



*ADR Chambers Banking Ombuds Office (ADRBO)*

# **ANNUAL REPORT 2010**

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# ADR CHAMBERS BANKING OMBUDS OFFICE

## SECOND ANNUAL REPORT

1. This report covers the second year of operation of the ADR Chambers Banking Ombuds Office (ADRBO). ADRBO provides an independent dispute resolution process for banking clients of the Royal Bank of Canada (RBC) who do not agree with the observations and recommendations made by the RBC Ombudsman. ADRBO began operations on November 1, 2008. According to its Terms of Reference, ADRBO's authority and responsibilities include providing information to the public about the process for submitting and commencing complaints, receiving complaints for investigation, and investigating complaints with a view to their resolution by agreement or as a result of ADRBO's recommendations.
2. ADRBO is headed by the Banking Ombuds, who has both a legal background and training and experience in dispute resolution. The Banking Ombuds is supported by a Deputy Ombuds and a two-person administrative staff, and has recourse to ten investigators who have training in dispute resolution, complaint handling, and consumer banking. Several staff members and investigators, including the Banking Ombuds and Deputy Ombuds, are able to work in both French and English.
3. The initial contact persons, based out of ADRBO's Toronto office, respond to inquiries and answer questions about the complaint procedure. There is an option for callers of the ADRBO toll-free contact number to select French or English. If the customer has not completed the RBC internal complaint resolution process, the contact person refers the customer to RBC so that he or she can complete the process. If the customer has completed the internal RBC complaint resolution process, the contact person makes a *prima facie* assessment of whether the complaint falls within the scope of ADRBO's mandate. If it does not, an attempt is made to refer the customer to the appropriate complaint resolution process or entity. ADRBO also maintains a website ([www.bankingombuds.ca](http://www.bankingombuds.ca)) with basic information and documentation in English and French.
4. If the client has completed the internal RBC complaint resolution process and appears to be eligible for ADRBO review, a Complaint Submission Form, Consent and Confidentiality Agreement, and a copy of the ADRBO Terms of Reference are provided. Upon return of the signed submission and confidentiality agreement, the complaint is forwarded to the Banking Ombuds, who is based in Toronto. The Banking Ombuds then assesses the complaint to determine whether it is within the scope of ADRBO's mandate and whether it requires a full investigation. The Banking Ombuds may seek to promote a resolution of the complaint by agreement between the complainant and RBC. If ADRBO is of the opinion that an investigation is highly unlikely to yield a different conclusion than RBC's position, or to result in any compensation to the Complainant, ADRBO may inform the complainant accordingly.
5. ADRBO strives to ensure that all investigations it performs are conducted in a fair, objective, impartial and thorough manner while respecting the rights and time constraints of the individuals involved. The investigator conducts interviews and reviews documents from both the complainant and RBC, in order to determine whether there has been an act or omission by RBC in the performance of a banking service that has caused the complainant actual loss, damage or harm. The investigator issues a written report, which may recommend that RBC compensate the client or take other action. Although ADRBO's recommendations are non-binding, any refusal or failure by RBC to accept an ADRBO recommendation will be posted on ADRBO's website. As will be discussed in greater detail below, RBC has accepted and complied with the recommendations made by ADRBO during the period under review.
6. During the period under review, there were 456 contacts to ADRBO, a negligible increase over the 451 initial contacts in 2009. Almost all were assigned a file number, even when the complainant was first

referred to RBC to complete the internal complaint and ombuds process. ADRBO referred 298 complainants, or 65% of initial contacts to RBC, in most cases because the complainant had not yet exhausted RBC's internal complaint process. This is up slightly from 57% in 2009. Since many callers are referred to ADRBO by RBC branch and call centre personnel, ADRBO has continued to recommend that RBC reinforce training of front line staff and call centre consultants with respect to the internal complaint sequence (branch, customer care, RBC Ombudsman's Office). ADRBO has also begun to track these direct referrals, and to note the branch concerned for follow up with RBC.

