



**OFFICE OF THE
FINANCIAL SERVICES OMBUDSMAN**



Preface and Report by the FSO

Today we pay tribute to all those who brought us to this juncture; this milestone where we celebrate our **10th Anniversary** as an independent, impartial, free and confidential organization which provides dispute resolution services for consumers who have not been able to resolve their matters directly with their financial service providers.

In keeping with our theme of promoting **A More People Sensitive Regime**, the year 2012 was all about people:

- How best to serve them;
- How to get our message across more effectively, that our *raison d'être* was known ;
- How best to respond to their needs; and
- How to remain receptive and current in the changing financial environment.

To address some of these issues, we acquired training in mediation skills and techniques with the intention that all Resolution Officers would attain certification in mediation within the next two years.

We worked on initiatives relating to Transparency and Accountability, Accessibility and Awareness.

- **With respect to Transparency and Accountability:**

- We shared our annual reports of the OFSO's activities to all stakeholders via all types of media including our website;
- We maintained high quality levels of service built on strong internal benchmarks of accuracy, timeliness and thoroughness of the investigation, reasonableness of the outcome and keeping complainants informed about our progress which improved the resolution timeframe;
- We continued rapport with member financial institutions;
- We commissioned a re-design of the website with the possibility of including social media such as facebook and twitter;
- We increased the quality and quantity of information by constantly updating the OFSO's activities on the website e.g. all radio programmes;
- We prepared for the conduct of a Three Year Strategic Plan; and
- We provided to the Central Bank emerging trends emanating from complaints received.

- **With respect to Accessibility**

- We remained a speedy dispute resolution mechanism which is viewed as flexible, versatile, objective and confidential;
- We continued operations from two Offices - at the Central Bank and in Tobago; and
- We increased use of the **Technical Advice Desk** which provides general guidance on various issues to the general public; this resulted in a number of issues being resolved over the telephone.

- **With respect to Awareness**

- We broadened the scope of our Outreach Programme; our desire to share and be of assistance took us to places of worship, work, education and recreation. We distributed information on the role and function of the OFSO to the general public via presentations, exhibitions, media articles, publication of newsletters, radio and television interviews and on the website. This objective of increasing public awareness about the Office spread not only locally, but regionally and internationally.

Locally, we forged new alliances with consumer type organizations and strengthened working relationships with:

- **Our member financial service providers**

- whom we visited and shared with the internal dispute resolution units (which some institutions have reported) have begun to take on ombudsman roles so as to provide greater service to their customers; and held more meetings and increased our dialogue to address complaints and reduce the turnaround time for resolution;

- **With The Public and Interest groups**
 - especially **Senior Citizens' Associations** which requested personal sessions with their members and families; in their home communities and at annual general meetings of clubs; and
 - participating in the **Young Women of the Year Mentorship Programme** organized by the Network of Non-Governmental Organizations for the Advancement of Women;
- **With The Media** - three radio stations with programmes on selected topics such as Opening Accounts for people who are differently abled e.g. mentally or physically challenged, Issues of Early Dementia and Alzheimers, Issues of Security, Use and Abuse of Credit Cards, Comprehensive and Third Party Insurance, Mortgages, and Payment Systems including the rationale for the 4-day hold on cheques;
- **With The Ministry of Legal Affairs** -
 - *Consumer Affairs Division* which invited us to participate in its expositions held on The Brian Lara Promenade and The Victor Chin Kit Park in Point Fortin;
- **With The Ministry of Labour Small and Micro Enterprises** –
 - *Office of the Registrar of Friendly Societies Division* where the Financial Services Ombudsman (FSO) was the feature speaker and presented on the theme: *Celebrating 194 years of Friendly Societies/Lodges in Trinidad and Tobago – Marketing Friendly Societies/Lodges in a Competitive Environment*;

- **With The Ministry of the People and Social Development –**
 - *The Division of Ageing* where the Director, Dr. Jennifer Rouse partnered with the OFSO to co-host sessions via the radio stations on problems faced by the elderly and elderly abuse ; and
 - invited the OFSO to participate in its Senior Citizens Public Forum Education Series in Tobago and Brazil (East Trinidad);

- **With The Water and Sewage Authority –** to participate in its Life Skills Training Series for Retirement/VSEP Employees;

- **With The Ministry of National Security –**
 - *The Police Welfare Unit* via Sgt. Roach who distributed 1000 OFSO packages at its Public Information expositions held in Port of Spain, San Fernando and Scarborough in Tobago; **and also**

- **With The Tobago House of Assembly –**
 - The Secretary of Tourism for granting approval for the OFSO to participate in and distribute 1000 bags at the Annual Blue Food Festival. This was the second occasion that the Office had the opportunity to market its services at this event. We say a special thank you to Mr. Orville London, Chief Secretary of the Tobago House of Assembly for facilitating this arrangement.

