



► Address Delivered at the Annual Breakfast Meeting 2017  
By Dominic Stoddard  
Financial Services Ombudsman  
on May 25, 2017



## *Good morning and welcome.*

The Honorable Justice Vasheist Kokaram,  
Chairman of the Mediation Board of Trinidad and Tobago

Dr. Alvin Hilaire, Governor of the Central Bank of Trinidad and Tobago

Ms. Lynette Stephenson S.C., Ombudsman of Trinidad and Tobago

The Board and Management of the Central Bank of Trinidad and Tobago

Representatives of the Bankers Association of Trinidad and Tobago

Representatives of the Association of Trinidad and Tobago Insurance Companies

Specially invited guests, ladies and gentlemen

I am indeed happy to have this opportunity to meet and greet you the participants in the Scheme and our specially invited guests, who we deem as stakeholder partners with an interest in what we do.

Much has been said in the public space about our low visibility, especially now where there is an intense national dialogue through both traditional and social media about fees and charges in the Banking Sector and to a lesser extent some of the issues facing the insurance industry. I have taken particular note of these developments as I recognize that they are taking place against a backdrop of challenging economic circumstances. But what is painfully clear in all this, is that there are many in our society who do not know who we are; and some of those who know who we are, either do not know or perhaps do not understand what we do.

At the risk of being pedantic allow me to reiterate. The word Ombudsman is an old Nordic one loosely translated as "representative". And that we are indeed, but we are much more. We were established to investigate complaints from individuals and small businesses in respect of financial products and services sold by financial services providers. What this means is that we address complaints against banks and non-bank financial institutions licensed by the Central Bank and registered insurance companies. Indeed there are many other financial service providers, against whom complaints are directed, which we cannot address. In these instances, and as far as possible, we direct these complainants to the appropriate authority or agency.

I beg your indulgence to go a little further. It is important that I define the scope of our responsibilities since we are constantly looked upon for redress in areas from which we are specifically excluded according to our terms of reference. I will refer to just two of these.





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Paragraph 17 of our Terms of Reference states:

“The Ombudsman has no jurisdiction to consider a complaint to the extent that the complaint relates to a Financial Institution’s general interest rate policies, risk policies, credit decisions and the pricing of products and services.”

And secondly paragraph 19 of our Terms of Reference states:

“The Ombudsman shall have no power to make a recommendation in respect of a complaint to the extent that the complaint related to a practice or policy of a Financial Institution that does not itself give rise to a breach of any obligation or duty owed by the Financial Institution to the Complainant.”

I have simply outlined these two to say that the determination of fees and charges set by any financial service provider does not fall within our mandate. And further, we cannot impose sanctions on a financial service provider where the practice or policy of the institution does not result in a breach of duty, loss or inconvenience to the complainant.

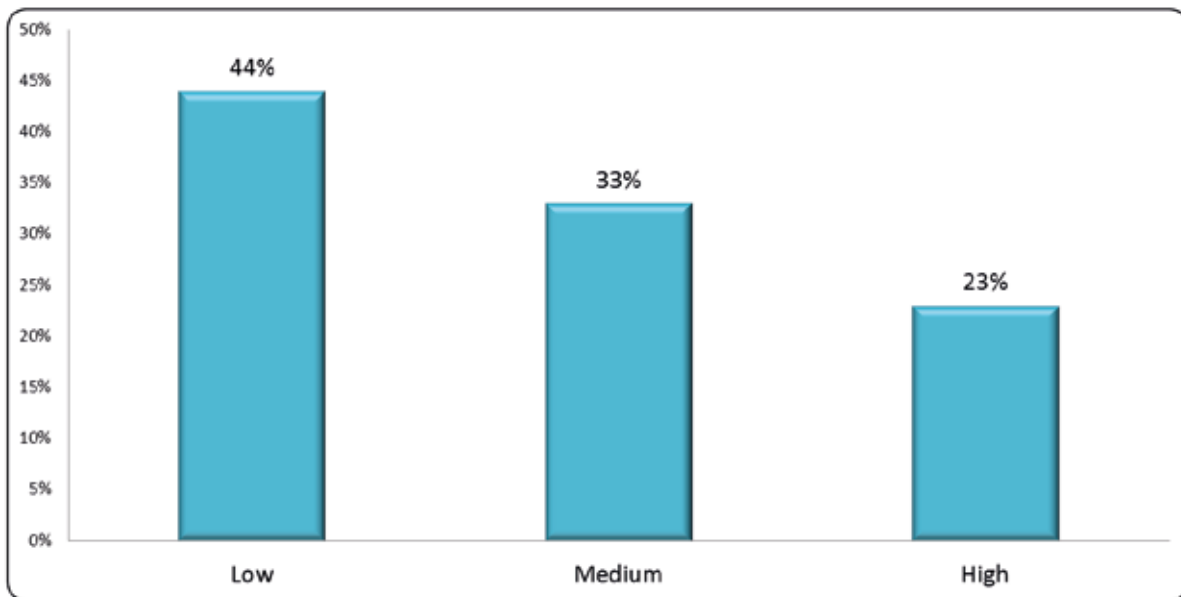
Now, having said this, I want to remind you all that our treatment of the general public, the ordinary citizen has led to a deep, pervasive and negative perception of the financial sector, where in spite of the existence of the OFSO, there is the widespread view that the ordinary citizen cannot get redress. I have been inundated with calls, emails and have been privy to many instances, some legitimate and some not, where more compassionate treatment of customers, would have resulted in a better outcome for both parties.

