



OFFICE OF THE
FINANCIAL SERVICES OMBUDSMAN

**PROMOTING
RESPONSIBLE
CONSUMER
BEHAVIOUR
AND
CONSUMER
PROTECTION**



ANNUAL
REPORT
2013



MISSION STATEMENT

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



PROMOTING RESPONSIBLE
CONSUMER BEHAVIOUR
AND CONSUMER PROTECTION

CONTENTS

Foreword by the Governor
of the Central Bank of Trinidad and Tobago

01

Preface and Report by the Financial Services
Ombudsman

05

Report for the year ended December 31, 2013

10

- Overview
- New Initiatives
- Report of Banking Services
- Report of Insurance Services
- Complainant Geographics
- Outreach Programme
- Staffing and Training
- Kudos received for the year 2013

Case Studies

24

- Banking 1: ATM Malfunction
- Banking 2: Late Fees and Interest on Loan
- Insurance 1: Double Jeopardy: Overtaking and Overtaking
- Insurance 2: Earthquake Damage

Objectives and Procedural Arrangements
of the OFSO

28

- Establishment and Mandate
- Key Objectives
- The Complaints Process
- Complaints Outside of the Jurisdiction of the Ombudsman
- Settlement Options available to the Ombudsman

CONTENTS

Outreach

34

- Places we have been/People we have seen/Courtesy visits

List of Participating Financial Service Providers

38

- Commercial Banks
- Non-Bank Financial Institutions
- Insurance Companies

Notes

39



OFFICE OF THE
FINANCIAL SERVICES OMBUDSMAN

FOREWORD



Good morning,

How often do we hear consumers say, “I did not know what I signed”? This is a very common problem and it is surprisingly easy for decent, responsible people to unwittingly get themselves into financial trouble. If someone has co-signed a loan, for example, they do not always realize that they may have to end up repaying the debt of their friend or family member. They may not even be aware if their personal data has been sold to a third party, and identity theft is becoming more prevalent.

Consumer protection is important for the stability of the financial sector. The experience of the United States shows that, where financial markets have developed a high level of innovation and growth in retail financial services, special attention should be paid to issues of consumer protection and financial literacy.

As former US Treasury Assistant Secretary for Financial Institutions Michael Barr noted, “The consumer protection regime could not stem a plague of abusive and unaffordable mortgages and exploitative credit cards, despite clear warning signals. It cost millions of responsible consumers their homes, their savings and their dignity. And it contributed to the near collapse of the financial system.”

Retail consumers operate in a marketplace where imbalances of power, information and resources are on the side of financial institutions. At its heart, consumer protection seeks to address this imbalance. Consumer protection should give consumers accurate information in simple, plain and comparable language before they buy a financial service or product. Consumer protection is meant to give consumers access to a fast, inexpensive and efficient mechanism for resolving disputes with financial institutions ... and consumer protection seeks to give consumers financial education when they want it and in the form they want it.

However, we must not be deluded. Improved consumer protection and financial literacy can identify preventative measures to help avoid some of the worst financial consumer abuses. But they are not “silver bullets” to solve all problems in consumer finance.



Here in Trinidad and Tobago, household use of financial services has been rapidly rising in recent years. Consumer debt stood at \$25 billion in 2013, up from \$19 billion in 2009. Mortgage debt rose still more rapidly, from under \$7 billion in 2009 to over \$10 billion in 2013. Credit cards in active circulation are currently running at almost 200 thousand cards, while consumer credit card debt stands at around \$2 billion. At the same time, households have increasingly become more responsible for funding their own pensions while buying insurance policies and investing in securities and mutual funds. Households are also heavy users of remittances which averaged US\$100 million in the past decade.

This rapid growth of household use of financial services over the past few years has been accompanied by an increase in the number of households that have difficulty in understanding the risks and obligations that they assumed – or even the full range of choices available.

Ladies and Gentlemen, at last year's Annual Breakfast Meeting, I indicated that the Central Bank and the Office of the Financial Services Ombudsman (OFSO) had commissioned Mr. David Thomas to prepare a report on upgrading Trinidad and Tobago's existing regime of financial consumer protection, in line with international best practice. David Thomas had previously served as Chairman of the International Network of Financial Services Ombudsman Schemes and was the Chief Ombudsman of the Financial Ombudsman Service in the United Kingdom.

I also indicated that once we accepted the report, it would form the basis for a Proposed

Policy Document (PPD) on upgrading the regime of financial consumer protection. I am pleased to announce that Mr. Thomas submitted his Final Report, entitled "Financial Services Ombudsman in Trinidad and Tobago: A Strategy for the Future," and this report was accepted by the Central Bank and the OFSO. We now have a Draft PPD as the starting point for initial discussions and consultations with key stakeholders in the financial services industry.

The Draft PPD explores and details the statutory creation of a financial ombudsman scheme with its foundation enshrined in law. The Draft PPD takes the following into account:

- Developments in financial markets;
- International best practices in financial consumer protection, especially the World Bank's Good Practices for Financial Consumer Protection and experiences from seven (7) Commonwealth countries with legal FSO frameworks;
- The Terms of Reference Agreements between the OFSO and its participants; and
- The first ten (10) years of the OFSO's existence and experiences.

Please allow me to elaborate on what I consider to be some of the main legislative proposals in the Draft PPD.

Perhaps the first and most critical legislative proposal relates to changing the voluntary nature of the Financial Services Ombudsman regime to one under-pinned by legislative authority. Under the present voluntary system, if there is an emerging issue that can only be

FOREWORD

dealt with by amending the Terms of Reference agreements, the support of all members has to be sought and received. Experience has shown that this is a difficult feat to accomplish. In fact, in one particular instance, all but one of the 46 participants in the Scheme supported a particular issue. As a result, the matter remained out of the jurisdiction of the OFSO.

The Draft PPD proposes to establish in law a Scheme known as the Office of the Financial Services Ombudsman (OFSO). The OFSO will be an independent body corporate headed by the Financial Services Ombudsman who will have various powers and duties. The Scheme shall be the only Alternate Dispute Resolution Scheme approved by the Central Bank for institutions regulated under the Financial Institutions Act and the Insurance Act. In other words, as long as a financial institution is regulated by the Central Bank, it will be mandatory for it to be part of the Scheme. Under a mandatory system enshrined in law, Parliament would be approached in order to effect any change through an amendment to the legislation.

Governance is the second, critical legislative proposal. Ideally, the Office of the Financial Services Ombudsman should be independent of consumers and of the financial services industry, whose disputes are being handled. In deciding cases, the Ombudsman also needs to be independent of the Central Bank, because the Ombudsman is acting as an alternative to the courts. So it is helpful for the Ombudsman's Office to have an independent board, with a balanced membership reflecting persons with an understanding of regulation, the financial industry and consumer protection.

The Draft PPD recommends that the Board be appointed by the Governor of the Central Bank for a period of three (3) years. The Board shall comprise five (5) Directors: a Chairman and four (4) other Directors with understanding in regulation and financial consumer concerns. It is advised that Directors should be fit and proper.

Specifically, the composition of the Board should include:

- Two independent Directors;
- One Director with understanding of financial regulations;
- One Director with understanding of financial service providers concerns; and
- One Director with understanding of consumer concerns.

Regarding the Chairman, the Draft PPD recommends that the Chairman be one of the independent Directors. Apart from being knowledgeable in financial matters and well respected in the financial community, it would be desirable if the Chairman of the OFSO is a retired Judge or a distinguished legal mind and a certified mediator in civil, non-family matters.

The role and function of the Board would be to take a strategic overview and ensure that the OFSO is properly resourced and able to carry out its work effectively and independently. As such, the Draft PPD recommends that the Board will have no role with respect to how the Financial Services Ombudsman or the Scheme deals with a particular complaint.

The work of the Board shall be reflected and reported in its Annual Report. The Report shall be presented to the Governor who, in turn, will



submit it to the Minister with responsibility for Finance and who would be accountable for laying the Annual Report in Parliament.

The Draft PPD also deals with the appointment, tenure and termination of the Financial Services Ombudsman.

The Financial Services Ombudsman shall be:

- The Chief Executive Officer of the Scheme;
- Equal in status to the Inspector of Financial Institutions; and
- Entrusted with day-to-day management, administration, direction and control of the business of the Scheme.

The Draft PPD recommends that the Board appoint the Financial Services Ombudsman for a period not exceeding five (5) years, and the FSO shall be eligible for reappointments for further periods of three (3) years at a time. The Board may appoint a Deputy FSO to support the work of the Ombudsman Scheme.

A third legislative proposal revolves around the coverage of financial businesses. The voluntary nature of the Ombudsman scheme has restricted the jurisdiction of the Office to a narrow list of complaints to which banks and insurance companies have agreed. However, a substantial number of complaints received by the Ombudsman are outside its Terms of Reference.

For banking and insurance matters, the Draft PPD recommends that the OFSO consider in three broad cases. These areas are as follows:

1. There has been maladministration in reaching a commercial judgment, opening or closing account, issuing/renewing a policy, or handling a claim;
2. There has been alteration (without a legitimate reason that is set out in the relevant contract) of an interest rate, charges, or the terms of the contract; and
3. There has been provision of misleading advice or documents.

The Draft PPD recommends that the FSO shall have no power to consider complaints in several cases. These are as follows:

- A practice or policy of a financial institution that does not itself give rise to breach of any obligation or duty owed by the institution to the Complainant;
- A financial institution's general interest rate policies and pricing of products and services;
- Risk policies;
- Investment rates;
- Credit decisions;
- Personal injury claims arising out of a motor vehicle accident;
- Matters barred by law including time-barred matters;
- A claim where the amount is more than \$1 million in respect of first party matters and \$1 million in respect of third party property damage under a motor policy;

FOREWORD

- A matter that may be before the Court or another arbitration body; and
- The dispute would be more suitably dealt with by the Court or another body.

Finally, in order to deliver on this expanded mandate the OFSO would need to be better resourced with the skill sets and talent as its jurisdiction and workload grows. The staff complement in the Ombudsman's Office are currently seconded from, or approved by, the Central Bank. The Draft PPD recommends that once a statutory Office of the Financial Services Ombudsman is established the Ombudsman will have the power to recruit, employ and appoint staff necessary for the proper functioning of the Scheme. The present staff will have the option to choose whether they will remain with the Central Bank or they will be transferred to the legislated OFSO.

