



ADR Chambers Banking Ombuds Office (ADRBO)

ANNUAL REPORT
2012

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ADR Chambers Banking Ombuds Office (ADRBO)

ADR CHAMBERS BANKING OMBUDS OFFICE

FOURTH ANNUAL REPORT

1. This report covers the fourth year of operation of the ADR Chambers Banking Ombuds Office (ADRBO). ADRBO provides an independent dispute resolution process for clients of participating banks (Banks) who do not agree with the observations and recommendations made by the Bank's Ombudsman. ADRBO began operations on November 1, 2008. Fiscal 2012 was a significant year for ADRBO in several respects. Customers of TD Canada Trust joined the customers of Royal Bank as consumers of banking products who could refer their complaints to ADRBO for resolution. Largely as a result of this addition, the number of investigations undertaken by ADRBO in fiscal 2012 increased dramatically. In order to accommodate this increase in volume, ADRBO added several experienced investigators to its roster. ADRBO also concentrated on improving its intake process during 2012 and, as a result of these steps, improved its average time to complete an investigation by 30 per cent. ADRBO also retained an independent expert to audit the degree to which it was fulfilling its mandate to conduct fair and competent investigations. The results of this audit are discussed more fully below.

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, administrative staff, and eighteen investigators. ADRBO staff members and investigators have experience and training in dispute resolution, complaint handling and consumer banking. Several staff members, including the Deputy Ombuds, are able to work in both French and English.

3. The initial contact person, based out of ADRBO's Toronto office, responds to inquiries and answers 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 Bank's internal complaint resolution process, the contact person refers the customer to the Bank so that he or she can complete the process. If the customer has completed the Bank's internal 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) with basic information and documentation in French and English.

4. If the client has completed the Bank's internal complaint resolution process and appears to be eligible for ADRBO review, a Complaint Submission Form, Consent and Confidentiality Agreement, and copy of the ADRBO Terms of Reference are provided. Upon return of the signed Complaint Submission Form, the Confidentiality Agreement, and a copy of the decision received from the Bank's Ombudsman, the complaint is forwarded to the Deputy Ombuds. The

Deputy Ombuds then assesses the complaint to determine whether it is within the scope of ADRBO's mandate and whether a full investigation is warranted. The Deputy Ombuds may seek to promote a resolution of the complaint by agreement between the customer and the Bank. If the Deputy Ombuds is of the opinion that an investigation is highly unlikely to 1) yield a different conclusion than the Bank's position, or 2) result in any compensation to the customer, ADRBO may inform the customer 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 the Bank, in order to determine whether there has been an act or omission by the Bank 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 the Bank compensate the customer or take other action. Although ADRBO's recommendations are non-binding, any refusal or failure by the Bank to accept an ADRBO recommendation will be posted on ADRBO's website.

6. During 2012, ADRBO retained Gordon B. Button to conduct an independent audit of ADRBO investigations in order to assess the degree to which ADRBO is fulfilling its mandate to provide an accessible and fair complaint review system. Among many of his qualifications, Mr. Button served as the Ombudsman for the Province of Alberta from 2003 until 2011 and was elected to the Board of Directors of the International Ombudsman Institute. Following his review of a representative sample of ADRBO investigations conducted from November 2009 until July 2012, Mr. Button concluded that the principles of administrative fairness which guide the activities of an external complaints body are being adhered to by ADRBO. The investigations are being conducted by knowledgeable and experienced investigators and the resulting reports are clearly written, balanced and fair. The Final Report of the audit can be accessed on the ADRBO website (<http://www.bankingombuds.ca/docs/Audit%20Report.pdf>).

7. During fiscal 2012, there were 976 initial contacts (first-time callers) to ADRBO, a 215% increase from the initial contacts in 2011. Of these, 310 related to RBC, 598 related to TD, and 6 related to both of them together. The remainder were about other banks or institutions and needed to be directed elsewhere.

8. All initial contacts were assigned a file number in the ADRBO system, even when the caller was referred elsewhere, or needed to go back and complete the internal bank complaint and ADRBO process. ADRBO referred 227 initial contacts who called about RBC matters elsewhere (73% of all RBC callers), in most cases back to RBC, since the caller had not yet exhausted RBC's internal complaint process. Similarly, ADRBO referred 407 initial contacts who called about TD matters elsewhere (68% of all TD callers), for similar reasons. Four initial contacts who called to complain about both banks together were also referred, all of them to the respective Bank Ombudsman.

9. Once callers have exhausted the Bank customer care and internal ombudsman procedures, then ADRBO can begin an intake. Callers who have reached this stage are asked to complete the ADRBO Complaint Submission Form and the Consent and Confidentiality Agreement and to

provide ADRBO with the decision they received from the Bank ombudsman. Intakes are considered “pending” until these forms and documents are returned, at which point, ADRBO opens them as complaint files.