7. Eighty-eight contacts resulted in intakes, which means that ADRBO sent the complainant the forms necessary to begin review of the complaint: the Complaint Submission Form and Consent and Confidentiality Agreement. Of these intakes, 22 complainants had not returned the completed forms by the end of the period under review. Thirty-five of these 2010 intake files were closed during this period: 14 by issuance of a final report and 13 by means of an Initial View Letter pursuant to section 24 of the ADRBO Terms of Reference, while four were resolved during the investigation without a final report, and four were determined upon initial contact or during the intake process to fall outside the scope of ADRBO's mandate. At the end of the period under review, the remainder of these files were the subject of pending investigations or ombuds review.
8. Including files opened the previous year, a total of 96 files were closed during the period under review; this figure. Of these, there were 31 final reports and 27 Initial View Letters. Twelve matters were resolved, two without intake, two without investigation, and eight without a final report. Twenty-six files were determined at an early stage to fall outside the scope of ADRBO's mandate.
9. Of the 31 final reports issued, 12 recommended the payment of compensation and/or other action by RBC. Some of these are discussed in greater detail below under "Case Studies." As indicated above, RBC has confirmed its acceptance of and compliance with ADRBO's recommendations in these cases.
10. As at October 31, 2010, thirty-one files were under review or investigation.
11. Section 16 of the ADRBO Terms of Reference requires ADRBO to make a recommendation on a complaint generally within 180 days of receiving it, unless it is prevented from doing so by unavailability of information. Of the 31 final reports issued during the period under review, 19 were issued within that time frame, while 12 exceeded it, the longest investigation taking ten months. The average length of time for an investigation was 5.5 months. While this is slightly higher than the 2009 average of 4.5, it must be recalled ADRBO completed only 12 investigations in 2009, as opposed to 31 in 2010. ADRBO continues to strive to streamline its case processing and aims to complete all investigations well within the 180-day time limit. In order to accomplish this, ADRBO has added a Deputy Ombuds and additional investigators, and implemented an electronic case management system aimed at improving efficiency.

\* \* \*

# 2010 AT A GLANCE

Files opened	454
Referred to RBC	298
Out of scope	26
Full investigation and report	31
Resolved without full investigation	12
Initial view letter	27
Average time from assignment to recommendations	5.5 months
Under review or investigation as at October 31, 2010	31

### TYPES OF COMPLAINTS INVESTIGATED NOVEMBER 2009-OCTOBER 2010

- ❖ Mortgage prepayment penalty
- ❖ Credit line interest increase
- ❖ Debit and credit card fraud
- ❖ Account garnishment
- ❖ Disputed Visa charges
- ❖ Termination of banking relationship
- ❖ Money order/wire fraud
- ❖ Tax rollover RRIF, RRSP
- ❖ Account name changes
- ❖ Cheque forgery
- ❖ Automatic mortgage renewal at unfavourable rate

## CASE STUDIES

*In order to preserve confidentiality and protect the privacy of complainants and RBC personnel, these case studies do not include personal, corporate, or specific geographical identifiers, and certain facts have been changed that are not relevant to the outcome.*

### **Internet Cheque Fraud**

An RBC client sold a product over the internet for \$600. The purchaser sent her a cheque for \$3,000, and asked her to send the difference, \$2,400, by MoneyGram to a third-party address provided by the purported purchaser. The complainant presented the cheque for cashing at an RBC branch. The customer service representative (CSR) cashed the cheque, which appeared valid on its face. The client had sufficient funds in her account to cover the cheque, so no hold was necessary. The client said that she then followed the buyer's instructions, and sent the \$2,400 by MoneyGram to the address provided. The original cheque was subsequently returned for insufficient funds and the RBC branch debited the client's account \$3,000.

In her complaint requesting reimbursement of the \$3,000, the client contended that the CSR who negotiated the cheque should have protected her from the fraud. She said that she had told the CSR about the circumstances of the sale, and she felt that the CSR should have warned her about the risk of loss in an internet transaction and placed a hold on the cheque until it cleared.