Ladies and Gentlemen, the Office of the Financial Services Ombudsman will soon embark on consultations with key stakeholders to obtain their views on these and other proposals contained in the Draft PPD. Subsequently, the PPD would be revised to form the basis for legislative changes.

In concluding, I would like to congratulate Ms. Suzanne Roach, the Financial Services Ombudsman and her staff for their achievements over the past year. I would also like to thank BATT, ATTIC and the THA for their continued strong support for the Ombudsman scheme.

I certainly look forward to your active participation in the upcoming consultations so that the Office of the Financial Services Ombudsman assumes a more prominent role in the country's consumer protection regime in the next few years.

I thank you.



Jwala Rambarran
Governor

(This address was presented at the OFSO's Annual Breakfast Meeting held on May 23, 2014)



BREAKFAST MEETING 2013



PREFACE AND REPORT BY THE FSO



Suzanne Roach
Financial Services Ombudsman

At last year's meeting we made some promises, dreamed some dreams and expressed some desires. As the Financial Services Ombudsman, I will report on the operational aspects of the Office while the Governor in his address will deal with the status of strategic/policy initiatives alluded to our theme – A New Beginning.

How did we do?

2013 continued to be as exciting as 2012. Awareness of our model for complaint resolution and our successes to date paved the way for more local and international engagements. We conducted A Need Analysis which supported our strategy of targeting community activities to reach the public. We

engaged over six thousand (6,000) persons who attended the Ramleela celebrations in Palmiste South Trinidad and those who visited over the nine (9) nights at the Divali Nagar celebrations. We visited with a number of other Interest Groups and the feedback provided showed appreciation for the information delivered and suggested that we increase our awareness programmes to more diverse groups in various geographical locations.

This was not surprising to us since one of our greatest challenges was that of accessibility – physically reaching the citizenry in the rural communities. **Did we overcome?** We held discussions with Mrs. Lynette Stephenson, Senior Counsel, the Ombudsman of Trinidad and Tobago and her staff and identified a number of areas for mutual co-operation. The Ombudsman offered use of her offices in San Fernando and the contact personnel for a number of corporations. We were successful in arrangements with the Regional and Borough Corporations of Sangre Grande, Rio Claro/Mayaro, Couva/Talparo/Tabaquite, Chaguanas and Point Fortin. We began to provide services to these communities during the first full week of every month commencing November 2013.

To sensitize the public about our free services, we employed the services of 'mike men' (with bull horns) and provided flyers to them for distribution in their respective areas. These activities were carried out in the communities two days prior to our visit. In addition, flyers containing information about our presence in the areas were placed in the three daily newspapers.

In addition, we made presentations to the staff at the Borough and Regional Corporations for their own edification and to prepare them to respond positively to visitors to their offices on our off days. The response has been encouraging.

We thank the Ombudsman and the respective Borough and Regional Corporations' management and staff for providing us with accommodation to service the publics of these areas. We will continue to dialogue with other Boroughs and Regional Corporations throughout our twin island republic to ensure that our services reach as many people as is practicable.

Reaching the youth was another challenge faced by the Office. The communication required a faster response and a different level of interaction. The solutions were more technologically savvy applications which became a reality once we launched the re-designed mobile-friendly website. The youth was able to access our services directly from their cell phones.

Feedback on these initiatives to increase accessibility and awareness has been positive and encouraging.

Accessibility for our citizens in the sister isle remained a challenge. We managed this relationship via remote services such as the telephone, email or through the post and via attendance at cultural events, where we engaged all attendees through presentations on our role, function and responsibility. We distributed complaint forms and collected completed forms for processing back in Port of Spain. We continue to work on initiatives that will increase accessibility in Tobago.

We continued our road shows at local community centres and at international forums, providing presentations which urged and

encouraged the public to take responsibility for their actions and to have knowledge of their rights and responsibilities when transacting their financial affairs. We shared our learnings from the complaints lodged at our Office and were encouraged that our theme for 2013 – *Responsible Consumer Protection and Behaviour* – had taken root.

Although there are many positive stories emanating from these road shows about financial service providers - e.g. their willingness to assist, provide explanations, have special areas for the elderly and differently-abled to transact business; water, tea and coffee stations – much more is required. We dialogued with those financial service providers who needed to adhere to their end of the bargain and provided consumers with adequate information to make informed decisions and to be more accountable for their actions.

Members of the public engaged our Office to seek redress from institutions regarding policies for loans (at the ADB, Credit Unions); processes for benefits (at the NIB); tax refunds (at the BIR); refunds for investment with fraudulent investment companies (at the SEC) and status reports on housing applications (at the HDC, HMB, TTMF). Although these complaints were re-directed to the appropriate resolution authorities, their concerns advocate the need for increased communication initiatives between these organizations and their clients.

It should be noted that institutions must ensure that institutional policies are not at variance with one's rights as enshrined in the Constitution. Where such policies could affect members in this plural and multicultural society, where there is freedom to practice one's religion, policies which conflict with one's religion must be properly explained and communicated to the consumer. Customers continue to complain about being denied entry to the banking institution because

PREFACE AND REPORT BY THE FSO

of particular headwear, which they see as an infringement of their constitutional rights. When this ruling is explained: that some head wear hides the face and prevents the banking institution from capturing the facial features on camera, the customer understands and calms down. We implore the financial service providers to give greater attention to the sensibilities, religious customs and cultural values of all of our citizens.

BANKING REPORT

We have a very good working relationship with the banking management and liaison officers and issues are resolved at this level. However, there seems to be a communication gap between information known by this group and those at the counter level within the institutions. Complaints are opportunities to address incorrect perceptions, ignorance or to reflect or to adjust policies and procedures for the benefit of all.

Some of the **noise** in the banking sector relates to:

a. Financial Exclusion

The 60 years+ who are denied a loan facility at commercial banks due to ineligibility for insurance cover and feel forced to borrow from other financial institutions which charge 30%-50% interest on loans. This issue underscores the need for financial training as well as retirement planning early in one's life.

The elderly and the youth (18-25 year group) who do not have two forms of identification, or simply do not have the funds to obtain a passport purely for ID

purposes and who do not have a utility bill in their name. Although the banking sector indicated resolution of this matter, our audience at Outreach sessions remains dissatisfied with the treatment meted out to them when they attempt to open accounts.

Alternative Banking System: The public is in receipt of crossed Government cheques which should be deposited into their bank accounts and cleared. However, lack of a bank account has forced the establishment of an alternative banking system where shop/grocery owners charge a fee (\$50-\$100 spent at the establishment) and then refund the difference in cash. Questions are raised during Outreach Sessions regarding the banking process, given the ruling for encashment of crossed cheques even though they benefit from these types of transactions.

b. Social Costs versus Economical Gains

*In the quest for greater efficiency and speed, we are losing sight of the human element. There has been a reduction of long lines at the teller with the introduction of the ATM – which is great for the younger, more energetic business oriented, time constrained client – **but what about** that target group that wants the physical interaction; who cannot read and comply with the ATM instructions fast enough so that the machine times-out at every trial; who cannot remember their PIN; who put themselves at risk by writing down the PIN or using the same PIN for very account; and those who have to rely on family members or neighbours to assist them as they become less mobile, thereby challenging their sense of independence? For the elderly it's not the fast-paced-plastic - toting - savvy - modern facilities; it's the tried and traditional face-to-face interaction that makes them comfortable.*



There are calls from the public for banks to revisit the strategies applied in selling products to different target groups.

There continues to be a greater noise surrounding the banking sector even though there are fewer formal complaints. One reason which comes to mind is the requirement for everyone to have an account with a banking institution once the receipt/transfer/or disbursement of funds is involved.

INSURANCE REPORT

The **noise** with the insurance sector is different.

Some of the concerns relate to:

a. **Personal Injury and Medical Insurance**

Claims (that are referred to the Inspector of Financial Institutions for resolution):

Imagine the mental state of clients who have been informed of serious life threatening diseases requiring major surgery. They are anxious, depressed and frustrated. Visits to their Employee Plan Providers are met with less than expected compassion, empathy and sensitivity. We urge these institutions to provide adequate explanations humanely regarding employees' benefits especially for major surgeries and illnesses.

b. **Personal/Life Insurance and Investment Policies**

On cashing in investment - type policies, on or near retirement, customers have had the distinct displeasure in finding out that the cash value at the time is a far cry from the projected value or in some cases, they are being told that they now have to pay a much greater premium in order to maintain their coverage.

We implore Financial Advisors to take time to understand their clients' status, financial condition and stage in life before advising them on various types of products. Not all consumers are financially savvy,

understand the intricacies of investment products or the cash flows or are in positions to sustain payments of their investments.

c. **Limited number of insurance companies offering coverage for motor cycles and for motor vehicles over 15-20 years old.**

d. **Handling of Claims**

Claimants are not aware of the basic rules regarding

1. **The settlement of their motor vehicle claims;** for instance explanations pertaining to:

- the application of Trade Discounts;
- the application of Deduction of Excess or Deductibles;
- the application of Depreciation;
- the definition of Constructive Total Loss; and
- the difference between Full Comprehensive and Third Party cover.

2. **Terms and Conditions of Policy Contracts:**

- the designation of the Beneficiary; and
- clarification of terms such as Cash /Fund Values, Sum Assured and Surrender Value.

We urge that companies engage their staff in on-going training to enhance their customer service skills set and product knowledge in order to best serve the customer.

CONSUMER REPORT

This report would be incomplete without the other side to this equation – **The Consumers. Have they been responsible in their actions?**

Consumers also have to exercise their due diligence when managing their financial affairs. The OFSO has been able to identify some areas where consumers need to be more responsible and vigilant.