I need to also emphasize that ordinary citizens are not themselves absolved from some of the responsibility for the negative outcomes they sometimes encounter. In their interface with financial institutions, they often only consider only their immediate needs without taking the time to gain a full appreciation of the obligations and limitations to which they have agreed. I will say more on this later.

In a 2015 survey of 650 individuals, only 1 in 5 respondents ever heard about the OFSO, and a roughly similar amount (19 per cent of respondents) did not agree that it was their responsibility to understand and follow the terms and conditions of the financial products and services they purchased. Now let’s put this in context.

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### GRAPH 1 – Trinidad and Tobago: Financial Capability



In a 2013 National Financial Literacy Survey commissioned by the Central Bank, it was found that about 44% of the population had low financial capability. If I may be permitted to state it bluntly, not enough of our citizens are willing to expend the time, effort or energy necessary to understand or manage their finances better. And this sometimes involves asking the right questions of our financial institutions and at other times it may involve knowing where to obtain independent, impartial advice. Indeed, there is a duty and a responsibility, especially in the economic circumstances which we have found ourselves to pay closer attention to how we manage our personal finances.

#### The Operations of the OFSO

Turning now to the operations of the Office of the Financial Services Ombudsman, the Resolution Rate, the single most important indicator of our effectiveness refers to the number of complaints resolved relative to the amount available for processing in a given period. In 2016 the Resolution Rate was 78%, an improvement of 5 percentage points when compared to 2015.

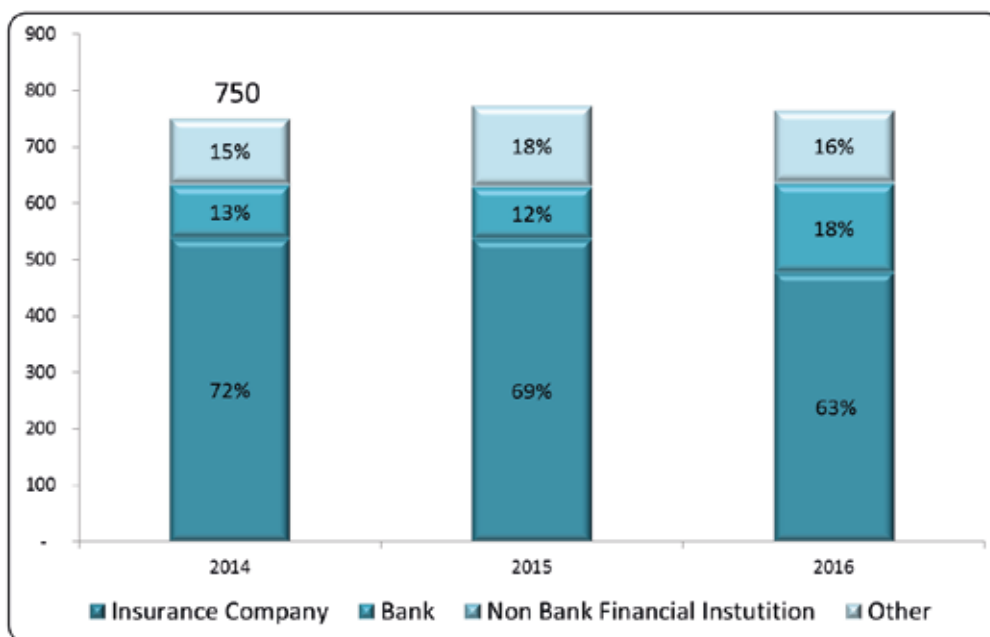
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**GRAPH 2 – Resolution Rates (%)**

