

2017

ANNUAL REPORT

15TH ANNIVERSARY EDITION



OFFICE OF THE
FINANCIAL SERVICES OMBUDSMAN



MISSION STATEMENT

“To be fair,
impartial and confidential
in the resolution
of disputes.”



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FOREWORD



The Office of the Financial Services Ombudsman (OFSO) serves as an important vanguard to the public of Trinidad and Tobago by providing a means through which ordinary citizens and small businesses can seek mediation and redress arising out of complaints against financial institutions. Fundamental to every well-functioning financial system is a mechanism for recourse for the public in instances where disputes with financial services providers arise. Consumer protection, fairness and reasonable resolution remain at the core of the Office's operations.

At the heart of consumer empowerment is awareness of financial products, risk, choices, rights and responsibilities. In this regard, the OFSO continues to work closely with the National Financial Literacy Programme (NFLP) in order to raise the level of financial education in the country and to empower citizens to make more informed financial decisions. OFSO partners with the NFLP to host expositions, fairs and seminars and takes every opportunity to expose the public to the services offered by the Office.

In an effort to increase public awareness of the role of the Office and to extend our accessibility, the OFSO laid the groundwork for a public relations strategy consistent with a core theme of the Central Bank's current Strategic Plan

FOREWORD continued

involving significantly bolstering outreach and communication. We are quite excited about the campaign which has already kicked off and will intensify later this year.

In 2017, consistent with the vision of Financial Services Ombudsman, Mr. Dominic Stoddard, a major step was undertaken in coordinating financial education in Trinidad and Tobago by establishing a National Financial Education Committee. This Committee formalises the basis for collaboration in the development and execution of a Financial Education Strategy for Trinidad and Tobago. Participants are the Association of Trinidad and Tobago Insurance Companies, Bankers Association of Trinidad and Tobago, Financial Literacy Secretariat - Tobago House of Assembly, the Co-operative Credit Union League of Trinidad and Tobago, Trinidad and Tobago Insurance Institute, Trinidad and Tobago Securities and Exchange Commission and Trinidad and Tobago Stock Exchange. We look forward to practical results from this Committee's work and thank participating organisations for their collective commitment to financial education.

As we work to intensify our activities in Trinidad and Tobago, we also recognise that we are closely integrated into the international financial community. We will continue our efforts at engaging with external partners by learning from international best practices and also contributing to regional

efforts to improve financial protection. In 2017, we worked with the Central Bank of the Bahamas in providing a potential blueprint on the establishment of a dispute resolution scheme, encompassing staffing structure, stakeholder engagement and scope of responsibility. We will continue to engage in similar sharing of experiences in the future.

In March 2018, Ms. Judy Chang, our first Ombudsman sadly passed away. She served as Banking Ombudsman from 2003 to 2008 and was at the helm when we transitioned from the Office of the Banking Services Ombudsman to the Office of the Financial Services Ombudsman with the formal inclusion of insurance companies into the Scheme.

On behalf of the Board and Management of the Central Bank, I would like to formally thank the FSO and his staff for their diligent work and encourage them to continue being an impartial and fair body that individuals, small businesses and participants of the Scheme can rely on.

Dr. Alvin Hilaire
Governor

PREFACE



Fifteen years in existence is a major milestone in the lifespan of any organization. It gives pause for reflection on its purpose and mandate and allows for an assessment of whether these are still valid in the light of the many changes that would have taken place in the financial sector over the years. While the Office of the Financial Services Ombudsman continues to play a pivotal role in the financial sector, there is still much to be done. The Scheme is still voluntary and not grounded in legislation. Many of the complaints received fall outside of our Terms of Reference and there are financial consumers whose complaints we cannot address because the institutions involved are not part of the scheme. In such cases the customers are at a distinct disadvantage even where the institution in question has an internal complaints mechanism.

Despite these challenges, the Office continued to streamline its internal operations during 2017 by transforming the case management system. Beta testing of the system was completed and the Office is now positioned to improve the level of its reporting, with an expanded range of reports and the availability of additional detailed data.

PREFACE continued

Several staff changes were implemented to enhance operational effectiveness and strengthen internal controls. Notwithstanding these significant gains, there was a decline in the resolution rate, the broadest measure of performance for our operations. In 2017 the resolution rate fell to 67 per cent, a decline of 11 per cent from the 78 per cent recorded in 2016. The decline in the resolution rate can be attributed to several factors including an increase in the overall number of complaints and the degree of complexity, which oftentimes included multi-party disputes involving several vehicles and more than one insurer. It is noteworthy that during 2017 there was a sharp increase in the number of institutions under the Scheme referring potential complainants to the OFSO.

2017 presented the OFSO the opportunity to deepen its engagement with stakeholder agencies. A National Financial Education Committee was formed in August in order to coordinate a national effort aimed at promoting financial education and building financial capability. This is likely to have a significant impact on the understanding of financial products and services, and therefore reduce the likelihood of complaints. We were also able to design a public relations campaign to promote awareness of our services.

With a view to improving the delivery of services to Tobago, plans are well advanced for a relocation of the Tobago

Office to Scarborough. It is expected that the move to the Victor E. Bruce Financial Complex will provide greater accessibility to the public of our entire range of services as it is more centrally located in the heart of Scarborough.

In keeping with our commitment to render assistance to our CARICOM neighbours, we provided guidance to the Central Bank of the Bahamas for the establishment of a Financial Ombudsman Scheme. Additionally, in October the Office was invited by the Bank of Jamaica to participate in a Consumer Protection and Financial Capability Working Group and presented on "The Role and Functions of the Financial Services Ombudsman". In the year ahead we intend to place greater emphasis on shared learnings with other Financial Ombudsman Schemes to ensure best practice in all areas of our operations.

Fifteen years and thousands of complains resolved is no small feat, but it could not have been possible without the dedication and commitment of my staff. Let me end by thanking them, along with participants of the scheme and our valued stakeholder partners for their unwavering support and commitment throughout the many years of our existence.

Dominic Stoddard
Financial Services Ombudsman

Report for the Year

REPORT FOR THE YEAR ENDED DECEMBER 31, 2017

OVERVIEW

The Annual Report 2017 presented by The Office of the Financial Services Ombudsman (OFSO) provides a summary of the performance and operations of the Office for the period January 1, 2017 to December 31, 2017.

The Report contains a statistical review of the number and types of complaints processed, the time frames within which complaints were resolved and the enquires received at the Office. Additionally, the Report highlights the number of persons visiting the external offices at San Fernando, Sangre Grande, Point Fortin and Tobago.

The total number of complaints received for 2017 was three hundred and two (302), compared to two hundred and three (203) for 2016. Insurance complaints continued to dominate total complaints and accounted for just over 93 per cent. The significant increase in total complaints can be attributed almost entirely to insurance complaints. Banking sector complaints remained characteristically low. A mere twenty (20) banking sector complaints were

received in 2017, just 7 per cent of the total complaints received. This was an increase from the fifteen (15) recorded in 2016. The increase in complaints is partly a reflection of greater public awareness and increased vigilance among financial customers.