PREFACE AND REPORT BY THE FSO

a. Property Insurance

There is a lack of appreciation for terms and conditions stated in the policy. Some only read the policy after an incident, earthquake or flood. It is only then that some realize that their property is under or inadequately insured. This includes inadequate or no coverage for household contents – furniture and fixtures, electronics, computers, clothing and jewellery.

b. Bridging Finance/Mortgage Rates/ Release of Security

*Banking procedures regarding bridging finance are not fully understood by the public. Quantum of bridging interest paid is cause for concern especially when home construction is delayed. Consumers' inability to obtain completion certificates for homes under construction causes much distress; **but this is not the fault of the banking institution.** It requires the consumer to add funds for contingencies. Trying to change the terms of agreement because of faulty planning is irresponsible. Consumers are advised to discuss procedures for fund disbursements, quantity surveyors reports etc with the appropriate personnel before engaging in this type of activity.*

Consumers whose financial situations changed and have delinquent mortgage loans faced the threat of losing their homes. Customers are advised to dialogue with the financial institutions in order to address the situation.

c. Uninsured drivers – driving without adequate insurance cover or no insurance including:

- Those persons who purchase a motor vehicle with the balance of the insurance cover. **There is no such thing** – when a vehicle is sold, the policy terminates.
- Private motor vehicles which are being plied as hired vehicles (taxis) or mini-vans for transporting goods and school children;
- Failure to report accidents to insurance companies.

d. Young/inexperienced drivers (18-25 year old) not named on the parent's policy. We strongly urge parents to include these children on insurance policies. **Do the right thing.** The results are much more favourable.

e. Individuals who are happy to receive dividends but want lower fees and charges and who refuse to attend shareholders' meetings to voice their dissatisfaction or change or influence institutional policies.

f. Individuals who purchase investment policies and when their financial circumstances change want to opt out without paying penalties as stated in the signed contracts.

g. Others refuse to follow due process – i.e. first lodging complaints with the financial service providers and if they remain dissatisfied with their decision then filing a formal complaint with this Office.

Conclusion

A simple resolution to all issues cited above would be a commitment by all stakeholders for the dissemination of pertinent information and explanations through all various channels of communication e.g.:

- Loans – terms and conditions, penalty clauses, consequences of delinquency, options for the best method of payment; and
- Policies – terms and conditions, excess, under-insurance, co-insurance, determination of liability, traffic laws and regulations.

Yes, we have more to do. The more we visit and share, the more we realize that there is so much more to do to change the perception from one of being a victim to one of being empowered. Vulnerable groups suffer the most and the worst. To alleviate the difficulty of these groups, we must continue to provide public information which leads to a knowledgeable and empowered consumer.

As I close, honour and homage must be paid to Almighty God for giving us the strength, commitment, fortitude, grace and compassion to perform our various roles and respond to our various stakeholders.

We say thank you to:

- Governor Rambarran for his continued support, recognition and commitment to the development of the Office;
- To the management and staff of The Financial Service Providers who continue to work with us for the benefit of customers and for a sound and stable financial sector.
- The Corporate Communications Department especially Charlene, Adanna and her team, the Graphic Artists and the Audio Visual Technicians for their invaluable contributions;

- The Administrative Services Department, especially the chauffeurs who provide their invaluable service and logistics;
- The Legal Department for assisting with our legal issues;
- The Information Technology Department, our Website Designer and our Mobile Application Designer for their creativity and drive; and
- Last but certainly not least, my team, the persons behind the fair and impartial resolution process – Lygia, Lester, Annalisa, Deborah-Jean, Karen, Angeline, Stacy-Ann, Helen and Andrew - who allow me to give of my best.

Ladies and gentlemen, We Can Help, and our services are Free.

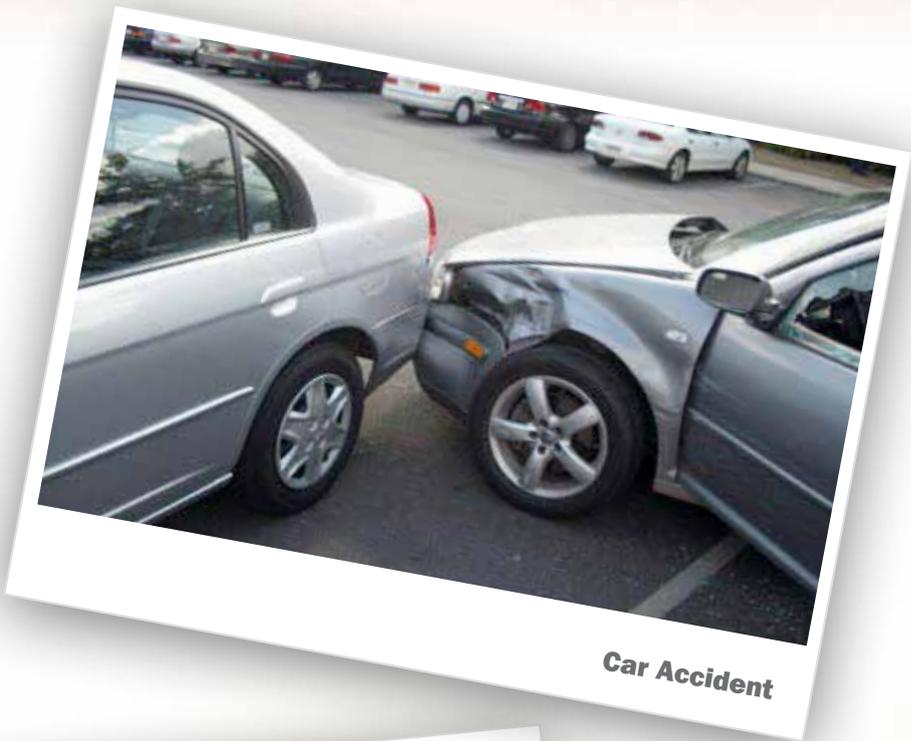
I obliged to you for the privilege on this occasion.

Thank You.



Suzanne Roach
Financial Services Ombudsman

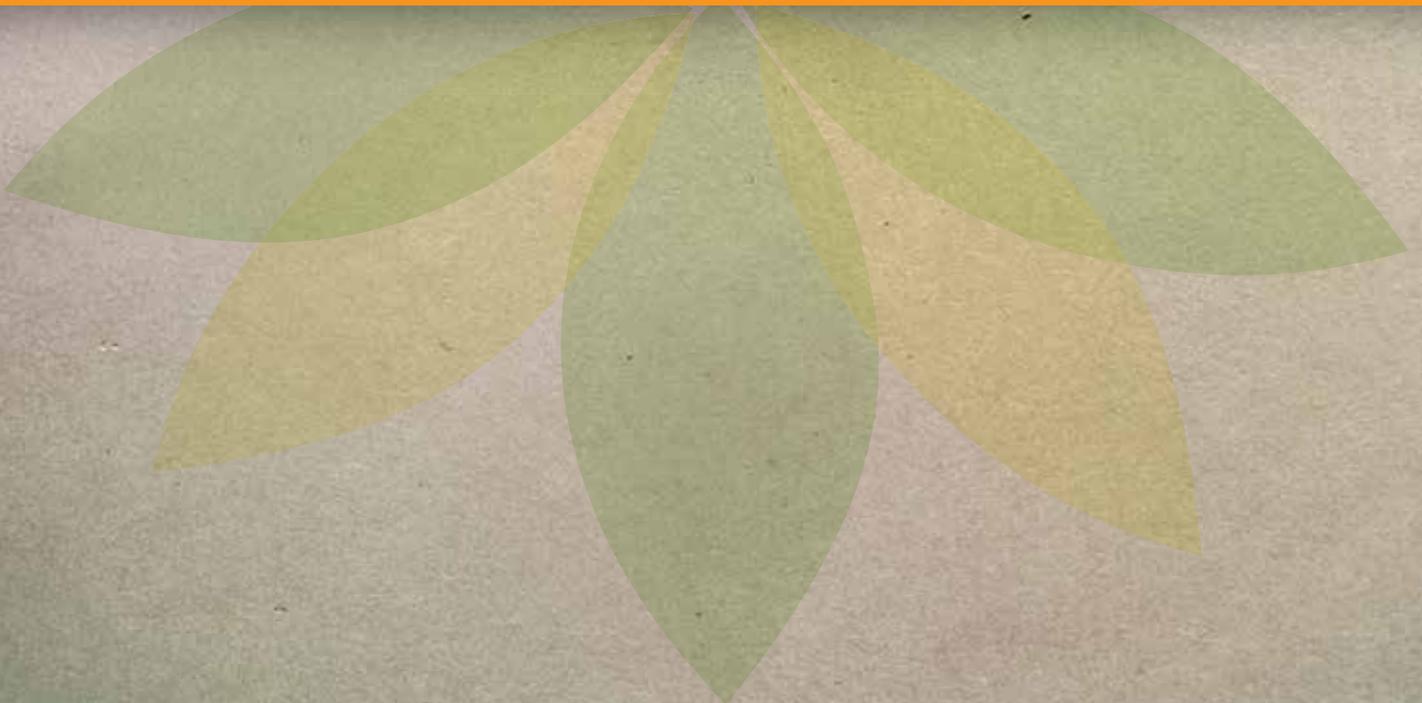
(This address was presented at the OFSO's Annual Breakfast Meeting held on May 23, 2014)





OFFICE OF THE
FINANCIAL SERVICES OMBUDSMAN

REPORT FOR THE YEAR ENDED DECEMBER 31, 2013



REPORT FOR THE YEAR ENDED DECEMBER 31, 2013

OVERVIEW

The Office of the Financial Services Ombudsman (OFSO) experienced a marginal increase in enquiries in 2013 (from 761 in 2012, to 838 in 2013), of which 37 per cent (310) became formal complaints. The other 63 per cent represented concerns about other financial institutions not regulated by the Central Bank, Government agencies and other matters not related to banking or insurance.

Total new complaints to the OFSO (banking and insurance) from members of the public fell by 2.8 per cent, from 319 (in 2012) to 310 (in 2013).

Although complaints related to the insurance sector formed 95 per cent of the total complaints, there were 10 fewer complaints than in the previous year.

There were 16 complaints against the banking sector in the same review period.

INITIATIVES

It must be noted that while the theme changes annually, it is a representation of an area of focus. The initiatives that are adopted form policies that are continuous and develop over time.

In 2013 our theme 'Promoting Responsible Consumer Behaviour and Protection' allowed us to become a more customer centric organization, one which embodies a system that continually monitors and improves its performance, engages actively with its stakeholders and is responsible to the public which it serves.