The CSR did not recall having been told about the internet transaction. According to the CSR, the cheque bore no visible irregularities. The client's account balance exceeded the amount of the cheque, so the CSR was authorized to cash the cheque.

The RBC Office of the Ombudsman found that there was insufficient information to conclude that RBC was responsible for the amount debited from the client's account as a result of the chargeback on the returned cheque. Referring to the RBC Client Account Agreement, the Ombudsman's Office pointed out that the account holder is responsible for items returned to the account, even after expiration of a hold period, and the bank is entitled to make the necessary adjustments to the account.

The client then escalated her complaint to ADRBO. The investigator interviewed the client and the CSR. According to the ADRBO investigation report, CSRs handle a large volume of transactions daily, with little time to examine each cheque. Accepting the client's recollection of events that the CSR spent four to five minutes with her, and that she told the CSR about the internet sale, the investigator nevertheless concluded that there was nothing unusual about the appearance of the cheque that would have warranted RBC placing a hold on it, and the client had not expressed to the CSR any particular concern or suspicion about the cheque or the transaction. The investigator concluded that a bank should not be expected to assume liability for its clients' improvident transactions, and declined to recommend that the funds be re-credited to the client's account.

### **Error in Releasing Credit Line Security**

An RBC branch employee advised a client that 1) the GIC funds securing his line of credit were no longer required as collateral, and 2) the line of credit could continue on an unsecured basis, with all other terms and conditions, particularly the favourable interest rate, remaining unchanged. The client therefore transferred the GIC balance into a higher interest earning account. Relying on RBC's decision to release the GIC as collateral, the client then used some of the funds to pay the closing balance and expenses related to the acquisition of a new home. Nearly two years later, following a review of all unsecured credit lines, the branch informed the client that he did not qualify for an unsecured line of credit at the secured rate, and requested that he either put up security or accept a higher interest rate. Facing significantly higher and unexpected borrowing costs, the client complained that RBC was renegeing on its decision to release the collateral security. RBC responded by saying that because the loan was repayable on demand, the bank could re-price or restructure the lending facility as it saw fit, and that in any event the client had enjoyed the benefit of an interest rate to which he was not entitled, because the security should never have been released in the first place. The client pointed out that the security had not been released in error, and produced a letter from the branch to Revenue Canada, that identified the client's line of credit as being unsecured. The client offered to provide alternative collateral to replace the GIC, but the bank found his offers insufficient. The client then brought his complaint to the RBC Office of the Ombudsman, which concluded that the bank was entitled to require security or raise the interest rate, and declined to recommend that RBC maintain the line of credit at the secured interest rate. The

Ombudsman's Office did recommend that RBC provide an apology to the client for its earlier error in releasing the security.

The ADRBO investigator found that it would be unfair for the client to pay higher borrowing costs, because she was entitled to rely on the branch decision to waive the security requirement. The investigator decided that RBC could not justify its actions by saying that it was simply correcting an earlier error. The branch had knowingly allowed the client to reinvest, and then to use, the GIC funds, without raising any objections, and, for a period of two years, had never informed him that he did not qualify for the secured line of credit interest rate. Accordingly, the investigator recommended that if the client were to provide the remaining funds in his GIC as collateral, RBC should offer him the secured line of credit interest rate on the entire available credit line balance for one year, notwithstanding that the GIC account surplus was lower than the unused portion of the line of credit. This one-year period would give the client time to explore alternative and more competitive borrowing arrangements and to avoid the negative consequences of his good faith reliance on the earlier release of the GIC as collateral. The investigator further indicated his expectation that after expiration of the one-year period, RBC would negotiate the new interest rate with the client in good faith.

### ***Misdirected Mortgage Renewal Notice***

The complainants (husband and wife) purchased a lakefront cottage in Niagara-on-the-Lake ("NOL"), with the intention of moving there and renting out their existing home in Toronto. The purchase of the NOL cottage was financed with a five-year term mortgage. Some time before closing, a change in circumstances resulted in their deciding not to move into the new home. They continued living in Toronto and rented out the NOL cottage as an investment property.