The Office also recorded seven hundred and seventy (770) enquiries in 2017, a marginal increase over the seven hundred and sixty-four (764) received in 2016. The OFSO continued to hold External Office Days where two hundred and twenty-five (225) persons visited as compared with two hundred and thirty-four (234) during the corresponding period in 2016.

EXTERNAL OFFICE DAYS

The OFSO continued its external office days where members of the public visited to lodge complaints or make general enquiries. These days were facilitated at various Regional and Borough Corporations as well as at the Office of the Ombudsman in San Fernando and Tobago.

This outreach initiative provides an opportunity for persons who are unable to visit our main office located in Port of Spain, who reside or work in rural areas or who reside in Tobago, to have

full access to the services provided by the OFSO. It also allows officers from the OFSO to personally interact with members of the public and attempt to address their concerns or redirect those issues that do not fall within our purview.

During the period under review, the OFSO recorded two hundred and twenty-five (225) visitors to our external offices. This represented a marginal decrease of approximately four per cent (4%) when compared with 2016.

Table 1
VISITORS TO EXTERNAL OFFICES

Location	Jan -Mar	Apr -Jun	Jul -Sep	Oct -Dec	Total 2017	Total 2016
Point Fortin	10	11	9	12	42	57
San Fernando	21	18	12	46	97	86
Sangre Grande	5	11	7	7	30	41
Tobago	5	11	19	21	56	50
Total	41	51	47	86	225	234

ENQUIRIES

During 2017, the OFSO received seven hundred and seventy (770) enquiries from various sources. This represented a marginal increase over the corresponding period in 2016 when seven hundred and sixty-four (764) enquiries were recorded. (Table 2: enquiries received by the OFSO)

Enquiries received related to products and services provided by insurance companies, banks and non-bank financial institutions. The OFSO received several enquiries related to products

and services provided by institutions not falling under its mandate. These institutions included the unit trust corporation, credit unions, government ministries/agencies, and are represented in the table below under the "other" category. In such instances the customers were either provided with an appropriate response to their enquiries or were redirected to the relevant institutions where their matters may be addressed.

Table 2
ENQUIRIES RECEIVED BY THE OFSO

Institution	Jan -Mar	Apr -Jun	Jul -Sep	Oct -Dec	Total 2017	Total 2016
Bank	32	28	42	59	161	156
Non-bank F.I.	0	0	0	2	2	4
Insurance	115	123	116	151	505	478
Other	26	26	19	31	102	126
Total	173	177	177	243	770	764

Report on Banking Services

REPORT ON BANKING SERVICES

NEW BANKING COMPLAINTS

During the period January to December 2017, the OFSO received twenty (20) new complaints from individuals with respect to services provided by their commercial banks. For the corresponding period of 2016, the number of new complaints received at the Office was fifteen (15). This represented an increase of thirty-three per cent (33%) in the overall number of complaints submitted to the Office.

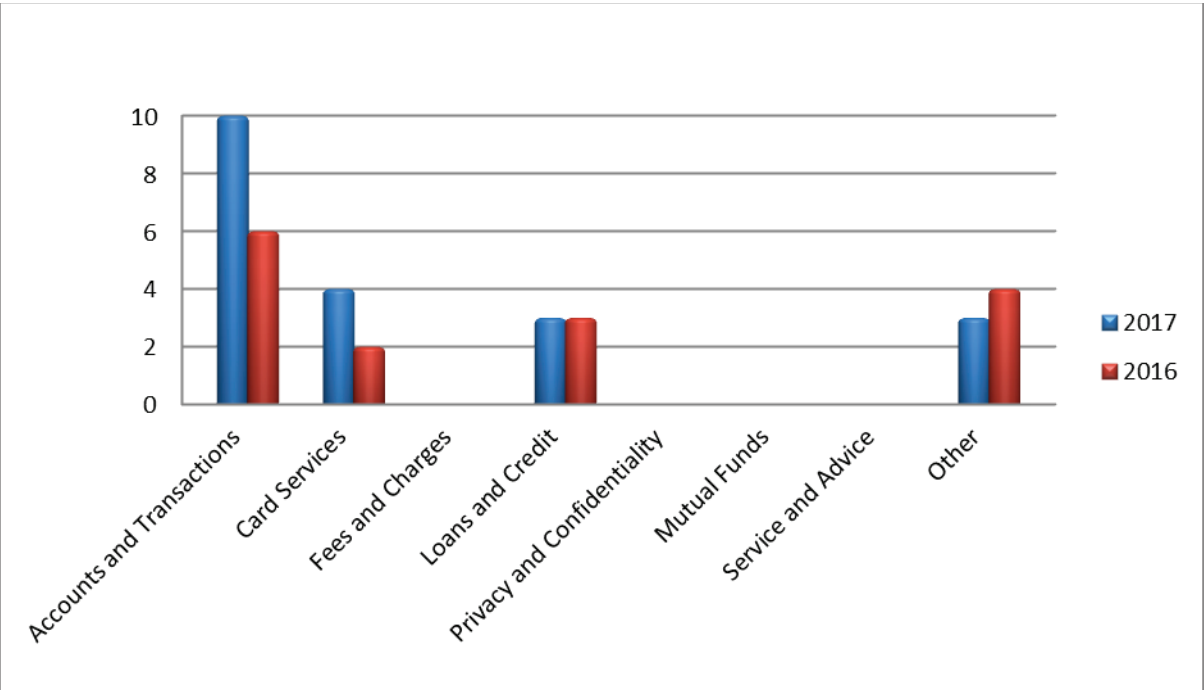
TYPES OF COMPLAINTS

The OFSO recorded the majority of banking complaints under the four (4) main categories: Accounts and Transactions, Card Services, Loans and Credit and Other. Complaints related to Accounts and Transactions accounted for fifty per cent (50%) of the total received in 2017 as compared with forty per cent (40%) in 2016. There was also an increase in the percentage of complaints related to Card Services in 2017 when compared to the same period in 2016. Three (3) complaints related to Loans and Credit were recorded in 2017, the same was recorded in 2016.

Table 3
TYPES OF BANKING COMPLAINTS RECEIVED

Type of Complaints	2017		2016	
	Number of Complaints	Percentage of Total	Number of Complaints	Percentage of Total
Accounts and Transactions	10	50	6	40
Card Services	4	20	2	13
Fees and Charges	0	0	0	0
Loans and Credit	3	15	3	20
Privacy and Confidentiality	0	0	0	0
Mutual Funds	0	0	0	0
Credit Policies and Decisions	0	0	0	0
Service and Advice	0	0	0	0
Other	3	15	4	27
Total	20	100	15	100

Figure 1
TYPES OF BANKING COMPLAINTS RECEIVED



RESOLUTION OF INSURANCE
COMPLAINTS - SUMMARY

During 2017, there were twenty-two (22) banking complaints being addressed by the OFSO. This included two (2) unresolved complaints brought forward from 2016 and twenty (20) new complaints that were received during the reporting period. Eleven (11) complaints were resolved by the OFSO during 2017 which represented fifty per cent (50%) of the total for processing. In 2016, ninety per cent (90%) of the total number of pending complaints was resolved. There were eleven (11) unresolved complaints that continued to engage the attention of the OFSO and the relevant commercial banks at the end of 2017.

