

# Annual Breakfast Meeting 2019

Friday July 5, 2019

**Dominic Stoddard, Financial Services Ombudsman**

## Salutations

In keeping the commitment to minimize the environmental impact of our activities, we joined with the Central Bank, which embarked on the Workplace Waste Reduction and Recycling Programme in 2018 and have opted not to print our Annual Report, but instead make it available on our website simultaneously with these proceedings.

Ladies and gentlemen the financial sector is one of the most important, vibrant and robust sectors of the economy, by most conventional measures. As with any dynamic sector, it is in a constant state of flux.

The most notable development in the recent past is the unrelenting drive towards digital financial services, which has the desirable effect of increasing the speed and lowering the cost of financial transactions. There are also other benefits such as increasing access to financial services by the unbanked, through digital channels. Despite these advantages, many are left behind as digitization has also brought a significant reduction in the number of touchpoints for direct interface with the public.

An often overlooked aspect of these developments is their impact on ordinary financial consumers. It gives me no pleasure to deliver a bad report, but by most indicators circumstances have worsened over the past year. Customers are becoming more aware of their rights but are far less vigilant about their responsibilities. And financial institutions are spare no cost in their search for new business, but are frugal in improving their customers' experience.

It is against this background that we now report on the activities of 2018. In 2018, insurance complaints (especially motor vehicle accident claims) continued to dominate the scheme. There were three hundred and fourteen (314) new insurance complaints lodged at the Office and thirty (30) new banking sector complaints, representing an increase in total complaints

received when compared with 2017. The combined total for 2018 of enquiries and complaints i.e. public engagement, was 1,141. This increase in overall public engagement can largely be attributed to:

1. The OFSO's focus on public awareness of the services we offer
2. Public education activity alongside the National Financial Literacy Programme; and
3. The increasing incidence of companies referring their customers to seek our services whenever there is an impasse.

### **Enquiries**

During 2018, our Office received seven hundred and ninety-seven (797) enquiries from various sources. This represented an increase of four per cent (4%) over the corresponding period in 2017 when seven hundred and seventy (770) enquiries were recorded. Enquiries received related to products and services provided by insurance companies, banks and non-bank financial institutions. The OFSO received several enquiries related to institutions not falling under our Terms of Reference. These institutions included the Unit Trust Corporation, credit unions, Government Ministries and other agencies. Customers were either provided with an appropriate response or were redirected to the relevant institutions where their matters could be addressed.

### **Banking Complaints**

From January to December 2018, the OFSO received thirty (30) new complaints from individuals with respect to services provided by their commercial banks. For the corresponding period of 2017, the number of new complaints received at the Office was twenty (20). We note however that while the actual number of banking complaints was relatively low, they accounted for a not insignificant share of total enquiries. The majority of banking complaints recorded were under the headings: Accounts and Transactions, Card Services, and Loans and Credit.

### **Insurance Complaints**

During 2018, the OFSO received three hundred and fourteen (314) new complaints from customers against insurance companies, four (4) of which were referred to Central Bank of Trinidad and Tobago as they fell outside of our purview. For the corresponding period of 2017, the number of new insurance complaints received at the Office was two hundred and eighty-two (282), representing an increase of eleven per cent (11%) in the number of complainants seeking redress. Three hundred (300) of the 314 insurance complaints, or ninety-seven per cent (97%) of the total number received, related to vehicular accidents. The remaining complaints related to Life or Health Insurance policies and Individual Annuity contracts.

### **Performance of Financial Ombudsman Scheme**

In broad terms, the volume and complexity of both complaints and enquiries have been increasing. However the number of complaints resolved has not kept pace and this is reflected in the seven per cent (7%) deterioration in the Resolution Rate. The Resolution Rate is the single most important numerical indicator of our performance and is defined as the number of complaints resolved divided by the number of complaints available for processing, in a given period, expressed as a per cent. While many schemes do not readily publish their resolution rate, we are of the firm view that it tells quite a story and should be known to all our valued stakeholders. In 2016, the resolution rate recorded was seventy-eight per cent (78%). Unfortunately, for 2018 the rate has fallen to sixty-one (61%), indicative of the increasing difficulty of cultivating an atmosphere in which parties fully appreciate the benefits of resolving complaints by mediation.