Near the end of the five-year term, RBC – unaware that the move had never materialized – sent a renewal notice to the NOL cottage address. In the absence of any response from the clients, RBC renewed the mortgage by default at a six-month open rate, which was 3% higher than the rate on a five-year closed mortgage. When the clients were later successfully contacted by telephone to renew the six-month mortgage, they were surprised to learn of the automatic renewal.

The clients complained that they had never received the first renewal notice, and that RBC had not called to remind them that their mortgage was coming up for renewal. The clients contended that had they been notified they would have agreed to a five-year closed mortgage, as they in fact did at the end of the higher rate six-month term. They sought compensation from RBC in the amount of \$1,080, representing the difference in interest between these two types of mortgages (six months at \$180 per month).

The bank pointed out that the original mortgage was a conventional home mortgage for an owner-occupied home, which caused an automatic change of mailing address to the address of the mortgaged property. Renewal notices for conventional mortgages are generated automatically and sent to the property address. RBC also noted that the closing file indicated that the complainants were moving to NOL and would retain their Toronto home for investment purposes. As RBC had never been informed of the clients' subsequent decision to remain in their Toronto home, RBC had complied with its standard operating procedures. RBC believed that the clients should assume responsibility for failing to contact their branch when the first mortgage was due for renewal. The bank claimed to have left telephone messages, none of which were returned. The clients did not dispute this possibility, but pointed out that their practice was not to answer or return telephone calls from potential telemarketers. According to them, a letter would have certainly received their attention. They indicated that they do answer or return unsolicited calls when the same caller makes several attempts to reach them over a short period, as happened when an RBC employee finally made contact with them to renew the six-month mortgage. They also pointed out that during the life of the initial five-year mortgage, they continued to receive mail concerning the NOL property from RBC, including regular mortgage statements, at their Toronto home address.

The ADRBO Investigator concluded that there had been a misunderstanding between RBC and the complainants. The Investigator was not persuaded that the clients had any reason to know that notices would be sent to the NOL address. RBC should therefore have followed up by contacting them through other means before automatically renewing the mortgage at a higher rate. The fact that RBC did eventually reach them by telephone casts doubt on whether RBC had made a reasonable effort to contact the complainants when there was no response to the initial renewal notice. The complainants, however, bore some responsibility, for failing to notify RBC that they were remaining in the Toronto home, and for neglecting to keep track of the expiration date of the initial mortgage. This was particularly relevant because the complainants were experienced property investors, who could have mitigated their loss. The Investigator therefore concluded that the clients should be held accountable for 1/3 of the difference in interest, and recommended that RBC compensate the complainants in the amount of \$710, representing 75% of the amount claimed.

### *Credit Line Interest Increase*

There were several complaints during the year under review that questioned the bank's ability to increase the interest rate on a line of credit.

In these cases, the line of credit agreements typically provided that the interest rate was the prime interest rate per annum in effect from time to time, plus a premium expressed as an annual percentage rate. The agreements also provided that "[t]he interest rate will change automatically, without notice, whenever Your Prime Interest Rate changes." Some of the agreements provided that RBC could make "other changes" upon notice to the borrower. These were the only provisions concerning modification of the agreement.

In July and August of 2002, RBC sent all of its customers with open credit lines, including those with a zero balance, a "Special Notice to Royal Credit Line Customers," which was in effect a complete redrafting of the RCL agreement. The introduction to the Special Notice stated "Your Royal Credit Line (RCL) Agreement, which has been restated for greater clarity, appears on the following pages of this notice. Account holders who signed their RCL Agreement prior to September 2001 should find this restated version clearer to understand. With the rephrased RCL Agreement, there will be some changes. One of those changes was the provision that RBC ". . . may make changes to this Agreement at any time. If we do, we will let you know before the changes take effect. If your Royal Credit Line is used or amounts remain unpaid after the effective date of a change, it will mean that you have agreed to the change."