To the OFSO, it meant that:

- The website was redesigned and updated to become a more customer friendly form of communication. This medium will be further enhanced by the inclusion of access to social media;
- The complaint form was simplified but lengthened so that there is more writing and more importantly, the information is more comprehensive;
- The three year Strategic Plan was completed and presented. This will see the OFSO becoming a legislative body - the move from a voluntary to a mandatory scheme and allowing for the approval to expedite several initiatives. The Policy Proposal Document met the completion deadline of December 31, 2013. Our human capital was enhanced as an attorney-at-law was hired to assist in this regard; and
- Investment in the staff capabilities through training and development to ensure that expertise remains up to date and relevant; also enhancing techniques to encourage flexibility in embracing and accommodating the new trends in the financial landscape.

FINANCIAL INCLUSION

Financial inclusion as part of financial literacy was another initiative adopted by the Agency in 2013. Financial inclusion has been on the international agenda since 2000 as it is seen as an avenue for poverty reduction and development in less developed countries and among certain groups.

It is broadly defined as 'the ability of an individual, household, or group to access appropriate financial services or products.' By extension, it is the delivery of financial costs to disadvantaged and vulnerable segments of the society.



REPORT FOR THE YEAR ENDED DECEMBER 31, 2013

These groups are mentioned in the literature and are described as those who have to be encouraged to join the system. They include persons who:

- Are unable to access affordable credit;
- Do not want or experience difficulty to obtain a bank account. (In our research, the young and the elderly are the groups mainly affected here);
- Are financially at risk (are uninsured);
- Are not able to budget; and
- Do not know how to make the most of their money.

These groups are also categorized as the financially excluded.

In 2012, the Agency participated in the Commonwealth Secretariat's Conference on Financial Inclusion in Financial Literacy which was held at the Central Bank of Trinidad and Tobago and attracted a wide cross-section of interested stakeholders. This forum assisted in broadening our involvement in the financial arena. From that meeting, the FSO received invitations in 2013, to speak at the Second UNCITRAL Colloquium on Microfinance which the United Nations Commission on International Trade Law (UNCITRAL) convened in Vienna, 16-18 January 2013 and the Train the Trainer Workshop which dealt with Entrepreneurship through Financial Literacy hosted by the Commonwealth Secretariat and the Bank of Sierra Leone, West Africa in 25-26 June 2013.

This aspect of consumer training was added to our Outreach Programme and we included the concerns of the financially excluded in our deliberations with the Bankers Association of Trinidad and Tobago (BATT). Some of these concerns are:

- Access to banking facilities for the differently-abled and the visually impaired;
- The difficulties experienced by the elderly in accessing credit;

- Opening accounts for young persons and the elderly; and
- The challenges faced by the functionally illiterate in understanding the operations of ATMs and in comprehending and signing documents.

YOUTH INITIATIVE

Integrating the youth into the Agency's outreach programme began in 2011 when representatives met with secondary school students to discuss savings accounts and financial literacy. The focus has since developed, particularly as persons between the age(s) of 14 years and 25 years have been identified as "vulnerable" specifically in terms of financial literacy and financial products. In 2013, the focus of the outreach was to meet not only with youth groups but more importantly with first-time employees.

The Agency, through the East Port of Spain Development Company's open symposium, was able to provide information kits to the Beetham Youth Group. Also arrangements have been made for representatives of the OFSO to become facilitators at the next Police Service Training Unit's programme for recruits.

ENQUIRIES

Between January and December 2013, 838 persons contacted the OFSO through various media, 310 enquiries (37 per cent) became formal complaints against financial service providers. 78.7 per cent or 660 Enquiries, were made about insurance matters.

This is the third year that the Agency is reporting on walk-in enquiries. This method of gathering information has developed such that myriad reports can now be generated.

REPORT FOR THE YEAR ENDED DECEMBER 31, 2013

These include:

- geographical location of incidents/events;
- type of institution the query concerns;
- gender of complainant; and
- type of financial institution.

We have found that personal interaction with the public allows the OFSO the opportunity to improve and increase networking with financial service providers, first in terms of resolving issues and secondly learning about the operations of other institutions particularly when the enquiry falls outside our Terms of Reference (TOR). Interpersonal discussion also assists staff in detecting developing trends and consumer attitudes toward events and activities. In this way the Agency is pro-active rather than reactive to emerging situations. The subject of enquiries also often provides topics for discussion and education at our outreach sessions.

Total Enquiries for insurance matters increased marginally to 660 in 2013 from 611 in 2012. The concerns raised in the enquiries mirror those of the formal complaints which are undue delay and insufficient offer for settlement.

The category “Other” comprises queries about credit unions, the Unit Trust, non-financial concerns and queries that fall under the purview of the Government Ombudsman. While the category comprises 8 percent of the total, enquiries in this area have grown by 100 percent, indicating that there is a need for more information about these areas.

DEFINITION

Critical to information gathering is definition. In reviewing the statistical reports on complaints received by commercial banks, it was found that the statistics on complaints were recorded according to the commercial bank’s level of sophistication. Since 2011, the OFSO engaged the financial institutions in discussing this initiative that would lead to greater transparency in statistical reporting. The project on defining a complaint was completed with the commercial banks. They were asked to define a complaint, inform on the institution’s processes for handling complaints and to inform the OFSO on criteria used to decide when a complaint became “formal”.

At a meeting held on November 27, 2013 between representatives of BATT and the Financial Services Ombudsman (FSO), it was agreed that for reporting purposes, a complaint is defined as

‘an expression of dissatisfaction, verbal or written made to a financial institution, related to its products and or services or the complaints’ handling process itself where a response or resolution is explicitly or implicitly expected’.

It was further agreed that the new reporting structure be tested between January and June 2014 so it is not necessary that the TORs be immediately altered. All complaints should be reported to the OFSO, including Routine complaints and Escalated complaints.



REPORT FOR THE YEAR ENDED DECEMBER 31, 2013

REPORT ON BANKING SERVICES

NEW BANKING COMPLAINTS:

As reported by the banking sector, between January and December 2013, new complaints against commercial banks increased from two hundred and twenty nine (229) in 2012 to reach four hundred and sixty one (461) in 2013. (**Table 1 refers*). (These totals are generated from commercial bank statistics).

This increase occurred in spite of the links formed between the commercial bank's liaison officers and the staff of the OFSO. They may be attributed to:

- The public's awareness of their right to voice their concerns both as citizens and consumers;
- The effectiveness of the literacy programmes instituted by commercial banks and non-bank financial institutions which make information available to the public; and
- The effectiveness of the literacy programmes instituted by commercial banks and non-bank financial institutions which encourage queries.

The OFSO received sixteen (16) complaints from customers serviced by the banking sector. This total is not included in the number reported by the institutions to the Office. Overall, the complaints were directed toward services.

TYPES OF COMPLAINTS

In 2013, customer concerns continued to remain centered around the categories accounts and transactions, card services, fees and charges. There were additional complaints about loans and credit. Accounts and transactions and card services reflected sixty three per cent (63%) of the complaints as compared to seventy four per cent (74%) of the total in 2012. Nineteen per cent (19%) of the complaints were directed toward loans and credit. Further, the statistics also indicated growth in the 'other' category to six per cent (6%). (*See Table 2 for comparison 2012/2013*).

Table 1

TOTAL NEW COMPLAINTS: BANKING INSTITUTIONS 2012-2013

	2013	2012	% CHANGE
OFSO	16	15	6.7
*BANKS	461	229	101.3
TOTAL	477	244	95.5

* TOTALS FROM BANK RECORDS

REPORT FOR THE YEAR ENDED DECEMBER 31, 2013

Table 2

BANKING COMPLAINTS RECEIVED BY TYPE

	2013		2012	
	Total	% of Total	Total	% of Total
Accounts and Transactions	8	50	7	47
Card Services	2	13	4	27
Fees and Charges	0	0	2	13
Loans and Credit	3	19	1	7
Privacy and Confidentiality	1	6	0	0
Mutual Funds	1	6	0	0
Credit Policies and Decisions	0	0	0	0
Service and Advice	0	0	1	7
Other	1	6	0	0
TOTAL	16	100	15	100

Table 3

STATUS OF BANKING COMPLAINTS

	2013	2012
Brought Forward	4	12
Received	16	15
Subtotal	20	27
Resolved	12	23
Carried forward	8	4

RESOLUTION OF COMPLAINTS

The OFSO resolved twelve (12) of the twenty (20) complaints that were due for processing in 2013, (60 per cent). (*Table 3: Status of Banking Complaints*). Eight complaints remained in process at the end of the period due to:

- The time that they were lodged at the OFSO;
- The nature of the complaint; and
- Lapse in time period for the exchange of documents/information.

OUTREACH EXPERIENCE

At outreach sessions, customers continued to highlight the following experiences with the banking institutions:

- The quality of service;
- The rigidity of banking regulations forcing those financially excluded to seek high priced borrowing organizations;

- Customer security at ATM's (particularly those that are not enclosed);
- The difficulty senior citizens and youth (teens) have in opening bank accounts;
- Access to banking facilities for the physically challenged;
- Cheques being changed by shopkeepers/supermarkets when these cheques should be deposited into bank accounts; and
- Cultural differences e.g. head gear for religious reasons.

These concerns were shared with the relevant authorities for action.

Also, there is a greater need for the Office to explain its role, function and responsibilities as defined in its TOR. A lack of appreciation for the powers vested in the Financial Services Ombudsman led to our first pre-action protocol letter which was ably handled by the Office's attorney-at-law and the Central Bank's Legal Department.



REPORT FOR THE YEAR ENDED DECEMBER 31, 2013

REPORT ON INSURANCE SERVICES

Although the insurance companies also report to the OFSO on various matters, there is not full compliance, so that reports about activities in the industry are incomplete and give a biased view of what is actually happening.