10. Of the 976 initial contacts to ADRBO, 274 resulted in pending intakes being initiated, either immediately or after a referral step had been completed and the caller returned to ADRBO later. Of these intakes, 183 were completed and formally opened as ADRBO complaints; 57 complaints about RBC and 126 complaints about TD. This is a 472% increase over 2011.

11. Of these 183 complaints, 2 were subsequently withdrawn by the customer, 86 resulted in initial view letters, 4 resulted in resolutions (either before or after being assigned to investigation), and 42 resulted in full investigations. Statistics on the bank-specific numbers for each category are provided in the charts on pages 7 to 9 of this report.

12. Including files opened in previous fiscal years, a total of 140 files were closed during the period under review. The complaints from previous years included one that resulted in an initial view letter, one that was withdrawn, and 2 where full investigations with final reports were carried out. In addition, one complaint from the previous fiscal year was re-opened and re-investigated.¹ The categories for the total number of complaints closed in 2012 are provided in the charts on pages 7 to 9 of this report.

13. At fiscal year-end 2012, there were 48 open complaints underway with ADRBO which were carried over into fiscal 2013; 33 of these were under investigation, and 15 were newly received files under review by the Deputy Ombuds.

14. Of the 46 final reports issued in fiscal 2012, 18 recommended the payment of compensation or other action by the Banks. Two others recommended that the customers seek a forum other than ADRBO for the resolution of their complaints. Details can be found in the chart on page 9 of this report.

15. Of the 4 resolutions achieved in complaint files, 3 resulted in compensation or other action by the Bank. There was also one instance in which, although the customer received an initial view letter, the Bank subsequently agreed to provide an additional credit with respect to a Bank product.

16. 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. During the period under review, the average time to complete an investigation was 170 days which was a 30% improvement over the previous year. The investigation process itself normally requires between 30 and 60 days to complete but intake and reviewing procedures along with time spent scheduling witness interviews and awaiting the receipt of relevant information will often extend this period of time significantly. During 2012, ADRBO focused on improving its intake processes. From the time ADRBO is first notified of a complaint, it currently takes under 25 days for ADRBO to determine whether the complaint fits

¹ *All of the complaints from previous fiscal years involved RBC, since 2012 was ADRBO's first year providing ombuds services for TD.*

within its mandate and is otherwise reviewable and, if so, to appoint an investigator to handle the complaint.



2012 AT A GLANCE

Initial callers	976
Intakes (New Complaints)	183
<i>RBC</i>	57
<i>TD</i>	126
Carried Over from Previous Fiscal Years	4
Re-investigated	1
Initial View Letter (Out of Scope)	87
Withdrawn	3
Resolved	4
Full investigation and report	46
Total Files Closed	140
<i>RBC</i>	44
<i>TD</i>	96
Average time from intake to closure	81 days

MOST FREQUENT TYPES OF COMPLAINTS INVESTIGATED

NOVEMBER 2011 – OCTOBER 2012

- ❖ Powers of Attorney / Estate Issues
- ❖ Old and Lost Accounts / Document Retention Periods
- ❖ Debit and credit card fraud
- ❖ Termination of banking relationship
- ❖ Mortgage prepayment penalty
- ❖ Account Signatories

Overall Volume of Activity

	Initial Callers	New Complaints
RBC	310	57
TD	598	126
Both	6	0
Other	62	n/a
FY 2012 Total	976	183
Comparison to FY 2011 (RBC only)	310	32
Percentage change FY 2011 to FY 2012	↑ 215%	↑ 472%

Language of Complaints

	English	French
RBC	49	8
TD	120	6
FY 2012 Total	169	14

Initial View Letters

	Number of Letters	Average Time to Close
RBC	25	35 days
TD	62	23 days
FY 2012 Total	87	26 days
Comparison to FY 2011 (RBC only)	14	56 days
Percentage change FY 2011 to FY 2012	↑ 521%	↓ 54%

Resolutions and Investigations

	Resolutions	Average Time to Close
RBC	3	117 days
TD	1	88 days
FY 2012 Total	4	110 days
Comparison to FY 2011 (RBC only)	12	125 days
Percentage change from FY 2011 to FY 2012	↓ 67%	↓ 12%

	Investigations	Average Time to Close ²
RBC	14	166 days
TD	32	172 days
FY 2012 Total	46	170 days
Comparison to FY 2011 (RBC only)	32	236 days
Percentage change from FY 2011 to FY 2012	↑ 44%	↓ 21%

Outcomes

	Complainant	Bank	Split	Other (Referred to Different Process)
RBC	3	11	2	1
TD	8	19	5	1
FY 2012 Total	11	30	7	2
Percentage of Total	22%	60%	14%	4%

² One file excluded

ADRBO CONTACT INFORMATION

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