In the fall of 2009, the complainants received letters from RBC giving them thirty-days notice of a forthcoming increase in the premium percentage component of their credit line interest. Several clients argued that they had not received the 2002 Special Notice, and all of the clients insisted that, in any event, the bank should be bound by the terms of the original agreement, which in their view clearly stated that the only way the interest rate could change was as a result of changes in the prime rate. RBC responded that it was entitled to change the premium part of the interest rate under the agreement as amended by the notice, which the clients had accepted by using their credit lines.

The ADRBO Investigator noted that a line of credit is a "demand facility." Unlike a mortgage, which is generally for a fixed term during which neither party can terminate or amend the agreement, a line of credit can be terminated by either party at any time: by the borrower by paying the balance, and by the bank by demanding payment. A credit line agreement does not, therefore, bind the bank to maintain an initial interest rate premium forever, or even for any particular period of time. Should a customer disagree with a proposed interest rate increase, he can pay off the loan on his own initiative, or the bank can demand payment.

The Investigator concluded that this would be the case whether or not the original or restated credit line agreement expressly allowed the bank to make changes. There was therefore no basis for a recommendation that RBC revert to the interest rate premium in effect before the increase, or compensate the complainants.





# TERMS OF REFERENCE

The ADR Chambers Banking Ombuds Office Terms of Reference are as follows:

## PURPOSE

1. These Terms of Reference describe the scope of the mandate of the ADR Chambers Banking Ombuds Office (“ADRBO”), the process of the ADRBO upon receiving Complaints and the authority and responsibilities of the ADRBO Banking Ombuds and Investigators.

## DEFINITIONS

2. The definitions in the Terms of Reference are as follows:
  - **Banking Ombuds** means the individual designated by ADR Chambers to handle Complaints and coordinate the activities of the ADRBO in accordance with these Terms of Reference;
  - **Complainant** means any small business or individual customer of RBC (or their representative) who is making a Complaint to ADRBO. This would include a personal representative, guardian, trustee or executor;
  - **Complaint** means a written expression of dissatisfaction about the provision of a service provided by RBC to a Customer in Canada;
  - **Customer or Client** means an individual who, or small business that, requested or received a service from RBC;
  - **Financial Services** means a financial product or service, or advice about a financial product or service;
  - **Initial View Letter** means a letter sent to the Complainant and RBC when ADRBO is of the opinion that, based on the information received during the complaint assessment stage, a full investigation would not result in a different outcome or any recommendation for compensation. An initial view letter is usually brief, includes a summary of the facts based on ADRBO’s contact with the Complainant and any documentation received from Complainant or during the complaint assessment stage, provides the Complainant with a brief explanation of why further investigation is unwarranted, and explains that the file is being closed;
  - **Investigator** means the individual performing an investigation;
  - **Standards** means any standards established by ADRBO for the conduct of the investigation and resolution of the Complaints;
  - **GIO** means the General Insurance OmbudService;
  - **CLHIO** means the Canadian Life and Health Insurance OmbudService;
  - **OBSI** means the Ombudsman For Banking Services and Investments; and
  - **Industry OmbudService** means any of the OBSI, the CLHIO and the GIO.
3. References to the male gender include, where the context allows, the female gender and vice versa and references to the singular number include, where the context allows, the plural number and vice versa;
4. References to sections and paragraphs are to sections and paragraphs of these Terms of Reference.

## ADR CHAMBERS BANKING OMBUDS OFFICE AUTHORITY AND RESPONSIBILITIES

5. The ADRBO will:
  - adhere to these Terms of Reference;
  - provide information to the public about the process for submitting and commencing Complaints;
  - receive Complaints for investigation;
  - assess incoming Complaints to determine whether they are within its mandate;
  - review Complaints in order to ascertain whether a full investigation is warranted;
  - investigate Complaints with a view to their resolution by agreement or as a result of the ADRBO’s report (subject to the restrictions in these Terms of Reference);
  - where appropriate, make recommendations to both RBC and Complainants to resolve Complaints;
  - not disclose confidential information about Complaints; and
  - not provide other professional advice in the form of legal representation or advice, nor financial representation or advice to a Complainant or to RBC.