NEW INSURANCE COMPLAINTS

At the beginning of 2013, there were fifty seven (57) complaints that were “in process” from 2012. Additionally, in the period under review the Office received two hundred and ninety-four (294) new complaints from members of the public against insurance companies, of which seventeen (17) did not fall within our TOR and

were sent to the Market Conduct Unit of the Financial Institutions Supervision Department (FISD) of the Central Bank for processing. Seventy-nine per cent (79%) of the complaints were closed by the end of the year. Also, seventy one (71) complaints were “in process” for 2014; fifty-eight (58) of this total were received by the OFSO in the final quarter of the year. (Table 4a refers)

Further, our statistics (Table 4b) indicate that in 2013, while there were seven (7) less new complaints for processing than in 2012, there was a marginal increase in our public’s concerns about property, life and health insurance (from two (2) in 2012 to nine (9) in 2013).

Table 4(a)

NEW INSURANCE COMPLAINTS

	2013	2012
Complaints Received (new)	294	304
Referred to the Central Bank	17	20
New complaints for processing	277	284
Brought forward	57	53
Total for Processing	334	337
Resolved/Closed	263	280
Carried Forward	71	57

Table 4(b)

TYPES OF INSURANCE COMPLAINTS PROCESSED

	2013		2012	
	No. of Complaints	% of Total	No. of Complaints	% of Total
Motor	268	96.8	282	99.3
Property	3	1.1	0	0.0
Life/Health/Annuities	6	2.2	2	0.7
Total	277	100	284	100

REPORT FOR THE YEAR ENDED DECEMBER 31, 2013

Table 5

DISTRIBUTION OF INSURANCE COMPLAINTS BY COMPANIES

COMPANY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Subtotal (OFSO)	FISD	Total 2013	Total 2012
Company A	21	22	25	11	79	5	84	95
Company B	6	10	6	7	29	3	32	37
Company C	6	5	7	9	27	1	28	34
SUB TOTAL	33	37	38	27	135	9	144	166
Other Companies	43	34	34	31	142	8	150	148
TOTAL	76	71	72	58	277	17	294	314

DISTRIBUTION OF COMPLAINTS

The majority of complaints were received by the Office in the first nine months of the year, an average of twenty three (23) complaints were recorded for processing monthly. Company A continued to dominate the system as 28.5% of the queries raised by members of the public were against the operations of this institution. The OFSO continued to engage the attention of the Regulator in seeking resolution in this regard. (See Table 5)

In our last report, we referred to the increase in the percentage of complaints in the 'Other' subcategory; in 2013 the total increased from 48.7% to 51%.

TYPES OF COMPLAINTS

In the past, the sources of customer dissatisfaction with insurance companies were the delay in settling the claim (i.e. time from receipt of the complaint to payment of the claim/ the turnaround time) and the amount offered for settlement. (Table 6) In 2013 however, forty (40) percent of the complaints focused on the denial of liability. Of the one hundred and fifty-nine (159) persons, ninety seven (97) were unhappy with the quantum of their settlement and sixty two (62) with the time taken to settle their claims.

Table 6

CATEGORIES OF INSURANCE COMPLAINTS

Categories of Complaints	No. of Complaints		% of Total	
	2013	2012	2013	2012
Inadequate Settlement	97	102	35	36
Undue Delay	62	85	22	30
Denial Of Claim	112	92	40	32
Other	6	5	2	2
TOTALS	277	284	100	100



REPORT FOR THE YEAR ENDED DECEMBER 31, 2013

RESOLUTION OF COMPLAINTS

The OFSO processed three hundred and thirty-four (334) complaints during 2013. The total included fifty-seven (57) complaints that were in the system from the previous reporting period. (Table 7) shows that two hundred and sixty-three (263) complaints were resolved and closed; where sixty-two (62) percent were resolved by agreement between the third party and the insurer. In 2013, there was a greater number of withdrawals both by the OFSO and the complainants than in previous years; the percentage rose from 29 per cent in 2012, to 38 per cent in 2013.

Here are a few reasons why complaints are withdrawn from the system:

- After mediation, the company maintains its' original stance;
- Complainants fail to supply/submit documents to substantiate their claims (e.g. witness statements, bills, receipts etc.);
- Complainants remain dissatisfied with the outcome of their complaint and decide to take legal action; and
- The OFSO after examining the documents that relate to the situation, finds that the complaint is without merit.

Additionally, the FSO utilized the option and recommended awards on two (2) outstanding matters.

Table 7

RESOLUTION OF INSURANCE COMPLAINTS

Complaints Resolved	2013		2012	
	Number of	% of	Number of	% of
Agreement	162	62	198	71
Withdrawals by OFSO	76	29	64	23
Withdrawals by Complainants	23	9	17	6
Referred to Court	0	0	1	0
Transferred to Liquidator	0	0	0	0
Recommendation/Awards	2	1	0	0
TOTAL	263	100	280	100

REPORT FOR THE YEAR ENDED DECEMBER 31, 2013

TIME FOR THE RESOLUTION OF COMPLAINTS

For the past two years, the OFSO has made a concerted effort to shorten the turnaround time to resolving complaints and to maintain open lines of communication with the claims representatives of the insurance companies and the complainants. Particularly in 2013, there were many collaborative sessions between the OFSO and insurance representatives where complaints were discussed, issues clarified and resolution effected.

The Office continued to utilize legal and professional opinions in resolving matters relating to the increasing complexity of motor vehicle claims, such as the nature of collision and determination of liability in multiple car collisions.

Notwithstanding the above, 58 per cent of the complaints were resolved within 60 days of receipt. A further forty-seven (47) complaints were resolved in the next shortest period i.e. 61-90 days and sixty-one (61) cases were in the system for more than 91 days; which is twice the 2012 total. This represents a significant drop

in the turnaround time from 2012, where 74.3 percent of the matters were resolved within the same time period. (See *Table 8*)

We have mentioned the changes that have been initiated to negate bureaucracy in the system and the long turnaround time for the resolution of complaints; however, there are additional challenges that we face that we need to overcome. They include:

- Multi-vehicular accidents and the determination of cause/ proximate cause and liability;
- Delays in investigating complex claims;
- Time to receive the insured's notification of the accident and the report; and
- Delays from company and complainant for the Office to receive documentation.

Table 8

TIME TAKEN FOR RESOLUTION OF COMPLAINTS

	2013		2012	
30 days of receipt	61	23.19	106	37.86
31-60 days of receipt	91	34.60	102	36.43
61-90 days of receipt	47	17.87	41	14.64
91-120 days of receipt	31	11.79	18	6.43
More than 120 days of receipt	33	12.55	13	4.64
TOTALS	263	100.00	280	100.00



OUTREACH EXPERIENCE

These concerns continue to be discussed during outreach sessions and are reflected in the Enquiries to the Office.

- Poor service from insurance representatives when dealing with customers (those that visit offices to make claims/ enquire about the progress of a claim);
- Quality of information given to existing and potential clients;
- The problem of obtaining insurance for foreign used vehicles;
- Policies issued by agencies that are not licensed by the Central Bank of Trinidad and Tobago;
- Obtaining redress from individuals without insurance coverage; and
- Lack of knowledge of Traffic Signs and the Highway Code.



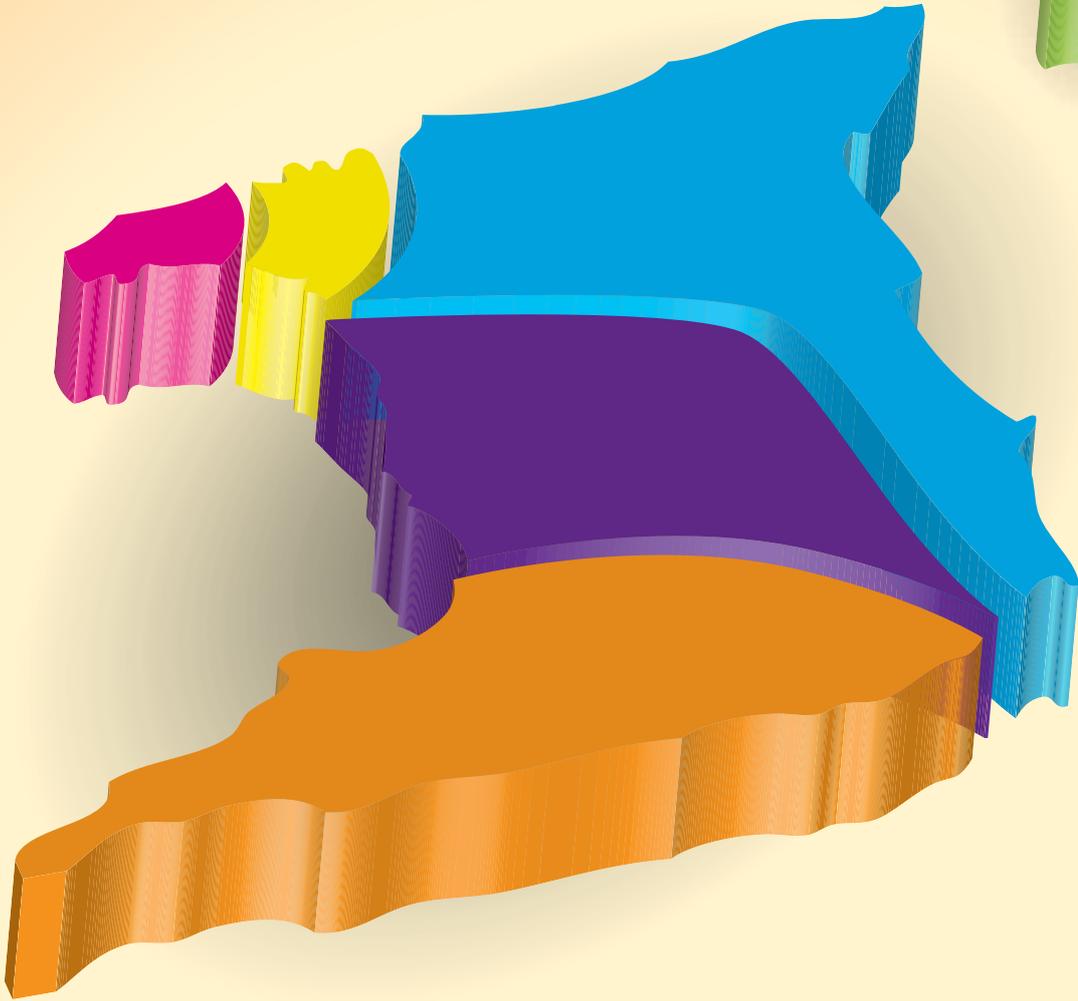
Carapo Progressive Women's group



**Presentation at Brazil Community Centre.
Financial Services Ombudsman Suzanne Roach
and OFSO Staff**

COMPLAINT GEOGRAPHICS

The trend continued with accidents reported in the following regions:



REGIONS		2013	2012
Region 1	St. James/Maraval to Western Peninsula	31	34
Region 2	Port-of-Spain and environs to El Socorro	41	36
Region 3	North East to Guayaguayare	83	83
Region 4	Central	52	69
Region 5	South	64	49
Region 6	Tobago	6	9
TOTAL		277	280

REPORT FOR THE YEAR ENDED DECEMBER 31, 2013

OUTREACH PROGRAMME

2013 was another eventful year for the OFSO with respect to Outreach activities. Although our message is transmitted through various media (print, presentations, radio interviews, television appearances and interpersonal interaction), research showed that there were still sections of our public that remained untouched. During the year, therefore, the Office was involved with projects geared toward meeting the wider public. This entailed meeting people/groups on a more personal level, e.g. through walk-in enquiries and making presentations to small groups, extending our information network to rural areas and also attending events where large groups of persons meet and could be engaged at one time.