	2012	2013	2014	2015	2016	Average
Overall (weighted*)	83	78	76	73	78	78
Banking	85	60	48	77	90	72
Insurance	83	79	78	73	77	78

After declining since 2012, the resolution rate is currently at 78%. Coincidentally, the average resolution rate over the last 5 years is also 78%.

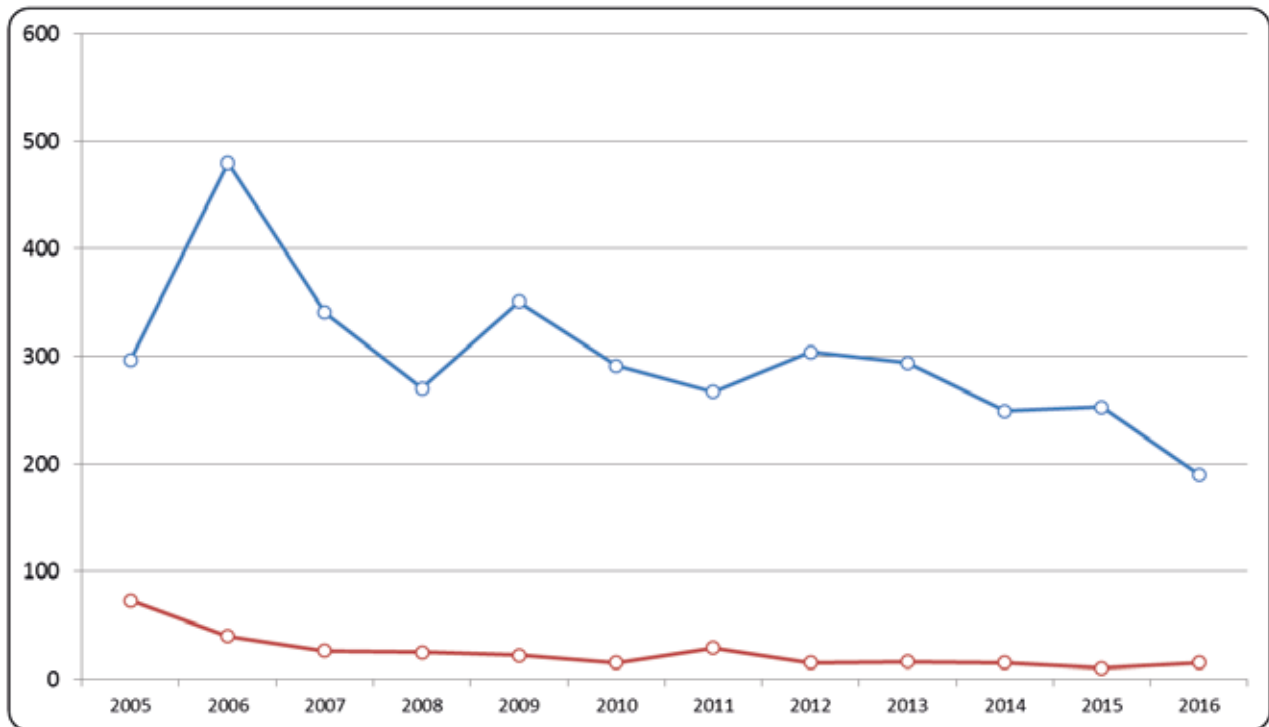
**GRAPH 3 – Enquiries Received by the OFSO**



In addition to the Resolution Rate, we have dealt with a number of enquiries which have not, for one reason or another met the threshold for what constitutes a complaint. While the total number of queries have not changed significantly over the last three years, what is noticeable is that the proportion of insurance complaints have been declining while the proportion of banking enquiries have been increasing. Excluding insurance enquiries, the number of banking enquiries surpassed the combined total of all other enquiries in 2016 for the first time.