6. ADRBO will act at all times in an independent and impartial manner and not advocate on behalf of RBC or the Complainant.
7. The Banking Ombuds may act as Investigator and/or delegate responsibilities to other Investigators and staff of ADRBO in the investigation and processing of a Complaint.
8. ADRBO and its staff will act in compliance with privacy rules, privacy legislation and applicable codes of conduct. ADRBO will ensure that all members of its staff are aware of and comply with the codes of conduct, privacy policy and procedures and duties to both the Complainant and RBC.
9. ADRBO will report to RBC information regarding any threat to RBC staff or property that may become apparent during its duties.

#### **ADR CHAMBERS BANKING OMBUDS OFFICE MANDATE**

10. ADRBO may investigate any Complaint received if all of the following conditions apply:
  - the Complaint is submitted to ADRBO by the Complainant to whom or for whom the financial service in question was provided by RBC or its representative. It is desirable that all persons with an interest in the Complaint, such as joint account holders, make the Complaint. Nevertheless, ADRBO may decide that the non-participation of a person with an interest in the Complaint does not prevent the consideration of the Complaint, provided that all necessary consents to release confidential information have been obtained.
  - RBC has received a Complaint and rejected the Complaint or made a recommendation for resolution of the Complaint, but the Complainant has not accepted the recommendation proposed by RBC. It is anticipated that RBC will usually make its recommendation within 90 days of the submission of the dispute to the RBC Ombudsman Office. ADRBO may investigate a complaint if more than 90 days has passed since the complaint was submitted to the RBC Ombudsman Office and, in the opinion of ADRBO, it is not reasonable to give RBC more time to complete its investigation.
  - the Complaint has been made to ADRBO within 180 days of RBC's rejection of or recommendation for resolution of the Complaint. ADRBO may receive and investigate a Complaint for a period of up to 12 months after RBC's rejection of or recommendation for the Complaint if it is considered fair and reasonable to do so.
  - the subject matter of the Complaint by the same Complainant (or any one or more of a group of Complainants) was not previously considered by ADRBO or OBSI. Where a Complaint has been previously considered but, in the opinion of ADRBO, relevant new information is available, a Complainant may request that RBC reconsider the Complaint in light of the new information. After RBC considers the Complaint or if RBC refuses to reconsider its recommendations, the Complainant may request that ADRBO reconsider the Complaint.
  - the subject matter of the Complaint by the same Complainant (or any one or more of a group of Complainants) has not been or is not the subject of any proceedings in or before any court of law, tribunal or arbitrator, or any other independent dispute resolution body, unless RBC consents to the investigation in such circumstances.
  - ADRBO has received appropriate consents concerning the release and treatment of confidential information from all necessary parties and any other agreements or releases that are considered appropriate in the circumstances in the Consent and Confidentiality Agreement, and
  - the Complaint is being pursued reasonably by the Complainant and not in a frivolous, vexatious or threatening manner.
11. ADRBO will not investigate or shall cease to investigate Complaints:
  - To the extent that their subject matter materially relates to:
    - a. The general interest rate and risk management policies and practices of RBC,
    - b. The pricing of Financial Services by RBC,
    - c. The scale of fees or charges generally applicable to Financial Services offered to Customers of RBC in similar circumstances, or
    - d. The Commercial Judgment of RBC, unless RBC has made a Commercial Judgment that was biased, incomplete, or otherwise unfair.
  - the subject matter of which ADR Chambers has or may reasonably be perceived to have a material interest. In those circumstances, ADRBO will notify the Complainant and RBC and will be entitled, at its discretion, to refer the Complaint to an alternative organization or to advise the Complainant of the ability to access the legal system or private arbitration.