Table 4
SUMMARY OF BANKING COMPLAINTS PROCESSED

	2017	2016
Brought Forward	2	5
Received within the period	20	15
Total for processing	22	20
Resolved/Closed	11	18
Carried Forward	11	2

RESOLUTION OF BANKING COMPLAINTS – HOW RESOLVED

The majority of banking complaints were resolved by agreement between the parties involved and withdrawals by complainants due to corrective action being taken by the financial institutions. During 2017, seven (7) complaints were resolved under the category of Agreement while four (4) were resolved under the category of Withdrawals by Complainants.

Table 5
RESOLUTION OF BANKING COMPLAINTS - HOW RESOLVED

Complaints Resolved By	2017		2016	
	Number of Complaints	Percentage of Total	Number of Complaints	Percentage of Total
Agreement	7	64	5	28
Withdrawals by OFSO	0	0	0	0
Withdrawals by Complainant	4	36	13	72
Referred to Court	0	0	0	0
Recommendation/Awards	0	0	0	0
Total	11	100	18	100

RESOLUTION OF INSURANCE COMPLAINTS – TIME TAKEN

During the period under review, the OFSO was able to resolve six (6) complaints within ninety (90) days of receipt, representing fifty-five per cent (55%) of the total number of complaints resolved. Four (4) complaints took in excess of one hundred and twenty (120) days to be resolved.

Table 6
RESOLUTION OF BANKING COMPLAINTS - TIME TAKEN

Resolved Within	2017		2016	
	Number of Complaints	Percentage of Total	Number of Complaints	Percentage of Total
30 days of receipt	0	0	1	6
31-60 days of receipt	4	36	6	32
61-90 days of receipt	2	19	5	28
91-120 days of receipt	1	9	1	6
More than 120 daysof receipt	4	36	5	28
Total	11	100	18	100

Banking Case Studies

BANKING CASE STUDIES

PHISHING

Sarah received an email from her bank asking her to confirm information. The email address looked legitimate and she was in a hurry tending to her daughter, so she clicked on the link, confirmed her personal information and continued with what she was doing.

The next week she went to the supermarket and when she got to the cashier she pulled out her debit card. When it was swiped, the cashier told her that the transaction failed. She was perplexed given that she had gotten paid two days before, and of course she was embarrassed- there was a line of customers waiting. Luckily however, she just happened to have enough cash to cover the cost of the groceries.

The very next day, she went into her home branch and asked the customer service representative (CSR) at the information desk to confirm the amount in her account. She was shocked to learn that she only had \$16.00! She then requested a print out of her statement as she knew that her salary of \$10,000.00 had been deposited in her account only days ago.

The CSR at the bank instructed her to complete a form and indicate the amount missing from the account for the bank to investigate. When she enquired how long the process would take the CSR indicated that the bank would contact her in two weeks. While she was disappointed at the length of time given that she needed to pay bills and other obligations, she understood that they had to investigate. She was also advised to make a report to the Fraud Squad, Trinidad and Tobago Police Service.

However, one month passed and then another and despite numerous calls and emails to the bank, Sarah still did not receive a refund of her money. In speaking to one of her friends she was encouraged to visit the OFSO.

Upon visiting the OFSO with all her documents, she was informed that the banks do have to investigate such matters and that in some circumstances they also wait for the completion of the Fraud Squad's investigation as well. However, she was informed that the complaint would be treated as an enquiry with the bank. The OFSO noted that this was not the first complaint of its kind within recent times.

PHISHING continued

When contacted, the bank indicated that it had received Sarah's claim but her issue was one of a number of claims that had been submitted with similar characteristics in the very recent past. As such, the bank had to investigate each report.

After a few months, the bank informed the OFSO that all complainants, including Sarah, would be refunded as the customers genuinely believed that the emails and texts were from the bank. In an effort to mitigate a re-occurrence of this situation statements were issued warning persons that no financial institution would ever request personal information via an email or text and that vigilance was required.

MORTGAGE WOES

It was 2016 and Jack and his wife were excited. They were finally going to purchase their first home! The bank approved the mortgage and while it was both of them purchasing the home, the mortgage loan was only in Jack's name.

Unfortunately, less than six months after receiving the mortgage, Jack was laid off. He and his wife immediately visited the bank and advised them of the situation. The bank indicated that they hoped his situation would regularize soon but they had to try to make the mortgage payments. According to Jack, he kept in contact with the bank and kept asking what options were available as he was unable to meet the monthly obligations, but to no avail. His wife was self-employed and as such her income was not stable. The couple continued to make payments when they could. In addition, the bank pulled payments from Jack's account to satisfy payments to the mortgage, a credit card and other outstanding smaller loans. Jack felt that he was being mistreated by the bank and sought the advice of legal counsel.

The attorney-at-law contacted the bank and requested documents and was also dissatisfied with the position of the bank and suggested that Jack visit the OFSO.

MORTGAGE WOES continued

At his visit to the Office, Jack was advised of the complaint process as well as the fact that the legal counsel which he had engaged would have to send a letter to the Office indicating that he was no longer representing Jack in the matter in order for the OFSO to intervene.

All correspondence received were forwarded to the bank and the OFSO formally requested a response on its position.

In its reply, the bank provided a chronology of events. It indicated that when the loan was 3 months in arrears they asked Jack to visit the bank to discuss regularizing the account. However in order to do this Jack had to provide a job letter but was unable to do this as he still did not have a permanent job but rather worked when it was available. After about 6 months in arrears the bank had no option but to deny any restructuring of the mortgage as they could not confirm Jack's job stability. While disappointed, Jack indicated that he would seek alternative financing.

The bank also indicated that it sent letters to Jack during the period February to September 2017. In its last letter to Jack, the bank indicated that the

file had been passed on to its collections unit. Over the years that followed Jack tried unsuccessfully to get alternative financing. However, the bank indicated that it was still willing to meet with Jack to discuss the way forward but since he hired an attorney it was only being directed to the attorney. The bank reiterated to the OFSO that even after 15 months of no payments to the mortgage the bank was still willing to meet with Jack and they made no moves towards selling the property.

The bank's position and offer to meet with him was relayed to Jack. However, after thinking about it Jack opted not to meet with the bank.

The OFSO attempted to explain to Jack that the bank was within its rights to send his account to the collections unit as well as to pull payments from accounts in order to set off his outstanding payments. It was explained that under the procedures of the bank that they could sell the property and recover its funds but they were willing to hold off on that move and have further discussions with Jack. However, he still declined to meet with the bank. Under the circumstances he was advised that the OFSO would have to close its file on his matter.



Report on Insurance Services

REPORT ON INSURANCE SERVICES

NEW INSURANCE COMPLAINTS

During the period January to December 2017, the OFSO received two hundred and eighty-two (282) new complaints from customers against insurance companies. For the corresponding period of 2016, the number of new complaints received at the Office was one hundred and eighty-eight (188). This represented a significant increase of fifty per cent (50%) in the overall number of complaints submitted to the Office.