Therefore, for the first time, the OFSO [along with representatives of the National Financial Literacy Programme (NFLP)], was present at the Ramleela Celebrations in Palmiste San Fernando and at the Divali Nagar Celebrations in Chaguanas.

SITE VISITS, MEETINGS AND PRESENTATIONS

A presentation on the Role and Function of the OFSO was made to the Senior Achievers Association of Trinidad and Tobago. Similar presentations were made to the Carapo Progressive Women's Group and the Brazil Village Community Group at the invitation of the Division of Ageing, Ministry of the People and Social Development. During the year, representatives of the Agency attended meetings with the Ministry of Legal Affairs and its representatives concerning the Electronics Transfer of Funds Crime Act and with the Deposit Insurance Corporation concerning effective deposit insurance systems. Officer's visits to insurance companies included COLFIRE, Motor One Insurance Company and the Presidential Insurance Company.

WEBSITE

The OFSO website was updated and improved. Connecting the site with other social media sites is part of enhancing the Office's future capabilities. On August 12, 2013, the website was re-launched ensuring delivery of current information to our public in a timely manner.

PUBLICATIONS

Our production of information via the print media was reduced in 2013. During the year, the Office sought to update its operations to cater to trends in the environment and simplify the information sharing process by using fliers and information tips that were topic specific.

BUILDING RELATIONSHIPS

During the year, the OFSO continued to disseminate information by meeting with different sectors and special groups;

- Senior Achievers Association of Trinidad and Tobago (100 info kits);
- Brazil Village Community Group (500 info kits);
- Carapo Progressive Women's Group (75 info kits);
- Soroptomist International Caribbean Region Biennial Conference in Tobago (200 info kits);
- East Port of Spain Development Company Limited (Beetham Youth Group), open symposium (50 info kits);
- Inter Club of Trinidad and Tobago; 2013 International Women's Day Celebrations Concert (700 info kits);
- The Institute of Internal Auditors Trinidad and Tobago Chapter 25th Anniversary Gala Dinner (150 info kits);
- Blue Food Festival, L'Anse Fourmi, Tobago,

REPORT FOR THE YEAR ENDED DECEMBER 31, 2013

(1,000 info kits);

- San Fernando Palmiste and Environs Drama and Visual Arts Society (PANDAVAS) Ramleela Celebration San Fernando, (300 info kits); and
- Divali Celebrations, Divali Nagar site Chaguanas, (3,200 info kits).

OFSO extended scope of operations to include Regional Corporations so as to service the complaints from citizens in those areas.

INTERNATIONAL AFFILIATIONS

The OFSO's membership in the International Network of Financial Services Ombudsman Scheme continues. The FSO and two members of staff attended INFO 2013 in Taipei, Taiwan, where the FSO participated in discussions concerning the development of the Ombudsman Scheme. Participants were encouraged to attend INFO 2014 which will be held in Trinidad and Tobago in 2014.



L-R Lygia Moore, Karen Thompson-Morris and Suzanne Roach at INFO 2013 Taiwan

The FSO attended two international forums to share on the role and function of the Scheme.

STAFFING AND TRAINING

In 2013, there were changes to the staff complement.

Additions to the Agency:

- Mrs. Annalisa Vallabh-Patel-Jean an attorney-at-law joined on May 1, 2013 as a Legal Counsel II; her last posting was as Head, Legal Services of the Ministry of Legal Affairs; and
- Mrs. Angeline Maharaj-Jarvis joined as a Senior FSO Assistant on November 1, 2013. She has been with the Central Bank for twenty-five (25) years having worked in the Exchange Control Department and the Financial Institutions Supervision Department and the Banking Operations Department.

Departures from the Agency:

- Mr. John Martin, Resolution Officer II was transferred to the newly formed Project Management Department;
- Ms. Cynthia Stephenson, FSO Technician was transferred to the Risk Management Department on October 9, 2013; and
- Ms. Cbar Thompson FSO Technician, joined Domestic Market Operations on November 1, 2013.



REPORT FOR THE YEAR ENDED DECEMBER 31, 2013

TRAINING

Training remains the avenue through which the Agency's Human Resources are upgraded and developed and, as such Staff attended the following training sessions during the year:

- Lester Paul: Alternate Dispute Resolution 1, hosted by STITT FELD Handy Group at the Crowne Plaza;
- Lygia Moore: Alternate Dispute Resolution 2, hosted by the Chamber of Commerce;
- Suzanne Roach and Lester Paul: 6th Regional Workshop on Core Principles for Effective Deposit Insurance Systems, hosted by the Deposit Insurance Corporation of Trinidad and Tobago;
- Lester Paul: 5th Biennial International Business, Banking and Finance Conference, hosted by UWI and CBTT.

KUDOS

*Thank you for your
contribution*

*This is to expressly convey
my sincere thanks and
appreciation in recognition
of your kind and generous
assistance*

*Just wanted you all to know that
the good work that was done on my
behalf has not gone unnoticed*

*In this busy world it's wonderful to
know that some people still have the
art of taking time for others -
of giving from the heart.
Thank you so much*

*I take this opportunity to
thank your Office for the
mediator role that it played
in resolving the matter that
was presented*

THANKYOU



**Mr. Douglas Melville,
Ombudsman and CEO,
Ombudsman for Banking
Services and Investment
(OBSI) Canada - Feature
speaker at Annual
Breakfast Meeting 2013**



**OFSO Staff - Lester Paul,
Annalisa Vallabh-Patel-Jean,
Stacy-Ann Richards and
Helen Holder at Ramleela
celebrations in Palmiste
October 2013**

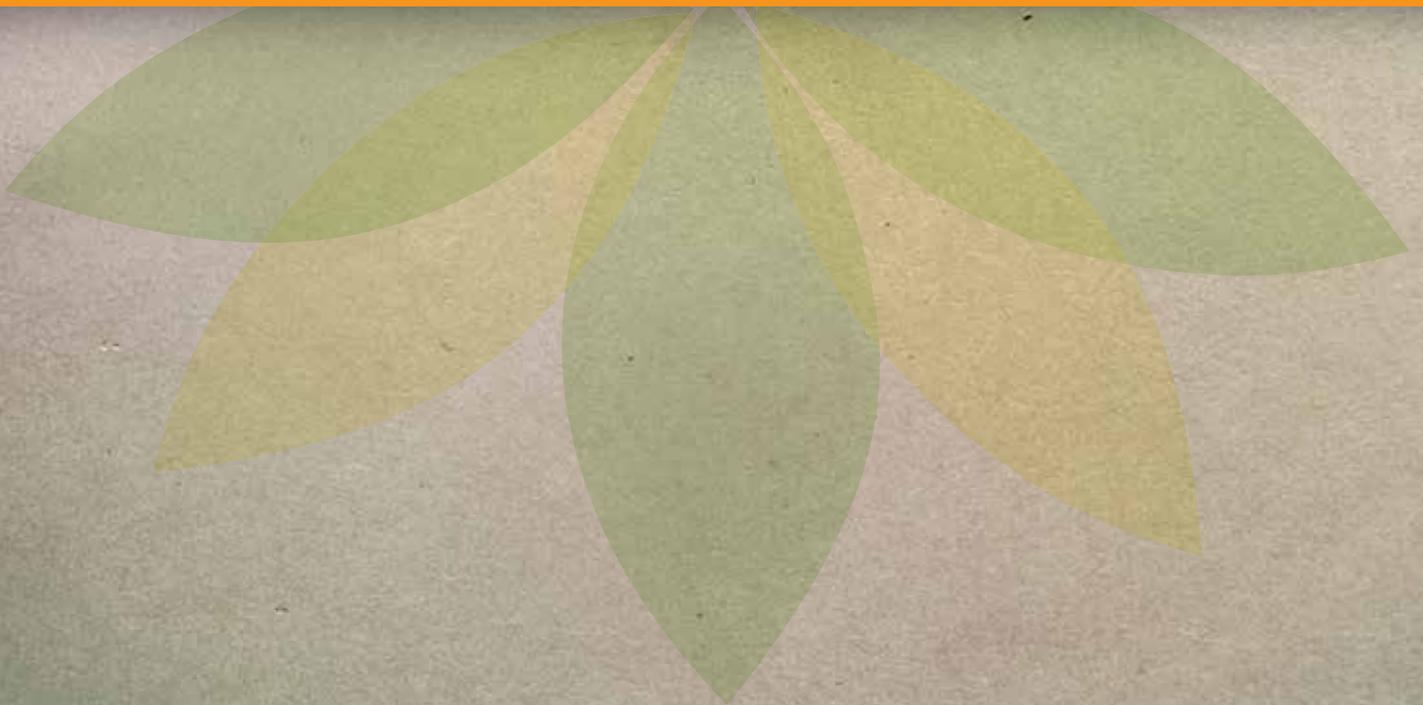


**Stacy-Ann Richards and customer
Ramleela - Palmiste, San Fernando - October 2013**



OFFICE OF THE
FINANCIAL SERVICES OMBUDSMAN

BANKING AND INSURANCE CASE STUDIES



BANKING AND INSURANCE CASE STUDIES

BANKING CASE 1

ATM Malfunction – Customer gets Refund

Mr. J attempted to withdraw funds from his account via his bank's Automated Teller Machine (ATM) one evening. On the first attempt the machine expelled a receipt showing that he had a nil balance in his account. He then attempted to withdraw a reduced amount and again the machine showed a nil balance. A third attempt and a further reduction yielded the same result. He then decided to conduct the transaction at another machine in the same location which also produced a transaction slip showing a nil balance. At that point, Mr. J collected his card and left.