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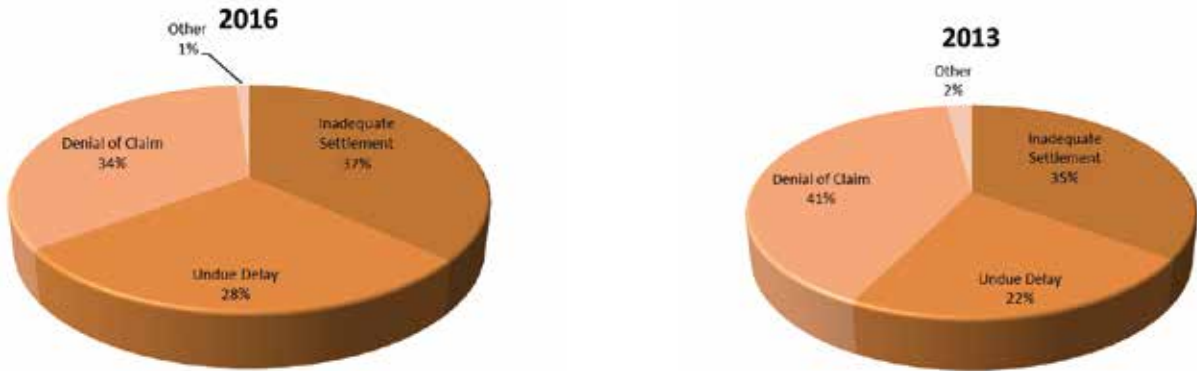
**GRAPH 4 – Number of Complaints Received**



To gain proper perspective, we took a long range view of the trend in complaints. It is abundantly clear that the majority of complaints received by our office were insurance complaints and of these 90% were motor vehicle complaints. Banking complaints have remained fairly low, largely because the issues that would normally bring banking clients to our offices are outside of our remit and would be classified as enquiries since we are unable to pursue these matters. Although fairly limited in numbers, most of the banking complaints received were in the category 'Accounts and Transactions', which relates to account errors and transaction disputes.

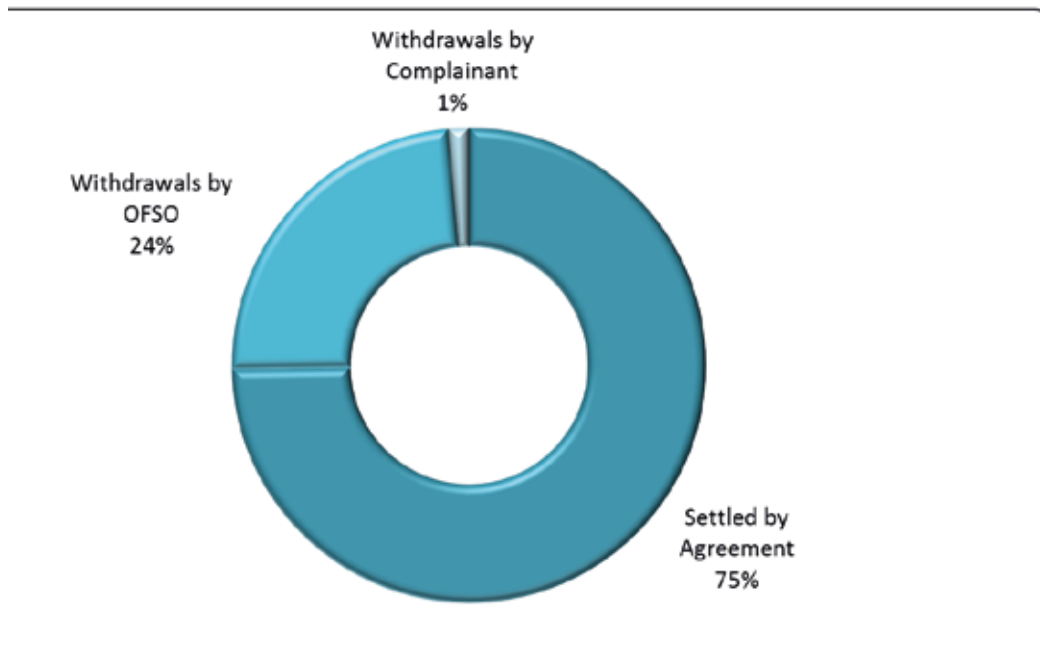
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### GRAPH 5 – Category of Insurance Complaints