TYPES OF INSURANCE COMPLAINTS

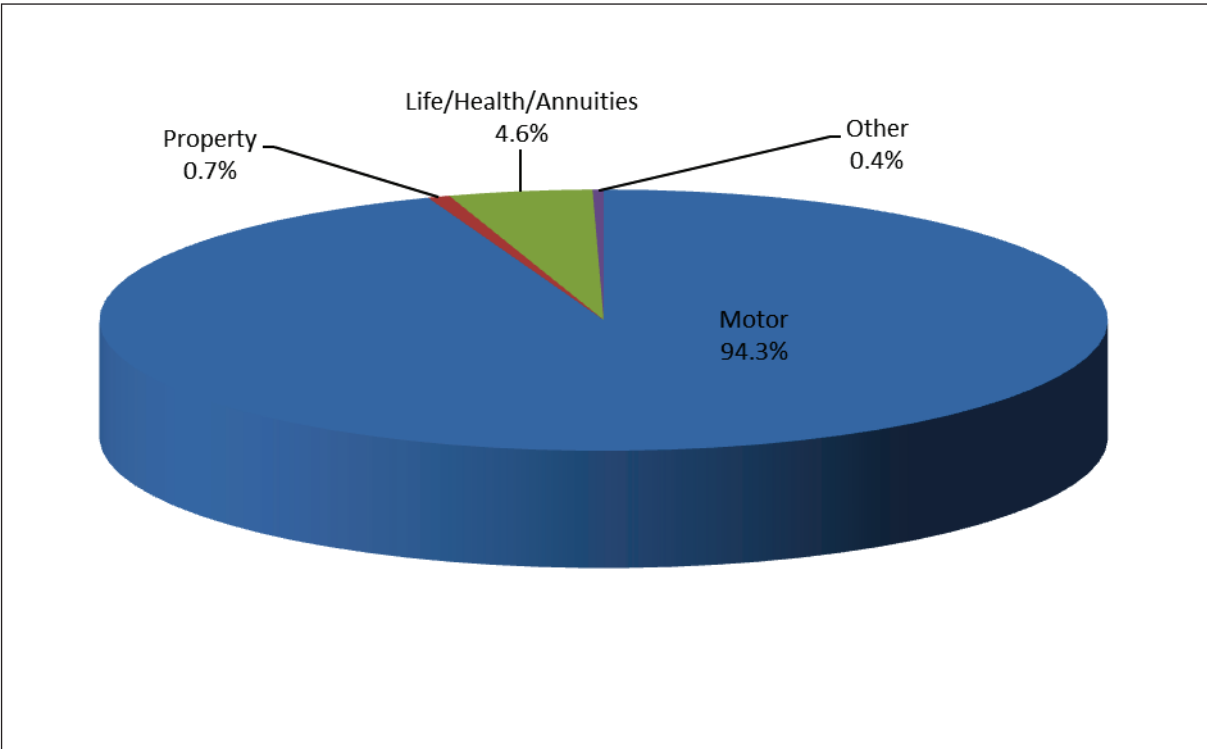
The majority of insurance complaints received at the OFSO continued to be motor related claims. The Office recorded two hundred and sixty-six (266) such complaints which accounted for ninety-four per cent (94%) of the total number received. During this period, there were thirteen (13) complaints related to Life or Health Insurance policies and Individual Annuity contracts.

Table 7

TYPES OF INSURANCE COMPLAINTS RECEIVED

Type of Complaints	2017		2016	
	Number of Complaints	Percentage of Total	Number of Complaints	Percentage of Total
Motor	266	94	184	98
Life/Health/Annuities	13	5	4	2
Property	2	1	0	0
Other	1	0	0	0
Total	282	100	188	100

Figure 2
TYPES OF INSURANCE COMPLAINTS RECEIVED



CATEGORIES OF INSURANCE COMPLAINTS

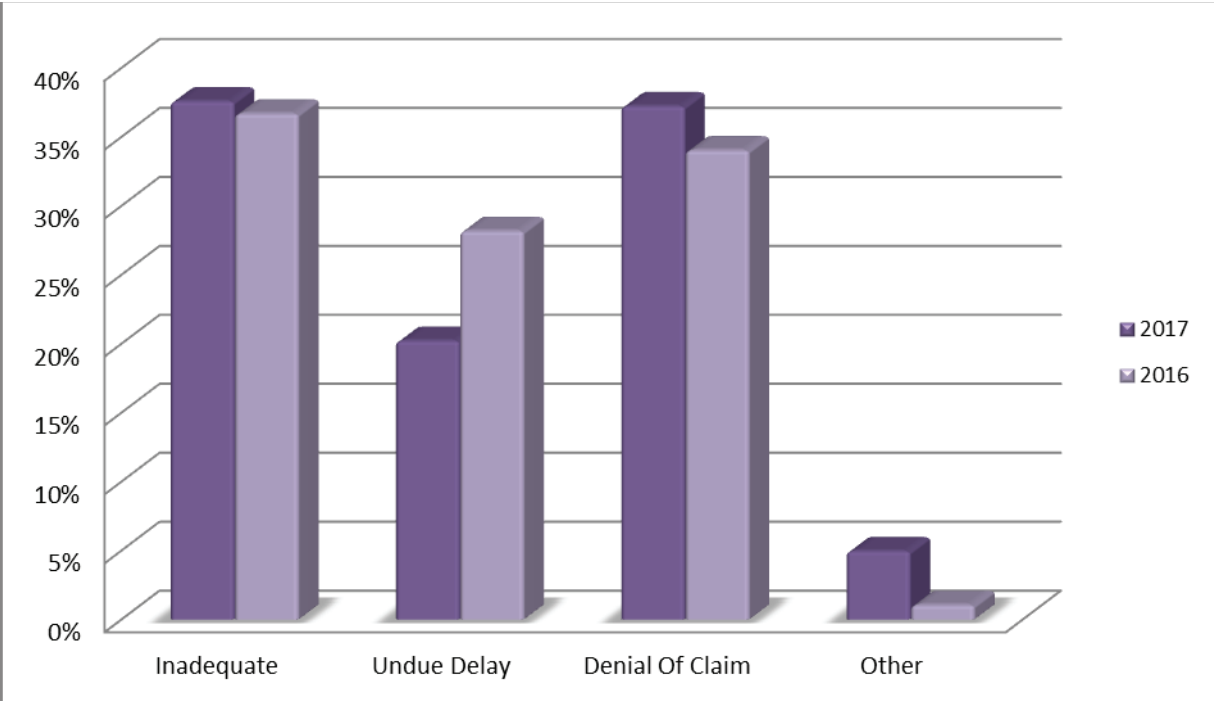
The OFSO has seen a marginal increase in the number of complaints lodged under the category Denial of Claim in 2017, while complaints in respect of Inadequate Settlement remained virtually unchanged when compared to the previous year. One of the major issues affecting insurance customers continue to be the amount offered for the settlement of claims; this category accounted for thirty-eight per cent (38%) of the total number of complaints

received. There was also an increase in denial of claims which now accounts for thirty-seven per cent (37%). The single largest decline in terms of category of complaints was in Undue Delays, an indication that once liability was established there was an improvement in the time taken to settle outstanding claims.