The following day Mr. J attempted to withdraw funds at an ATM in another location and that transaction also failed. He then requested a balance statement, at which time he noted that the funds he attempted to withdraw the previous day had been deducted from his account. He immediately reported the matter to his Home Branch whereby he was informed that the funds had been withdrawn and as such there was nothing that could be done, given the circumstance. After insisting that he did not withdraw the funds the bank agreed to have the matter investigated.

Months later, after several follow-up calls to the bank, Mr. J was advised that the funds were dispensed at the first ATM when he attempted the transaction. However, the said funds were collected by another user after he left the ATM and, as such, the bank concluded that he contributed to the loss since he walked away before the machine expelled the cash. Mr. J refuted this conclusion pointing out that by the machine indicating that he had a nil balance, he would not have been encouraged to wait around for the funds. He was of the view that

the machine malfunctioned and that he was entitled to full restitution by the bank. Having been unsuccessful in securing reimbursement of his funds, Mr. J visited the Office of the Financial Services Ombudsman (OFSO) for assistance.

The Office, upon review of all the details and the circumstances surrounding the matter, enquired into the possibility of the bank making an ex-gratia payment in an effort to resolve the issue which had been ongoing for almost a year. The bank subsequently agreed to make the ex-gratia payment without admission of liability and Mr. J's account was credited accordingly. The matter was thus resolved to the benefit of the customer.

BANKING AND INSURANCE CASE STUDIES

BANKING CASE 2

Late Fees and Interest on Loan

Mr. B had entered a loan agreement with his bank with a repayment schedule of 24 months, which he serviced on a continuous basis to term. He had made a note of the date of the ultimate payment of the loan and so visited his bank on the day. At the bank he requested a Loan Transaction History and paid the balance shown as the final payment. Approximately one month after the final payment was made, Mr. B received correspondence from his bank advising that he had an outstanding balance owing on the loan. He proceeded to the bank in order to have the matter clarified but was not satisfied with the response he received. He was convinced that all payments towards the loan had been made. As a result he visited the Office of the Financial Services Ombudsman (OFSO) to have the matter investigated on his behalf.

The investigation revealed that throughout the lifetime of the loan facility Mr. B failed to meet the deadline dates for payment. This was supported by the repayment print-out which showed that monthly payments were made two to three days after the scheduled date, on a regular basis. As a result there was an accumulated late fee balance on the loan which also attracted interest over the period.

Mr. B was subsequently contacted and provided with an explanation for the outstanding balances. He expressed his satisfaction with the details provided and agreed that he would visit the bank to settle his indebtedness.

BANKING AND INSURANCE CASE STUDIES

INSURANCE CASE 1

Double Jeopardy - Overtaking and Overtaking

One sunny Friday afternoon, Mr. D was plying his wife's taxi along a link road in Petit Valley. On approaching the intersection, a maxi taxi travelling in front stopped to pick up a passenger and a Nissan Almera vehicle directly behind the maxi also stopped. On seeing the two vehicles at a standstill, Mr. D decided to overtake the two vehicles, however at the same time the Almera vehicle also began to overtake the maxi taxi and both vehicles collided.

When Mr. D presented his claim to All Covered Insurance Company, they proposed to settle the matter on a 50-50 contributory negligence basis. Not satisfied with the company's position, Mr. D sought assistance from the Office of the Financial Services Ombudsman (OFSO).

The Office reviewed Mr. D's claim, conducted some enquiries and held several discussions with the insurance company with a view to resolving the matter. All covered indicated that, based on the undisputed information, they concluded that both drivers (Mr. D and the other driver) acted neglectfully as they both attempted to undertake a high-risk manoeuvre (overtaking) and failed to signal their intent. Additionally, the roadway was a single lane directional bend; the Highway Code of Trinidad and Tobago declares that it is not permissible to overtake around a corner or bend.

In the circumstances, the company held the position that both drivers should be equally responsible for the accident and therefore offered Mr. D fifty percent (50%) of his unadjusted claim in full and final settlement.

The Ombudsman's Office shared the view of the insurance company and communicated the details of the company's final position to Mr. D. However, he remained adamant and expressed that he was not willing to accept the company's offer based on a contributory negligence basis. The OFSO continued mediation efforts on this case; however, in the absence of any new information/evidence to support Mr. D's position, the Office was unable to promote any further resolution to the complaint. Mr. D was then duly advised that he retained the right to explore any other option to obtain the redress that he believed to be appropriate in this matter, and his file was closed.

BANKING AND INSURANCE CASE STUDIES

INSURANCE CASE 2

Earthquake Damage... Ruled out

It was approximately 10.00p.m, when an earthquake measuring 6.4 on the Richter scale struck Trinidad and Tobago. The next day, Mr. R decided to make a physical check of his property and perimeter walls. To his dismay, the perimeter walls showed signs of damage, as there was evidence of large and small cracks along the walls. Having property insurance, he made a claim to his insurance company, NCY Insurance.

After reviewing Mr. R's claim, NCY Insurance engaged the services of a certified Loss Adjuster to survey the damages to the claimant's property. Based on the findings of the Adjuster's report, the company advised Mr. R that they were denying liability and were therefore unable to honour his claim. Disappointed with the company's decision, Mr. R, on hearing our Ad "We Can Help", visited the Office and lodged a complaint against NCY Insurance.

The Ombudsman's Office, in treating with the complaint sent a letter of enquiry to the insurance company. NCY responded advising that they were maintaining their position of denial of liability. They further stated that based on the Adjuster's survey of the complainant's property, it was established that the damage to the perimeter walls was not due to the earthquake, but was as a result of the movement of the walls' foundation which was estimated to have occurred over a period of time, possibly due to waterlogging of the area causing the gradual movement of the perimeter walls' foundation. Therefore the damage to the perimeter walls had existed before the earthquake occurred. It was also interesting to note, that the building itself suffered no damage.

After a careful review of the information presented by the company and the findings of the report by the Claims Adjuster, The Office of the Financial Services Ombudsman (OFSO) upheld the decision taken by NCY Insurance. Mr. R was subsequently informed of the final outcome of his complaint, and his file was closed.



OFFICE OF THE
FINANCIAL SERVICES OMBUDSMAN



CENTRAL BANK OF
TRINIDAD & TOBAGO

DO YOU HAVE A COMPLAINT OR AN UNRESOLVED DISPUTE

WITH A COMMERCIAL BANK,
NON-BANK FINANCIAL INSTITUTION
OR AN INSURANCE COMPANY?

WE CAN HELP

We provide fair, sound assistance to customers who are not satisfied with their financial services provider and mediate on behalf of those who have a complaint with their institution.

Our services are FREE



Ms. Suzanne Roach, Financial Services Ombudsman

Please feel free to telephone our Office

Trinidad

First Floor, Central Bank Building, Eric Williams Plaza,
Independence Square, Port of Spain.

Tobago

2nd Floor, Caribana Building, Bacolet Road, Tobago.

Tel: (868) 625-4835; 5028 Exts: 2650; 2681; 2685

Fax: (868) 627-1087

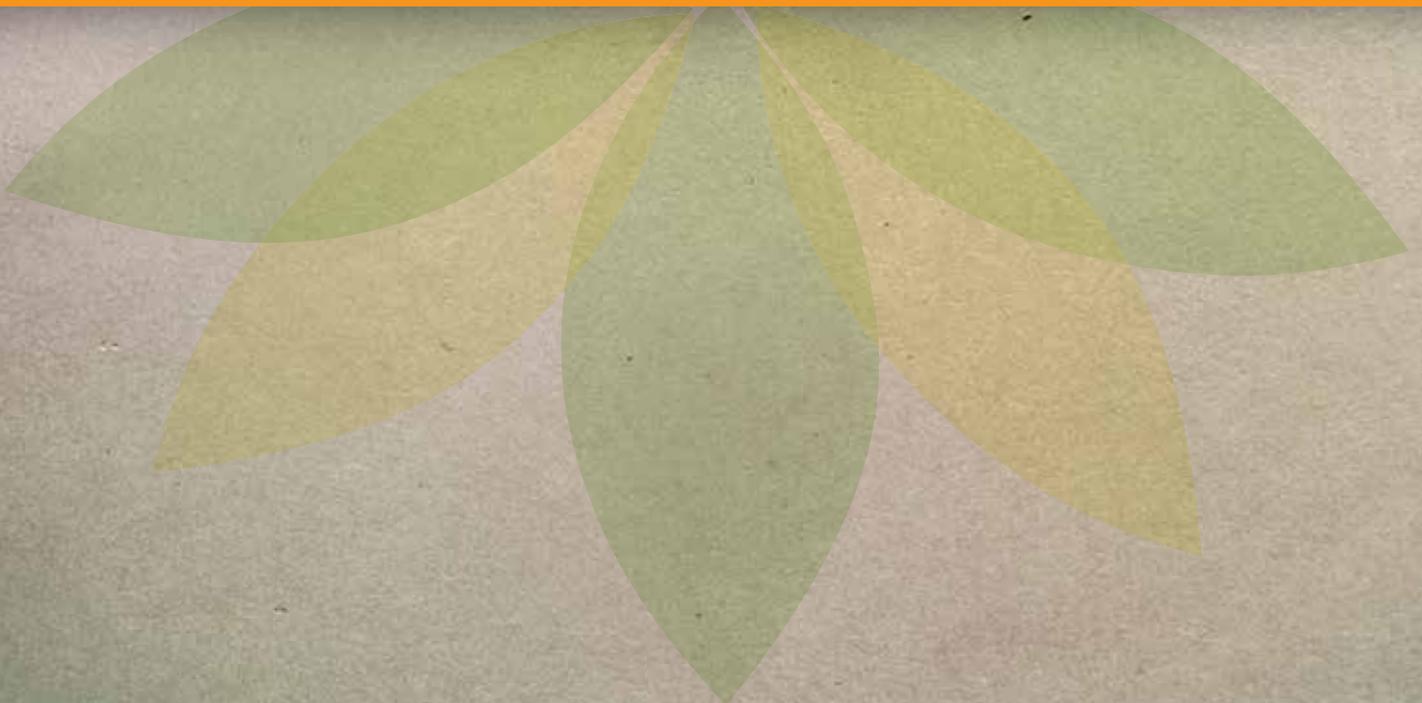
Email – info@ofso.org.tt

Website – www.ofso.org.tt



OFFICE OF THE
FINANCIAL SERVICES OMBUDSMAN

OBJECTIVES AND PROCEDURAL ARRANGEMENTS OF THE OFSO



OFSSO'S OBJECTIVES & PROCEDURAL ARRANGEMENTS

Establishment and Mandate

The Office of the Financial Services Ombudsman (OFSSO) opened its doors to receive complaints from customers of the banking industry in May 2003 and of the insurance industry in May 2005.