Regionally and Internationally, through knowledge of such outreach sessions, contact was made and alliances were formed with **International bodies** such as:

- **The Inter American Development Bank and Consumer International, UK** which invited the Financial Services Ombudsman (FSO) to participate in the *Seminar on The Legal Framework for Financial Services, Consumer Protection & Consumer Loan Agreements* in Barbados. This arrangement was initiated by the *Consumer Affairs Division*, of the Ministry of Legal Affairs;
- **The Office of the Ombudsman of Rwanda** where the Acting Director of Fighting Crime and Corruption completed a three-week attachment with the Office to gain an understanding of and appreciation for our operations, policies, procedures and outreach programmes. This arrangement was initiated by the Commonwealth Secretariat;
- **The Commonwealth Secretariat** which held its meeting on *Financial Inclusion* in August incorporating the Office as one of its presenters;
- **The Association of Caribbean Arbitrators** and its patron Sir Dennis Byron; and
- **The United Nations Commission on International Trade and Law (UNCITRAL)** which invited the Financial Services Ombudsman (FSO) to participate in a panel discussion at the *Second Colloquium on Micro Finance for Micro Entrepreneurs* in Vienna, Austria.

Given our motto of **WE CAN HELP**, we are committed to service **for all** so that everyone is well informed, knowledgeable; aware of the risks involved in making financial and life changing decisions and are prepared for the consequences of those decisions.

However, as much as was accomplished, we continue to face a number of challenges. Most significant is that of **accessibility – providing office services to those citizens in distant areas of Trinidad and Tobago**. This matter will continue to engage our attention in the coming months as we seek solutions that would allow for the continued independence and impartiality of the OFSO. One option may be to employ the model used by my colleague, Mrs. Lynette Stephenson, S.C – the Ombudsman of Trinidad and Tobago – of visiting different parts of our twin island republic on specific days. I am sure that this approach would find favour especially with our customers who hail from such places as Sangre Grande, Toco, Manzanilla, Brazil, Chaguanas, Penal, Siparia, Charlotteville and Plymouth.

Other challenges remain,

- Credibility of information from some third party organizations;
- Credibility in reporting complaint statistics to the Office;
- Absence of internal dispute resolution units and questionable practices to settle complaints at some member financial service providers;
- Full agreement by all 46 member organizations before a change could be effected;
- Ensuring that our staff is exposed to continuous technical training to build capacity;

- Providing more technological avenues to communicate complaints to our Office; and
- The continuing need to create initiatives to break the cycle of dependency among members of the general public - **a need to encourage/sensitize the public of Trinidad and Tobago to accept responsibility for their decisions as consumers of financial products and services; and to increase their level of financial literacy. *Members of the public, you have the right and you need to ask questions when in doubt and not be intimidated.***

These challenges provided the impetus for **our theme for 2013 – Promoting Responsible Consumer Behaviour and Consumer Protection** which is in line with Responsible Finance, one of the core principles for consumer protection.

Responsible Finance¹ has been defined as the delivery of retail financial services in a transparent and equitable fashion. It focuses on products, processes and policies that appropriately balance customers’ interests with those of providers’ interests and avoids harmful or unfair treatment. Responsible finance is promoted through measures that may include consumer protection regulation, industry or provider codes and standards and improvements in consumer financial capability.

But one component of Responsible Finance which applies to member financial institutions is that of reporting. Analysis of the 910 persons who contacted our Offices with complaints revealed that **some** complaints referred to member financial institutions for redress were not reported as part of their statistics at the

¹ CGAP 56626 by Laura Brix and Katherine McKee – Consumer Protection Regulation in Low Access Environments

end of the quarter. This led us to communicate with our member organizations on two points of concern:

- What is their definition of a complaint? and
- When does an issue brought by a customer become a complaint reportable to the OFSO?

The Office is encouraged by the positive responses received from member institutions and their willingness through dialogue to strengthen the process for greater transparency, clarity and accountability in reporting. This matter will continue to engage our attention in the coming months.

