of Trinidad and Tobago Limited
- British American Insurance Company (Trinidad) Limited
- Capital Insurance Limited
- Colonial Fire and General Insurance Company Limited
- Colonial Life Insurance Company (Trinidad) Limited
- Cuna Caribbean Insurance Society Limited
- Furness Anchorage General Insurance Limited
- GTM Insurance Company Limited
- Guardian General Insurance Limited
- Guardian Life of the Caribbean Limited
- Gulf Insurance Limited
- Maritime General Insurance Company Limited
- Maritime Life Caribbean Limited
- Mega Insurance Company Limited
- MotorOne Insurance Company Limited
- Sagicor General Inc.
- Sagicor Life Inc.
- Scotialife Trinidad and Tobago Limited
- Tatil Life Assurance Limited
- The Beacon Insurance Company Limited
- The Demerara Life Assurance Company Trinidad and Tobago Limited
- The Great Northern Insurance Company Limited
- The New India Assurance Company Limited
- The Presidential Insurance Company Limited
- The Reinsurance Company of Trinidad and Tobago Limited
- Trinidad and Tobago Insurance Limited
- United Insurance Company Limited



Notes



**OFFICE OF THE
FINANCIAL SERVICES OMBUDSMAN**

For Further information, you may contact or visit:

The Office of the Financial Services Ombudsman

Located at:

The First Floor, Central Bank Building, Eric Williams Plaza,
Independence Square, Port of Spain • Tel: 625-4921 Ext.2685/2681/2675/2650

and the The Division of Finance and Enterprise Development
(Tobago House of Assembly), Glen Road, Scarborough • Tel: 635 0981

• Email: info@ofso.org.tt • Website: www.ofso.org.tt