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 institutions are identified in the report.

The objectives, processes and procedures for resolution of complaints are the same for the commercial banks as for the insurance companies.

The main objectives of the OFSSO 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.

The aim is to provide independent 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.

Key Objectives 2013

The key objectives of the Office of the Financial Services Ombudsman (OFSSO) are to:

- develop a three-year strategic plan to transition the Office from a voluntary scheme to one underpinned by legislation;
- 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 OFSSO, 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 role of the OFSSO;
- ensure stakeholders understand the role of the OFSSO; and
- instill confidence by remaining responsive to their needs.



OFSO'S OBJECTIVES & PROCEDURAL ARRANGEMENTS

The Complaints Process

This service is FREE to Complainants.

Complaint Guidelines

Before the Ombudsman's office can accept a complaint, the following guidelines should 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 rate of interest offered, or charged; fees and charges; risk management policies or the pricing of products and services, institution's premium rates and underwriting decisions; group pension plans and Deposit Administration Schemes; and actuarial calculations, surrender values and investment rates for life insurance policies.
- The matter must not currently be or have been before the courts or an arbitration body or any other dispute resolution process.

Scope of Services

The Office of the Financial Services Ombudsman (OFSO) can consider matters relating to a wide range of products and services offered by the banks and insurance companies. Generally, we will investigate issues such as:

Banks

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

Insurance

- Investment Services
- Trust Accounts
- Individual Annuity contracts
- Fire and General insurance
- Third Party Property Damage claims to a maximum of \$50,000.00 under a Motor Policy

Making a Complaint

- The complaint must be in writing on the prescribed form. The Complaint Form explains the process and authorizes the financial institution to exchange information with the OFSO. (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. If the complainant is disabled or requires the assistance of a representative – a family member, friend, broker or even an attorney-at-law both the complainant and the representative will be required to co-sign the form as an indication that approval is given for confidential matters to be discussed with the representative.

OFSSO'S OBJECTIVES & PROCEDURAL ARRANGEMENTS

- The Form must state the names and addresses of both the complainant and the branch of the banking or insurance company.
- The facts pertaining to the complaint must be supported by any relevant documents. Also, the complainant should include the nature and extent of the loss suffered and the relief being sought from the OFSSO.

The OFSSO stipulates that all documentation and any material related to the dispute resolution process must not be used in any subsequent legal or regulatory proceedings. In addition, the parties concerned must agree that the Ombudsman and staff of the OFSSO and its advisors will not be called upon to testify in any legal proceedings.

Resolution of Complaint

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

Conclusions by the OFSSO are based on the following criteria:

- overall fairness and equity;
- best practice in the industry;
- the accepted industry standards and practice;
- standards established by industry regulatory bodies, professional associations or the individual financial institution where the customer does business; and
- due regard to the law.

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 process is not binding on the complainant. 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 OFSSO will consider the matter closed.

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 OFSSO are:

- (i) Those specifically excluded:
 - 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; and

OFSO'S OBJECTIVES & PROCEDURAL ARRANGEMENTS

- 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.

(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

1. 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.

2. 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.

3. 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 noncompliance to the Governor of the Central Bank. Although the Ombudsman has the power



Brazil Village



Divali Nagar



Divali Nagar



Divali Nagar

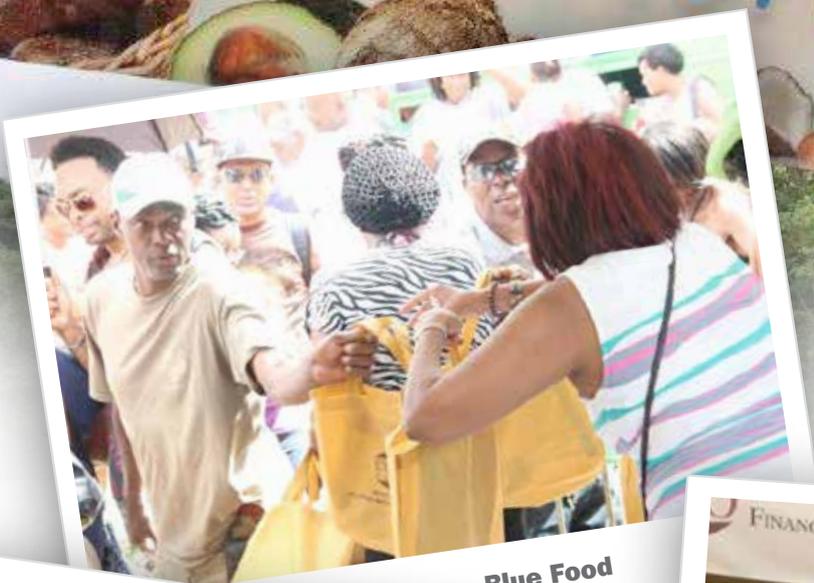


OFFICE OF THE
FINANCIAL SERVICES OMBUDSMAN

OFSO OUTREACH



PLACES WE HAVE BEEN PEOPLE WE HAVE SEEN



Blue Food



Ramleela



Blue Food



Diwali Nagar



Invitations

Institute of International Auditors (T & T Chapter) 25th Anniversary Celebrations

Guardian Life Ceremony of Recognition for Staff who excelled in 2012.

Fifth Annual International Law Moot for Caribbean Law Students; Caribbean Court of Justice

Celebration of the contribution of Ronald Harford: Hyatt Regency Ballroom

NAGICO Insurances T&T Limited-Opening of new offices.

UNICITRAL: Second Annual International Colloquium on Micro Finance for Micro Entrepreneurs. Vienna, Austria

Commonwealth Secretariat Conference on Financial Inclusion: Sierra Leone, West Africa.

Meetings /Conferences/Training

Dave Thomas: Consultant; Strategic Plan: Lead Ombudsman for the United Kingdom

Train the Trainer Workshop “Financial Inclusion and Entrepreneurship through Financial Literacy” 16th Floor Central Bank (CBTT: UTT).

6th Regional Workshop on Core Principles for Effective Deposit Insurance Systems. DIC Conference, Marriott Hotel

Ministry of Legal Affairs discussion on the Electronic Transfer of Funds Crime Act, with Ministry of National Security and various commercial banks.

Annual Breakfast Meeting: Central Bank Auditorium, April 26, 2013.

5TH Biennial International Business Banking and Finance Conference, hosted by UWI & CBTT “Re-engineering Growth: Doing Business in the New Global Environment’

INFO 2013: Annual Conference of International Network of Financial Services Ombudsman Schemes. Taipei, Taiwan

Presentations

UNICITRAL: Second Annual International Colloquium on Micro Finance for Micro Entrepreneurs, Vienna Austria

Presentation to Senior Achievers Association of Trinidad and Tobago

OFSO, in Partnership with the Division of Ageing. Presentation to Brazil Village Community Group

OFSO Presentation to the Carapo Progressive Women’s Group

Commonwealth Secretariat Conference on Financial Inclusion Sierra Leone, West Africa

Outreach/Expos

Ramleela Celebrations: Palmiste, San Fernando; Palmiste and Environs Drama and Visual Arts Society, (PANDAVAS)

Blue Food Festival, L’Anse Fourmi Tobago.

East POS Development Company (Beetham Youth Group) open symposium

Soroptomist International Caribbean Region 22nd Biennial Conference in Tobago

Divali Nagar, Chaguanas

Beginning **November 2013** Outreach at Regional and Borough Corporations

Rio Claro/ Mayaro Regional Corporation

Couva/Tabaquite/Talparo Regional Corporation

Sangre Grande Regional Corporation

Chaguanas Borough Corporation

Point Fortin Borough Corporation

and at the San Fernando Office of the Ombudsman of Trinidad and Tobago.



LIST OF PARTICIPATING FINANCIAL SERVICE PROVIDERS

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
- CIBC 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
- RBC Royal Bank (Trinidad and Tobago) Limited
 - RBC Merchant Bank (Caribbean) Limited
 - RBC Trust (Trinidad and Tobago) Limited
- Republic Bank Limited
 - Republic Finance & Merchant Bank Limited
- Scotiabank Trinidad and Tobago Limited
 - Scotiatrust and Merchant Bank Trinidad and Tobago Limited

PARTICIPATING 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

- 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
- Demerara Life Assurance Company Trinidad and Tobago Limited
- Furness Anchorage General Insurance 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
- Motor and General Insurance Limited ⁴
- Motor One Insurance Company Limited
- Nagico Insurances
- Pan-American Life Insurance Company of Trinidad and Tobago (PALIG)
- Sagicor General Inc.
- Sagicor Life Inc.
- Scotialife Trinidad and Tobago Limited
- Tatil Life Assurance Limited
- The Beacon Insurance Company 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 (TRINRE)
- Trinidad and Tobago Insurance Limited
- United Insurance Company Limited

⁴ This company's operations were suspended by the Central Bank of Trinidad and Tobago under Section 68 (2) of the Insurance Act Chapter 84:01 (as amended) (The Act) with effect from June 15, 2010.



OFFICE OF THE
FINANCIAL SERVICES OMBUDSMAN