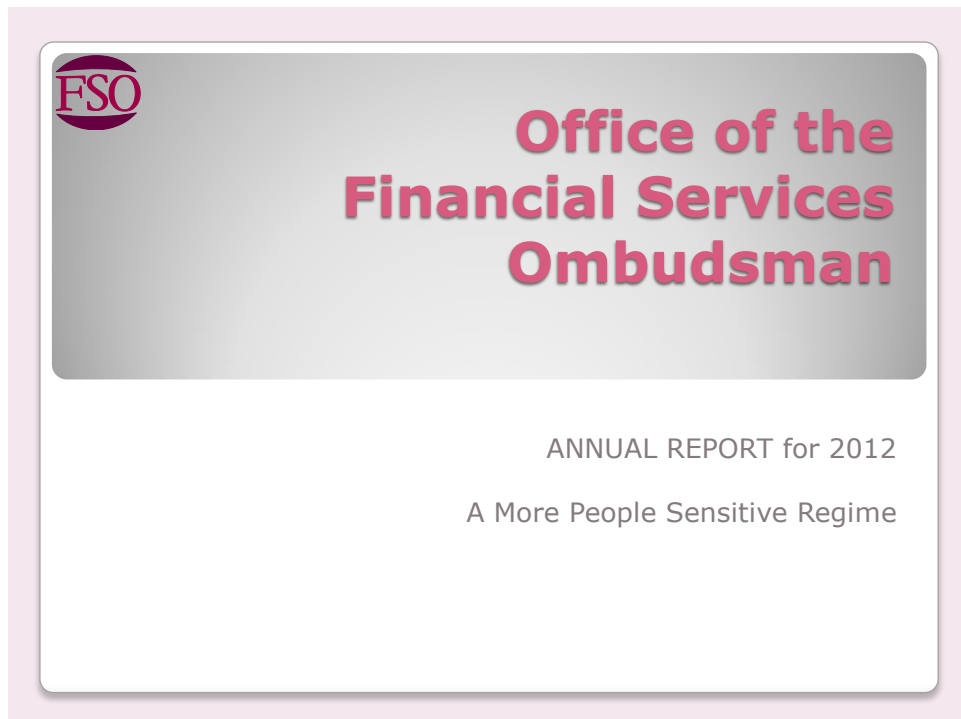




TABLE 1: Banking Complaints

Year	Received	Resolved
2003 - 2004	45	42
2005 -2009	126	126
2010 -2012	59	58
Total	230	226
Carried Forward	4	

48% decrease in complaints received Between 2011 and 2012

Resolution Rate: 98.26%



TABLE 2: Banking Complaints

Categories of Complaints	No.	%
Accounts & Transactions	96	41.74
Card Services	52	22.61
Loans and Credit	30	13.04
Other (Mortgages, Credit Chex, Pain & Suffering)	15	6.52
Service and Advice	14	6.09
Fees and Charges	12	5.22
Credit Policies and Decisions	6	2.61
Privacy and Confidentiality	3	1.30
Mutual Funds	1	0.43
General Interest Rate Level	1	0.43
Total	230	100.00



TABLE 3: Banking Complaints

Year	Banking Institutions	OFSO	Total
2007 - 2009	1,398	73	1,471
2010 - 2012	768	59	827
Total	2,166	132	2,298
%	94.26	5.74	100.00

The OFSO began collating complaints handled by the banking sector from 2007.
Reduction in total loans from 2011.



TABLE 4: Insurance Complaints

Year	Received	Outside Scope	Processed	Resolved & Closed
2005 - 2009	862	(99)	763	767
2010 - 2012	1,740	(310)	1,430	1,369
Total	2,602	(409)	2,193	2,136
				<u>C/F 57</u> <u>2,193</u>
Resolution Rate: 97.25%				

**TABLE 5: Insurance Complaints**

Resolution of Complaints	No.	%
Agreement	1,491	67.99
Withdrawn or Rejected by Ombudsman	563	25.67
Withdrawn by Complainant	75	3.42
Court Referrals	5	0.23
Recommendations/Awards	2	0.09
TOTAL RESOLVED	2,136	97.40
Carried Forward	57	2.60
TOTAL PROCESSED	2,193	100.00
Within 0-90 days	1,482	69.37
Within 91-120 days	292	13.67
More than 121 days	362	16.95
TOTAL	2,136	100.00

**TABLE 6: Insurance Complaints**

Types of Complaints	No.	%
Motor Vehicle	2,090	95.30
Life, Health & Annuities	92	4.20
Property	11	0.50
TOTAL	2,193	100.00

Motor Vehicle remained the major type of insurance complaint over the period.