- made by unrelated Complainants based on different facts that raise the same or similar issues with the object of making a “class action-type” recommendation; or
  - where ADRBO decides that there is a more appropriate place for them to be dealt with, such as a court of law, a regulator, an arbitration procedure or any other dispute resolution process.
12. ADRBO may proceed with an investigation of a Complaint that is also being investigated by any regulatory body having authority over RBC. Should ADRBO defer consideration of or decline to consider the Complaint, it shall notify the Complainant and RBC of its decision, any further steps that ADRBO may consider taking following the completion of the regulatory investigation, and any other dispute resolution alternatives that may be available to the Complainant.
  13. ADRBO may investigate a Complaint involving a claim for any monetary amount, provided that the Complaint falls within the mandate under these Terms of Reference.
  14. Where, in the opinion of ADRBO, the subject matter of a Complaint (in whole or in part) is one in which the Industry OmbudService for insurance, securities or mutual funds has expertise and the Complainant and RBC consent, ADRBO may cooperate with that Industry OmbudService in the investigation of the Complaint and may, if appropriate, make a recommendation jointly with the other Industry OmbudService for the resolution of the Complaint. Similarly, ADRBO may cooperate with another Industry OmbudService in the investigation and resolution of a Complaint referred to ADRBO by that Industry OmbudService. Complaints relating to RBC’s insurance business should be referred to GIO and CLHIO. Complaints relating to RBC’s securities dealers or mutual fund subsidiaries should be referred to OBSI.
  15. ADRBO shall determine the procedures for filing a Complaint and for reviewing and investigating Complaints, having regard for these terms of reference. ADRBO shall not be bound by the rules of evidence. ADRBO and its Investigators shall use their judgment to evaluate the quality of the evidence, the weight that should be attached to it, and its effect on the final outcome of the investigation. ADRBO will determine if a Complaint falls within its mandate under these Terms of Reference and, in reaching this decision, may consider representations from the Complainant and from RBC.
  16. ADRBO will make a recommendation on a Complaint within 180 days of receiving the Complaint (unless the unavailability of the information prevents ADRBO from making its recommendations within 180 days). Receipt of a Complaint will be acknowledged to the Complainant within 3 business days of ADRBO receiving the Complaint and notification to RBC of the receipt of a Complaint will be given within 30 days of ADRBO receiving the Complaint.
  17. RBC will appoint the RBC Ombudsman as the final RBC internal arbiter of unresolved customer complaints and shall:
    - fully cooperate with and assist ADRBO in the investigation of a Complaint that has been accepted by ADRBO;
    - provide all non-privileged information (such as notes, correspondence including emails and facsimiles, account statements, customer records from internal databases, transaction records, opening agreements, internal policies, etc. relating to the subject matter of the Complaint) in its possession or control, as soon as is reasonably practical, unless RBC demonstrates to ADRBO’s satisfaction that the disclosure of the information would likely place RBC in breach of the law or its duty of confidentiality to a third party where consent to disclose has not been obtained, despite its best efforts to obtain that consent; and
    - communicate to Complainants about RBC’s internal Complaint handling processes and the right of escalation of an unresolved Complaint to ADRBO.
  18. The ADRBO process will be confidential. The discussions and correspondence of the Complainant, the Complainant’s representatives, RBC and ADRBO that form part of the ADRBO process will not be disclosed or used in any subsequent legal or other proceedings. The files of ADRBO are confidential and are protected from disclosure for all purposes. In addition, the ADRBO Office and its employees will not be called to testify in any subsequent legal or other proceedings. A Consent and Confidentiality Agreement will be signed by the Complainant when ADRBO agrees to review the Complaint.
  19. If any person discloses information to ADRBO and requests that it not be disclosed to another person, ADRBO will not disclose the information to the other person except with the consent of the person who disclosed the information to ADRBO. If consent is not given and the information is prejudicial to the other party to the Complaint, ADRBO will not use that information to make a recommendation adverse to that person to whom the information is denied, except as provided in Section 20 below.