Table 8
CATEGORIES OF INSURANCE COMPLAINTS

Categories of Complaints	2017		2016	
	Number of Complaints	Percentage of Total	Number of Complaints	Percentage of Total
Inadequate	106	38	69	37
Undue Delay	57	20	53	28
Denial of Claim	105	37	64	34
Other	14	5	2	1
Total	282	100	188	100

Figure 3
CATEGORIES OF INSURANCE COMPLAINTS



RESOLUTION OF INSURANCE COMPLAINTS - SUMMARY

During 2017, there were three hundred and forty-five (345) complaints available for processing. This figure included sixty-three (63) unresolved complaints brought forward from 2016 and two hundred and eighty-two (282) new complaints that were received during the reporting period. The OFSO resolved two hundred and thirty-five (235) complaints during 2017 which represented sixty-eight per cent (68%) of the total for processing.

This signified a decrease when compared with 2016 where seventy-seven per cent (77%) of the complaints available for processing were resolved. There were one hundred and ten (110) unresolved complaints that continued to engage the attention of the OFSO and the relevant insurances companies at the end of 2017.

Table 9
SUMMARY OF INSURANCE COMPLAINTS PROCESSED

	2017	2016
Brought Forward	63	85
Received within the period	282	190
Referred to Central Bank	0	2
Total for processing	345	273
Resolved/Closed	235	210
Carried Forward	110	63

RESOLUTION OF INSURANCE COMPLAINTS – HOW RESOLVED

The majority of complaints lodged at the Office were resolved by Agreement and Withdrawals by the OFSO. Withdrawals included matters where the insurance companies maintained their denial of claims, the complainants would have breached terms of their policies or in cases where the complainants or third parties chose to pursue legal action. During 2017, seventy-two per cent (72%) of complaints were resolved under the category of Agreement and twenty-five

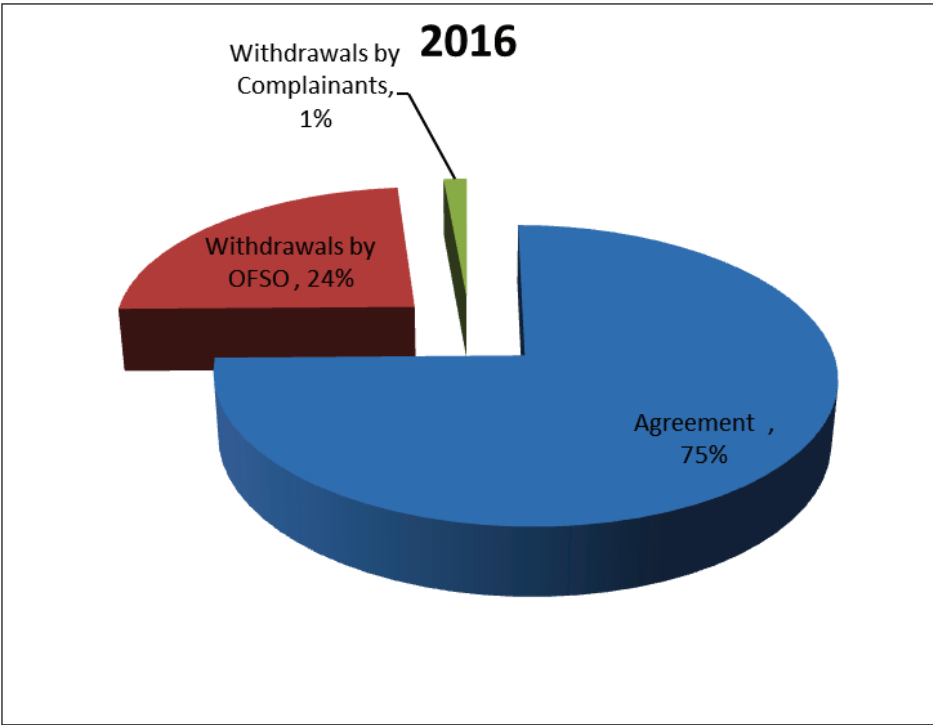
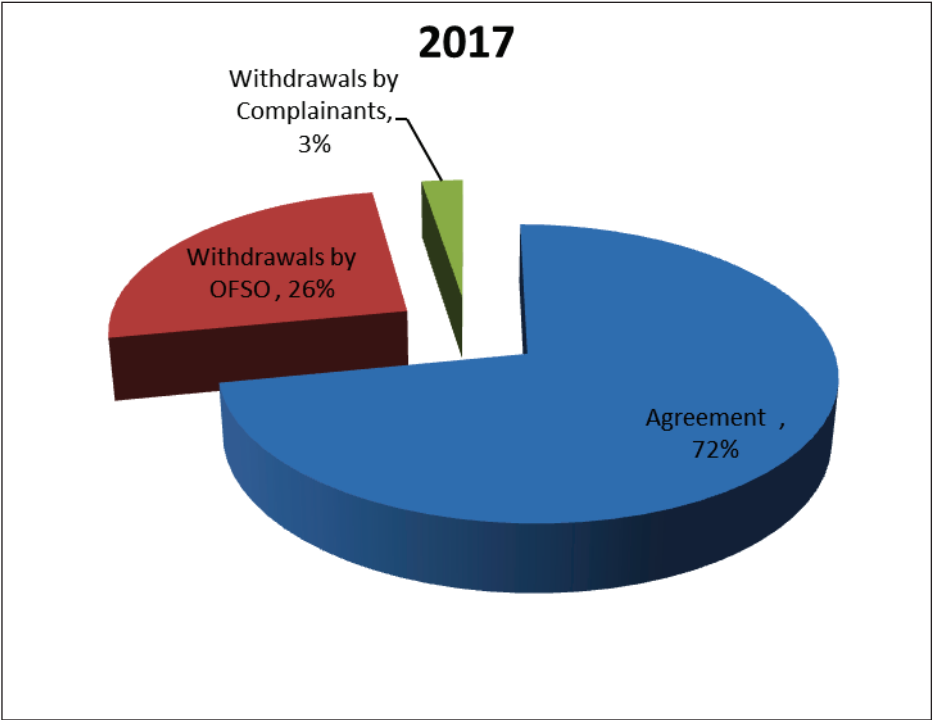
per cent (25%) were Withdrawals by the OFSO. Three per cent (3%) of all complaints lodged were closed under the category of Withdrawals by Complainants. The OFSO recorded similar statistics under these categories in 2016.