Another indicator of the increasing complexity of the case files handled by our Office is the average time taken to resolve complaints. The average number of days taken to resolve complaints increased from 97 days a year prior, to 106 days in 2018. Having complaints unresolved for inordinately long periods is wholly unacceptable and complainants are increasingly disadvantaged with the passage of time.

As further evidence of the increasingly discordant atmosphere in which we conduct our business, the penalty fees charged to institutions for failing to meet the settlement due date, although small in absolute terms, has resumed its upward trajectory, increasing by thirty per cent (30%) in 2018. Among the few positive outcomes for 2018, was the increase in average settlement amount received by complainants, which increased by over \$1,600 to reach \$9,496. Now, my intention here is not to paint everyone with the same broad brush, but the tone is set from the top. So that employees, including managers, manifest the culture of their organizations and in particular what is transmitted from the top. We have many just, fair and responsible financial institutions operating in this Trinidad and Tobago. They do business on the basis that their long term reputation will see them through both good times and bad. But there are notable exceptions and these are the ones that undermine the reputation that others have fought so hard to attain.

I have one simple request for you the members of the Scheme, and it is one that we of this Office will hold ourselves to. Let us redouble our efforts to show customers that we care; I mean really care. Let us not forget to call back, when we say we would, and in a timely manner. Let us follow up and follow through and keep customers informed. Gone are the days when



we can simply tell customers “that is the policy”. We should ensure that our frontline staff are sufficiently trained to provide a brief but reasonable explanation for the reasoning behind the policy. At the risk of sounding cliché, let us go the extra mile for our customers. Do not add to the social trauma already being experienced by many of our citizens. Let us care once more about customers and remain unwavering in the pursuit of excellence.

I would like to close by thanking the staff of the OFSO who are passionately engaged in the work we do. I dare say, without exception, they believe in the cause. Heartfelt thanks to the various Departments of the Central Bank who supported us throughout the year. To our valued stakeholder partners, with whom we share joint custodianship of the reputation of the banking and insurance sectors, thank you for walking with us. Thank you all for being here today. May God bless you all.

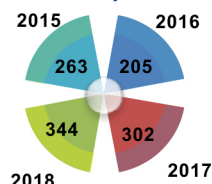
## Selected Performance Statistics



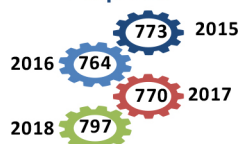
OFFICE OF THE  
FINANCIAL SERVICES OMBUDSMAN  
Annual General Meeting, July 5, 2019

### Public Interactions

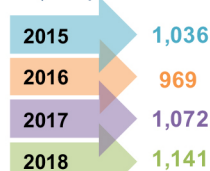
#### New Complaints



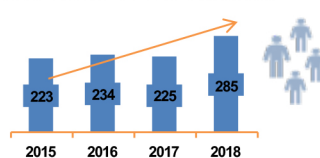
#### Enquiries



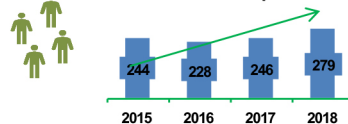
#### Total (complaints & Enquiries)



#### No. of Visitors: External Offices



#### Resolved Complaints



### Resolutions Rates

#### Banks (%)

77  
90  
50  
61

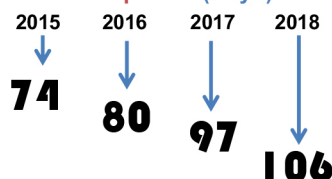
#### Insurance (%)

73  
77  
68  
60

#### Overall Resolution Rate (%)

2015 – 73  
2016 – 78  
2017 – 68  
2018 – 61

#### Time taken to resolve complaints (Days)



#### Settlement Average (Insurance)

2015 \$8,079  
2016 \$7,991  
2017 \$7,873  
2018 \$9,496

#### Total Penalty Fees

2015 \$84,865  
2016 \$85,031  
2017 \$48,474  
2018 \$63,375