Regarding Insurance claims, a pattern has been emerging over the recent past. From a high of 284 in 2012, insurance complaints have been gradually declining, and reached an all-time low of 188 in 2016. More than this, the reasons for the complaint has been shifting. Most notably, the Denial of Claim category has declined from 41% in 2013 to 34% in 2016. The category 'Inadequate Settlement' remained virtually unchanged while complaints about undue delays rose from 22% to 28%.

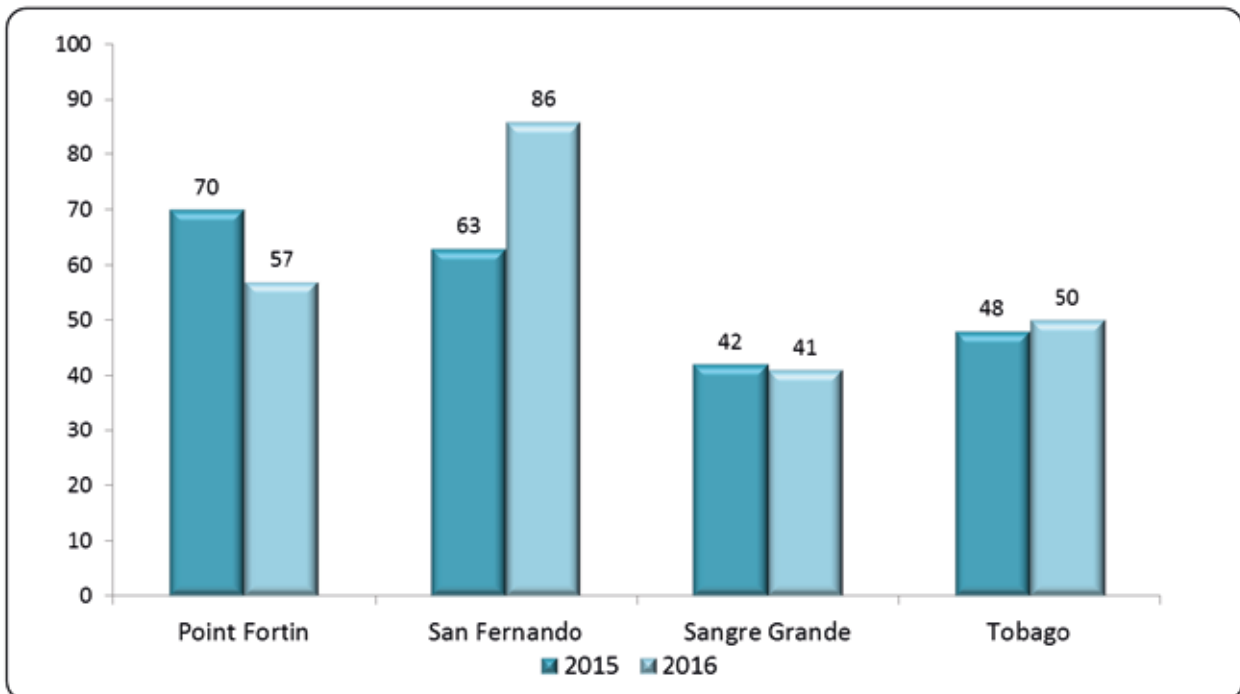
### GRAPH 6 – Resolution Methods 2016: Insurance Complaints



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In terms of the way complaints were resolved there has been no discernable change since 2005. The data indicates that about 3 out every 4 complaints received by our Office was resolved by Agreement while the others are withdrawn, mostly by our Office, for numerous reasons. These could at any time range from lack of interest on the part of the complainant, failure to provide requested information or the complainant or third party choosing to pursue legal action.