Table 10

RESOLUTION OF INSURANCE COMPLAINTS - HOW RESOLVED

Complaints Resolved By	2017		2016	
	Number of Complaints	Percentage of Total	Number of Complaints	Percentage of Total
Agreement	170	72	157	75
Withdrawals by OFSO	59	25	50	24
Withdrawals by Complainant	6	3	3	1
Referred to Court	0	0	0	0
Transferred to Liquidator	0	0	0	0
Recommendation/Awards	0	0	0	0
Total	235	100	210	100

Figure 4
RESOLUTION OF INSURANCE COMPLAINTS - HOW RESOLVED



RESOLUTION OF INSURANCE COMPLAINTS – TIME TAKEN

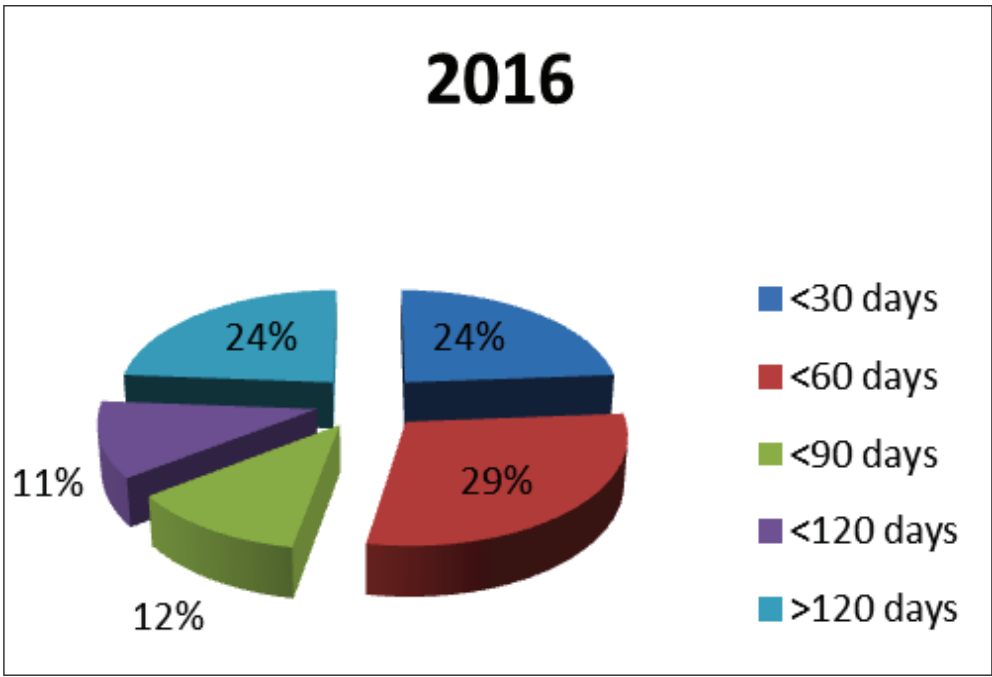
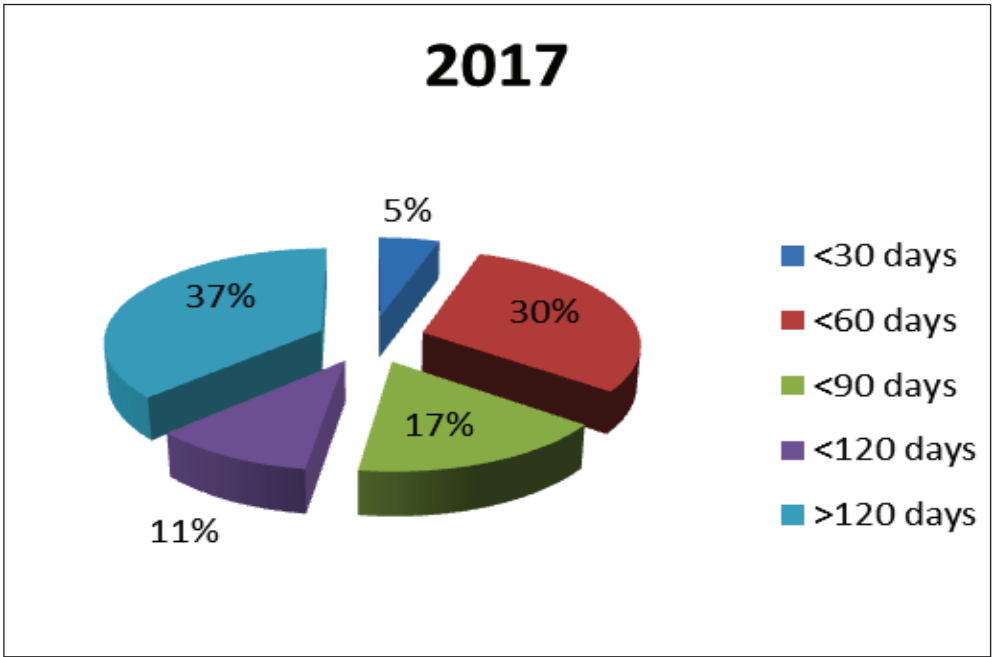
The majority of complaints lodged at the During the period under review, the OFSO resolved one hundred and twenty-three (123) complaints within ninety (90) days of receipt, accounting for 52 per cent of the total number of complaints resolved. This represents a decline from the 65 per cent for the same category in 2016. Eighty-seven (87) complaints took in excess of one hundred and twenty (120) days to be resolved.

Table 11

RESOLUTION OF INSURANCE COMPLAINTS - TIME TAKEN

Resolved Within	2017		2016	
	Number of Complaints	Percentage of Total	Number of Complaints	Percentage of Total
30 days of receipt	12	5	50	24
31-60 days of receipt	71	30	61	29
61-90 days of receipt	40	17	25	12
91-120 days of receipt	25	11	24	11
More than 120 days of receipt	87	37	50	24
Total	235	100	210	100

Figure 5
RESOLUTION OF INSURANCE COMPLAINTS - TIME TAKEN



MEETINGS WITH INSURANCE COMPANIES

The OFSO continued to receive an increased number of complex insurance complaints inclusive of multi-vehicular accidents and company referrals. In an effort to resolve these matters, the Office continues to engage the respective companies in extensive multi-party mediation. During the review period, the OFSO convened twelve (12) meetings with insurance companies including three (3) multi-party mediation meetings.

Insurance Case Studies

INSURANCE CASE STUDIES

BIG SMASH UP
WHO'S LIABLE !!!!!!!!!

It is 5.30 in the morning and Mr. KW is on his way to work, taking his normal route heading north along the highway. He is third in a line of traffic, the vehicle in front of him slows down and Mr. KW applies brakes. All of a sudden he hears a "BANG!!!" and feels an impact at the back of his car and he is pushed forward onto the car in front of him. This causes a chain reaction. As he alights from his vehicle to access the damages, he realizes that six cars are involved in the accident.

He presented a claim to X&Y Insurance Company (the insurer of vehicle **4444** that collided with the back of his car). However, the company advised that after conducting investigations it was of the view that its insured was not responsible for the accident. Mr. KW, not happy with the company's position lodged a complaint with the OFSO.

X&Y Insurance Company responds to the Office explaining that due to the number of vehicles involved and the complexity of the accident they appointed an independent investigator to conduct a full investigation.

The findings of the investigation concluded that liability should rest with vehicles **5555** and **6666**, the two vehicles purported to have collided with vehicle **4444** causing same to collide with the back of the complainant's car **3333**.

Based on a review of the information and in an effort to mediate a fair and reasonable resolution, the Office decided to facilitate a "multi-party" meeting and invited the relevant insurance companies to discussions. At the meeting, A&B Insurance Company (insurer of the complainant) advised that they had accepted full liability for damages sustained to vehicles **2222** and **1111** (vehicles ahead of complainant's vehicle). This conclusion established that there was an initial accident in which the complainant was deemed to be liable.