20. ADRBO may take account of RBC's proprietary systems and security measures of which the ADRBO Office has knowledge, even though no disclosure of those systems and measures has been or will be made to the Complainant.
21. If the ADRBO becomes aware of systemic issues or a pattern of complaints, ADRBO will raise the issue with RBC so that it can be addressed and resolved.
22. As part of the exercising of its functions and responsibilities, ADRBO will have due regard to its effective, economic and efficient operation.

#### **ADR CHAMBERS BANKING OMBUDS OFFICE RECOMMENDATIONS AND REJECTIONS OF COMPLAINTS**

23. ADRBO will not make a recommendation, or reject a Complaint, except in accordance with the provisions of sections 24 to 31 below.
24. ADRBO will review each complaint in order to determine whether it can be addressed on the basis of the information provided by the client and information or documentation obtained from RBC. Where ADRBO is of the opinion that it is highly unlikely that an investigation would yield a different conclusion than the RBC's position, or would result in any compensation to the Complainant, ADRBO may issue an Initial View Letter. In cases in which RBC has made a settlement offer that the complainant has found unsatisfactory, ADRBO may attempt to facilitate a settlement by discussing the matter with the Complainant and RBC.
25. After the investigation of a Complaint, ADRBO may make a recommendation for compensation if it is of the opinion that the Complainant has suffered loss, damage or harm because of an act or omission by RBC in the provision of Financial Services.
26. While ADRBO is investigating a Complaint, the Banking Ombuds and/or Investigator may seek to promote a resolution of the Complaint by agreement between the Complainant and RBC. While ADRBO is investigating a Complaint, RBC and the Complainant may continue to seek to resolve the Complaint themselves. If RBC and the Complainant do not resolve the Complaint, ADRBO will complete the investigation of the Complaint and make a recommendation for the resolution of the Complaint.
27. ADRBO's recommendation:
  - will be in writing;
  - will include a summary of the Investigator's reasons;
  - will first be provided to the parties in draft;
  - may be made jointly with another Industry OmbudsService in the circumstances describe in Section 15; and
  - is not binding on RBC or the Complainant.
28. ADRBO will make a recommendation or reject a Complaint with reference to what is, in ADRBO's opinion, fair and reasonable in the circumstances to the Complainant and RBC. In determining what is fair, the Investigator will take into account general principles of good financial services and business practice, law, regulatory policies and guidance, professional body standards and any relevant code of practice or conduct applicable to the subject matter of the Complaint. To identify principles of good financial services and business practice, the Investigator may, where appropriate, consult within the financial services industry or elsewhere. ADRBO will not be bound by any of its previous recommendations.
29. ADRBO's recommendation should seek to achieve a resolution of a Complaint that is satisfactory to the Complainant and RBC. ADRBO will not recommend compensation that would be greater than an amount that the Investigator considers to be appropriate to compensate the Complainant for loss, damage or actual harm suffered by the Complainant by reason of the acts or omissions of RBC in the provision of a Financial Service.
30. If RBC does not accept ADRBO's recommendation, ADRBO will post on the ADRBO website its recommendation and RBC's refusal to accept it, as well as describing the Complaint in a general way without revealing any confidential information of either RBC or the Complainant (except to the extent RBC or the Complainant agrees to such disclosure of their respective confidential information). RBC's refusal to accept the recommendations and the general circumstances of the case shall also be reported in the ADRBO annual report referred to in Section 31.

31. ADRBO will maintain a website available to the general public which describes the Complaint review process, its general mandate, contact information and other information which ADRBO deems appropriate. ADRBO will also prepare and make available to the general public an annual report containing:
- statistics and other general information of the Complaints it has processed in the year (with all personal and corporate identifiers removed), and
  - any recommendations referred to in Section 30.

## ADRBO CONTACT INFORMATION

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Phone: **1-800-941-3655** (toll free)  
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