**GRAPH 7 – Visitors to External Offices: 2015-2016**





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One of the ways in which we promote accessibility to the services we provide is by maintaining external offices, for which some of our strategic partners has graciously afforded us space. These are located in Point Fortin, San Fernando, Sangre Grande and Tobago. While the traffic at these offices is generally low, I can report from direct contact that they reach some of the most vulnerable complainants. Visits to external offices have remained unchanged in Sangre Grande and Tobago; however there has been a decline in visitors to the Point Fortin office while the number of visits for San Fernando has been increasing.

### **The Policy Outlook**

Ladies and gentlemen an effective Financial Ombudsman Scheme must contain some key features. These are accessibility, accountability and transparency. In addressing our accessibility we are at a sensitive stage in discussions to expand our reach in both the physical and the virtual space. The successful conclusion of these discussions will coincide with the roll out of a public education campaign, as part of a broader strategy to build public awareness of who we are and what we do. Equally importantly is what we don't do.

This will also incorporate several activities by the National Financial Literacy Programme aimed at promoting Financial Inclusion. They will assist in developing the financial capability of the public at large, but with emphasis on specifically targeted groups so that many of our citizens can gain access to and make appropriate use of financial products and services, with the knowledge, confidence and assurance that will lead to better choices and ultimately, reduced complaints.

With respect to accountability and transparency, our financials have been audited and distributed, and with this meeting we are back on stream with our annual meetings. We are also planning, in the near future, to canvass opinion from among our stakeholders to ensure that we improve our understanding of what they require of us and that we respond to it. I am of the firm view that what you cannot measure you cannot manage and therefore our Office must be organized internally to be able to share with participants every aspect of the data we collect with the obvious confidentiality restrictions. We must do all that we can to allow them to respond in a manner that will build greater value from their interaction with customers. Simultaneously, the OFSO will be able to use the complaints data to feed into financial literacy programmes designed to address identified areas of difficulty.

An important aspect of our visibility over the past year has been working in conjunction with the National Financial Literacy Programme to conduct outreach sessions with various population segments which include school age children and young adults, faith based organizations, various arms of the protective services and a wide array of employees from public and private organizations. We will continue to foster strategic alliances that will give us yet greater reach as we strive toward a more financially inclusive society.







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#### Plans for 2017

Our key plans for 2017 into 2018 can be summarised as follows:

- Continue to build the human resource capability
- Rationalize our internal processes
  - o to enhance the effectiveness of the complaints handling process
  - o to ensure that our systems are robust, people independent and cost effective
- Expand our footprint to increase the accessibility of our services to customers
- Conduct needs assessment to ensure that we deliver what is required of us by stakeholders
- Roll out an integrated public relations campaign to build awareness of who we are and what we do

As I close let me assure you that we are facing exciting times ahead and we as a group will be tested in various ways as we respond to the unfolding circumstances. We have seen fundamental changes in the way financial products and services are delivered. Our information and communication have become instantaneous in many ways. This drives fundamental changes in both customer behaviour and in their expectations, and I dare add their tolerance of what might be perceived as unfair or unfriendly to customers. While in the past the avenues for ventilating their frustrations were limited, the advent of social media can send a single incident viral with dire consequences. I need not remind you of the recent United Airlines incident. This places an added responsibility on us all. We have as a group to say that Trinidad and Tobago is open and ready to do business. Dispute resolution is but one aspect of the ease of doing business. It saves time, money, effort and energy. I therefore thank you for all that you have done over the many years that the Scheme has been in existence. I urge you to bear true fidelity to its intent and to make liberal use of our capabilities.

We at the OFSO would like to reaffirm our commitment to efficient, impartial, confidential resolution of disputes and we are once again asking for the support of all those who assisted us in achieving this in one way or the other. The Tobago House of Assembly, Association of Trinidad and Tobago Insurance Companies, Bankers Association of Trinidad and Tobago, Ombudsman of Trinidad and Tobago, the Commissioner for Co-operative Development and the Auditor General's Department and the many public and private agencies and programmes that have supported us in one way or another. I thank you all.

I would also like to offer a special word of thanks to the staff of the OFSO whose passion and enthusiasm for what they do is truly amazing. I feel very fortunate to be part of such a committed team. I thank you dearly.