After much deliberation, the companies agreed to the following:

- a. It was determined that there was a second (2nd) accident, which took place when vehicles **5555** and **6666** both collided with vehicle **4444** which slammed into the back of the complainant's vehicle **3333**; and

INSURANCE CASE STUDIES

BIG SMASH UP
WHO'S LIABLE !!!!!!!!! continued

- b. The insurers of vehicles **5555** and **6666** decided to share liability equally and compensate vehicle **4444** for the all the damages to his vehicle. However, they would offer settlement to the complainant for the damages to the rear of vehicle **3333** only.

The Office was very pleased with the outcome of its first "multi-party" mediation effort and thanked the companies for their cooperation in resolving the matter. The complainant was notified of the settlement offer and he accepted same. Mr. KW also expressed his heartfelt gratitude and satisfaction with to Office in bringing his matter to a favorable resolution.

OOOOPS THAT IS NOT THE VALUE!!!!!!!!!!!!!!

Harry retired in 2016 and was planning to do a Mediterranean Cruise the next year so he decided to find out the cash value of his policy from his insurance company *"All Is Well"*. He received a statement indicating that the value at the time was approximately \$ 16,000.00 and went away very happy as he contemplated using this money to fund his holiday.

Fast forward to 2017. Harry visited the insurance company to apply for the cash on his policy and was totally shocked when he was advised that the cash surrender value was only \$ 7,000.00. He then asked the customer service representative (CSR) for an explanation, the CSR explained that there was an error in the calculation which was subsequently rectified and the true value is \$ 7,000.00. Not satisfied with the reasons proffered for the discrepancy in his cash value, Harry sought the assistance of the OFSO.

The OFSO sent correspondence to *"All Is Well"* Insurance Company and requested the company's position on Harry's matter. In its response the company explained that its database underwent an upgrade and in the middle of 2016 and the company later discovered that there were errors with the

data of some of its policyholders. On the side of caution, the company engaged in an extensive audit of its entire database and discovered the error in Harry's cash value calculation.

The company further stated that Harry was assessed as a **"Female"** instead of **"Male"** and noted that in the life insurance industry

the mortality rates for males are generally higher than those for females. Therefore in 2016 when Harry was advised that his cash value was \$ 16,000.00 the calculation was based on **"Female"** rates which resulted in a higher cash value. However when the records were corrected using the **"Male"** rates, the cash value was much lower.

In support of its position, *"All Is Well"* provided the Office with a comparative analysis of the values on Harry's policy for both male and female rates compiled by its in-house actuary. The company also expressed its sincerest apologies for the error and the inconvenience caused to its policyholder, Harry.

Based on the information presented by the company, the Office met with Harry to discuss the company's position.

OOOOPS THAT IS NOT THE VALUE!!!!!!!!!!!!!! continued

However he was not pleased with the outcome and advised the Office that he was no longer interested in doing business with *"All Is Well"* and decided to cash in his policy. OFSO then proceeded to close its file on Harry's complaint.



Other Activities

OTHER ACTIVITIES

AUDIT OF THE 2016 FINANCIAL STATEMENTS

Financial Statements for the period ended September 30, 2016 were prepared and the Auditor General's Department conducted an audit of the financials during the period August 16 to September 4. On September 14, an exit meeting was held and the matters highlighted were deemed immaterial to the Financial Statements and as such a Management Letter was not issued. Certified Financial Statements dated October 6 were received by the Office and subsequently forwarded to all members of the Scheme.

TOBAGO OFFICE DAYS

Office days continued to be held on the second and fourth Wednesday of each month at the ground floor, Caribana Building, Bacolet Street, Scarborough in order to serve our Tobago customers. Radio Tambrin as well as the OFSO's website www.ofso.org.tt is utilised to announce the dates of these visits.

MINISTRY OF LABOUR AND SMALL ENTERPRISE DEVELOPMENT WORKFORCE DEVELOPMENT PLAN

The Workforce Development Plan is an initiative of the Government of the Republic of Trinidad and Tobago to bring together various Ministries, Agencies, Institutions and programmes to provide support services to retrenched and unemployed persons. The OFSO was identified as a potential partner in this venture and the Ministry of Labour and Small Enterprise Development (the Ministry), has been identified as the Ministry with responsibility for lead on this project.

On September 15, a Memorandum of Understanding (MOU) was entered into between the Ministry and the OFSO. The MOU is for a term of two (2) years and establishes a formal basis for the provision of support services between the parties. The Ministry undertook to perform the role of coordinator of the network of socio-economic support services through the National Employment Service (NES). They are tasked maintain and monitor a National Retrenchment Register, while the OFSO undertook to perform the role of

MINISTRY OF LABOUR AND SMALL ENTERPRISE DEVELOPMENT WORKFORCE DEVELOPMENT PLAN continued

provider of support services to retrenched and unemployed persons. An External Liaison Officer assigned by the OFSO is responsible for liaising with the NES in the provision of these services.

TTCONNECT

In April, a meeting was convened with the Head of tconnect to explore a partnership which would increase our accessibility and visibility to customers who may have complaints with their banks, non-bank financial institutions and insurance companies and located in the areas where tconnect's Service Centres are situated, namely, St. James, Tunapuna, Chaguanas, Princes Town, Sangre Grande, Arima and Bon Accord.

WEBSITE MAINTENANCE

In September, the Office entered into a one (1) year contract with VIRB Limited for the maintenance of its website www.ofso.org.tt

PUBLIC RELATIONS STRATEGY

In furtherance of the OFSO achieving the mandate of Project 23 of the Bank's Strategic Plan which speaks to strengthening the effectiveness of the OFSO and to formalise an external communication plan and media monitoring, four (4) advertising agencies were approached to present ideas to the OFSO which would raise the profile of the Office and would cover traditional, social and electronic media. The campaign is scheduled to run for an initial period of four (4) months.

Meetings were held with the various agencies where ideas to achieve this mandate was shared and formal proposals were forwarded to the Office. An evaluation of the proposals received from the four (4) agencies was undertaken by staff on August 30. Additionally, a Business Case outlining the objectives of the Project, criteria for evaluating the options chosen, rationale for the option chosen, resource requirements and benefits of the Strategy was prepared.

ENHANCING THE VISIBILITY OF THE OFSO VIA OUTREACH SESSIONS

During the year, the OFSO continued to disseminate information by meeting with and presenting to different sectors and special groups. The OFSO views this aspect of its operations as critical to communicating to the wider public the services offered. These sessions included:

March: Professional Training and Development Unit, Youth Training and Employment Partnership Programme (YTEPP), Chaguanas

April: Trinidad and Tobago Police Service-Complaints Division, Port of Spain

April: Trainees, YTEPP, Diego Martin

July: Ministry of the Attorney General and Legal Affairs Open House on Retirement Planning and Financial Investments.