Categories	No.	%
Inadequate	840	38.30
Undue Delay	723	32.97
Denial of Claim	553	25.22
Other	77	3.51
TOTALS	2,193	100.00



**TABLE 7:
Insurance Complaints by Companies**

Companies	No.	%	Comment
Company A	678	26.06	Over the 10 year period, 5 companies accounted for 1,657 of the total 2,602 complaints received, 63.68% . From 2005 -2009, 5 Companies accounted for 1,181 complaints or 67.87% .
Company B	428	16.45	
Company C	298	11.45	
Company D	144	5.53	
Company E	109	4.19	
<i>Sub Total</i>	1,657	63.68	By 2010, these companies were reduced to 3 accounting for 1,404 complaints or 53.96%
Other Companies	945	36.32	
Total	2,602	100.00	These 3 companies continue to be monitored by the Regulator.



TABLE 8: Outreach Complaints

BANKING

- The quality of service rendered by banks;
- The level of service fees and charges;
- Customer privacy when conducting transactions;
- The difficulty in opening accounts for senior citizen, persons under 25 years; the visually impaired; and persons with mental and physical disabilities;
- The quality of the information disseminated to customers;
- Access to banking institutions for the physically challenged (entry and teller services);
- Customer security inside the institutions and at the ATM's;
- Non-availability of services in rural areas; and
- The requirements for the elderly to facilitate the Direct Deposit System at banking institutions.

INSURANCE

- Customers have voiced these concerns during outreach sessions:
- Poor service rendered by insurance representatives when dealing with customers and answering their questions;
- The lack of explanations provided when insurance packages are sold;
- The concept of loss of use and the payment of deductibles (excess);
- Insuring foreign used vehicles; and
- Interpretation of the Police Report and use of the Police Report in the deliberation of a matter.

In conclusion, it is important to recognize for an ombudsman scheme to be an effective resolution mechanism, it **must** include the principles of transparency, accountability, accessibility, awareness, governance and independence.

Therefore, I thank Mr. Jwala Rambarran, the Governor of the Central Bank who on taking office quickly addressed an issue which sought to impinge the independence of the OFSO's remit. In addition, approval was received for the conduct of a three year strategic plan, the re-design of the website, the hosting of the 2014 International Network of Financial Services Ombudsman Conference and numerous initiatives that would propel the Office to the next level. I thank the Board of Directors for its support of the Governor's actions and recommendations as it pertains to the Office.

Identifying with the artiste **Marvin Sapp** in his song *Never Would Have Made It Without You*:

- **we thank** Our member financial service providers, who continue to partner with us to provide a sound and secure financial system; for taking the journey with us and appearing on the radio stations to respond directly to the public; and for improving the quality of their operations especially those with internal dispute resolution units;
- **we thank** The public of Trinidad and Tobago who trust our process that they would receive redress on using our service;
- **we thank** Our international counterparts who provide avenues for us to share our model with the rest of the world;
- **we thank** Our international colleagues whose experiences assist in enhancing the quality of resolution offered; One such scheme is the OBSI hence our feature speaker today;

- **we thank** Our friends in the media who graciously gave us coverage to spread the message of financial awareness and accountability and respond to the public's concerns;
- **we thank** Our colleagues at the Central Bank especially our liaison officers in the Corporate Communications Department, the Audio Visual Unit, the Legal Department, The Information Technology Services Department, The Financial Institutions Supervision Department, The Administrative Services Unit and the Procurement and Support Department who understand our role and therefore provide services that continue to make our lives and jobs that much easier to perform;
- **we thank Judy Chang and Anne Marie Narine for laying the foundation and allowing me to take off;**
- **and last but certainly not least**, a very dynamic group of persons, my staff – Lygia, Cbar, Karen, Debbie, Cynthia, Helen, Lester and John. These individuals are not only courageous but committed to making a difference in the lives of others. They walk that thin line between sympathy and empathy – to remain impartial and confidential in all their dealings with all our stakeholders. **Although there are challenges**, the purpose for being with the Office, **remains one of a desire to be of service to others.** I thank them for keeping me grounded while allowing dreams to become realities.

Ladies and Gentleman, in all humility, I add my sentiments in extending my thanks and appreciation to all those with whom I interacted over these past three years; your contributions and support have been invaluable and I never could have made it without you.

I sincerely thank you for this opportunity to be of service to the people of my country.

Suzanne Roach
Financial Services Ombudsman