TRAINING

The Agency continues to view training as an essential tool which leads to an increase in employee motivation, efficiencies in processes, enhanced strategies in communicating with customers and other stakeholders as well as resolving complex issues. Training conducted during the period included:

- Creating Your Own Social Media Strategy, Arthur Lok Jack Graduate School of Business, January 23-24, 2017 Tanya Forbes and Carla Burgess
- How Social is your Media, Trinidad and Tobago Chamber of Industry and Commerce, April 4, 2017, Carla Burgess
- Advanced Alternative Dispute Resolution Workshop, Stitt Feld Handy Group, April 4-7, 2017, Dominic Stoddard and Tanya Forbes
- Managing Liability Insurance Claims, Trinidad and Tobago Insurance Institute, August 3, 2017-Carla Burgess, Andrew Jattan, Deborah-Jean Esdelle and Angeline Maharaj-Jarvis

TRAINING continued

- Certificate for Financial Advisors (Level I & Level II), Institute of Banking and Finance, from March 2017, Dominic Stoddard.

ESTABLISHMENT AND MANDATE

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

The OFSO was established by agreement between the Central Bank of Trinidad and Tobago and the bank, non-bank financial institutions and insurance companies. The names of the various institutions are identified later in this Report. The objectives, processes and procedures for resolution of complaints are the same for all stakeholders.

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.

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.

ESTABLISHMENT AND MANDATE continued

The OFSO provides an independent and impartial channel through which complainants (individuals and small businesses) not satisfied with the decisions rendered by any of the participating financial institutions or insurance companies concerning financial services or products which falls under the mandate of the OFSO.

A complainant must first seek resolution at the financial institution or insurance company where the problem arose. If the matter is not resolved satisfactorily at that level, a complaint can then be lodged at the OFSO.

The key objectives of the OFSO are to:

- resolve complaints in a way that is impartial, fair, accessible, timely, informal, efficient and free-to-consumers;
- encourage the resolution of complaints before they reach the OFSO, by working closely with participating financial institutions and insurance companies;
- 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;
- coordinate work with the regulator, the CBTT, so far as is consistent with the independent role of the OFSO; and
- ensure stakeholders understand the role of the OFSO.

THE COMPLAINTS PROCESS

THIS IS A FREE SERVICE

Before the OFSO can accept a complaint, the following guidelines should be considered:

- The matter must have first been referred to the financial institution or insurance company at which the complaint arose and the complainant is still not satisfied with the outcome.
- The subject of the 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 financial institution's general rate of interest offered, or charged; fees and charges; risk management policies or the pricing of products and services, the insurance company'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 Court or an arbitration body or any other dispute resolution process.

SCOPE OF SERVICES

The OFSO can consider matters relating to a wide range of products and services offered by the banks, non-bank financial institutions and insurance companies. Generally, the following issues are investigated:

BANKS AND NON-BANK FINANCIAL INSTITUTIONS

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

INSURANCE COMPANIES

- Investment Services
- Trust Accounts
- Individual Annuity contracts
- Fire and General insurance
- Third Party Property Damage claims to a maximum of \$100,000.00 under a Motor Policy

LODGING 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 www.ofso.org.tt).

The Form must be signed by the complainant and the authorized representative, if necessary. If the complainant is differently-abled or requires the assistance of 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.

The Form must state the names and addresses of both the complainant and the branch of the bank, non-bank financial institution 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 OFSO.

The OFSO 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 FSO and staff of the OFSO and its advisors will not be called upon to testify in any legal proceedings.

RESOLUTION OF COMPLAINT

The OFSO will assess your complaint to determine whether it falls within its Terms of Reference (TORs). Thereafter, all attempts will be made to settle the dispute by agreement between the two parties that is, yourself and the financial institution or insurance company.

Conclusions by the OFSO 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 or insurance company where the customer conducts 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 FSO 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 instances such as

these, the OFSO will consider the matter closed.

COMPLAINTS OUTSIDE OF THE JURISDICTION OF THE OFSO

Particular types of complaints are not investigated since they are specifically excluded under the TORs. 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:

- 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;

COMPLAINTS OUTSIDE OF THE JURISDICTION OF THE OFSO continued

(i) Those specifically excluded: continued

- Third party personal injury claims arising out of a motor accident;
- Matters barred by law; and
- A claim where the amount is more than TT\$500,000 in respect of first party matters and TT\$100,000 in respect of third party property damage under a motor policy.

(ii) Matters that are currently or have been before Court 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 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

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

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

1. Settlement

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

2. Recommendation

If no agreement is reached between the financial institution or insurance company and the complainant, either party may request the FSO to make a recommendation for settlement or withdrawal of the complaint. Once the recommendation of the FSO is accepted by the complainant and the financial

SETTLEMENT OPTIONS

2. Recommendation continued

institution or insurance company in full and final settlement, the matter is resolved at this stage. If any one of the parties, the complainant or the financial institution or insurance company, does not accept the recommendation made by the FSO, the matter may be taken to the final stage.

3. Award

If the complaint is not settled by agreement or recommendation, the FSO may make an Award. The Award is limited to \$500,000.00 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 or insurance company. If not accepted by the financial institution or insurance company, the FSO is obligated to report the noncompliance to the Governor of the CBTT.

LIST OF PARTICIPATING FINANCIAL SERVICES PROVIDERS AS AT JULY 6, 2018

COMMERCIAL BANKS AND THEIR SUBSIDIARY LICENSED FINANCIAL INSTITUTIONS

- Bank of Baroda (Trinidad and Tobago) Limited
- Citibank (Trinidad and Tobago) Limited
- FirstCaribbean International Bank (Trinidad and Tobago) Limited
- First Citizens Bank Limited
- JMMB (T&T) Limited
- RBC Royal Bank (Trinidad and Tobago) Limited
- Republic Bank Limited
- Scotiabank Trinidad and Tobago Limited

NON-BANK FINANCIAL INSTITUTIONS

- ANSA Merchant Bank Limited
- Caribbean Finance Company Limited
- Citicorp Merchant Bank Limited
- Development Finance Limited
- Fidelity Finance and Leasing Company Limited
- First Citizens Asset Management Limited
- First Citizens Trustee Services Limited
- Guardian Group Trust Limited
- Intercommercial trust & Merchant Bank Limited
- Island Finance Trinidad and Tobago Limited
- Massy Finance GFC Ltd.
- NCB Global Finance Limited
- RBC Investment Management (Caribbean) Ltd.
- RBC Merchant Bank (Caribbean) Ltd.
- RBC Trust (Trinidad and Tobago) Limited
- Scotia Investments Trinidad and Tobago Limited

Notes

INSURANCE COMPANIES

- Assuria Life (T&T) Limited
- Bancassurance Caribbean Limited
- 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
- Guardian General Insurance Limited
- Guardian Life of the Caribbean Limited
- Gulf Insurance Limited
- Maritime General Insurance Company Limited
- Maritime Life (Caribbean) Limited
- Massy United Insurance Limited
- MotorOne Insurance Company Limited
- Nagico Insurances (Trinidad and Tobago) Limited
- Pan-American Life Insurance Company of Trinidad and Tobago Limited
- Sagicor General Insurance Inc.
- Sagicor Life Inc.
- ScotiaLife Trinidad and Tobago Limited
- Tatil Life Assurance Limited
- The Beacon Insurance Company Limited
- The Demerara Life Assurance Company of Trinidad and Tobago Limited
- The Insurance Company of the West Indies Limited
- The New India Assurance Company Limited
- The Presidential Insurance Company Limited
- Trinidad and Tobago Insurance Limited
- Trinre Insurance Company Limited

