



ADR Chambers Banking Ombuds Office (ADRBO)

**ANNUAL REPORT
2013**

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ADR Chambers Banking Ombuds Office (ADRBO)

ADR CHAMBERS BANKING OMBUDS OFFICE

FIFTH ANNUAL REPORT

1. This report covers the fifth year of operation of the ADR Chambers Banking Ombuds Office (ADRBO). ADRBO provides a dispute resolution process for customers of participating banks (Banks) who do not agree with the observations and recommendations made by the Bank's internal Ombudsman. Throughout 2013, ADRBO provided these services in both official languages to customers of Royal Bank of Canada and TD Bank Group. ADRBO is committed to providing these services in an independent, fair and impartial manner. ADRBO does not act as an advocate for participating banks or their customers.

2. ADRBO began operations on November 1, 2008. Fiscal 2013 was a significant year in several respects. ADRBO welcomed a new Deputy Ombuds and several new investigators to its organization. In addition, ADRBO invested a significant effort in order to address the new Federal Government regulatory requirements for external complaint bodies including the filing of an application for approval by the Federal Minister of Finance.

3. 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 twenty-one 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.

4. 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. ADRBO also maintains a website (www.bankingombuds.ca) with basic information and documentation in French and English.

5. If the customer has completed the Bank's internal complaint resolution process, or 90 days has passed since their complaint was escalated to the second point of escalation within the bank, 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, if applicable, 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 the complaint is not within the scope of ADRBO's mandate, ADRBO informs the customer in an Initial-View letter, which is sent to the customer within 30 days from the date that Deputy Ombuds receives all the information they require in order to make that decision. If it is determined that the complaint falls within the scope of ADRBO's mandate and a full investigation is warranted, the Deputy Ombuds assigns the file to an ADRBO Investigator.

6. ADRBO strives to ensure that all investigations it performs are conducted in a fair, independent and competent 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 provision of a banking service that has caused the complainant 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.

7. During fiscal 2013, there were 751 initial contacts (first-time callers) to ADRBO, a 23% decrease from the initial contacts in 2012. Of these, 279 related to RBC, 404 related to TD, and 1 related to both of them together. The remainder were unspecified, or 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 195 initial contacts who called about RBC matters elsewhere (70% 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 252 initial contacts who called about TD matters elsewhere (62% of all TD callers), for similar reasons.

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, if applicable. Intakes are considered "pending" until these forms and documents are returned, at which point, ADRBO opens them as complaint files.

10. Of the 751 initial contacts to ADRBO, 213 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, 144 were completed and formally opened as ADRBO complaints: 54 complaints about RBC and 90 complaints about TD (one complaint against TD bank was subsequently withdrawn). This is a 21% decrease over 2012.

11. Including files opened in previous fiscal years, a total of 151 files were closed during the period under review. This includes 64 initial view letters, 6 resolutions, and 81 final reports.

12. All of the complaints that were still open from the previous fiscal year closed during fiscal 2013; these are included in the 151 closed files. The complaints from the previous fiscal year included 7 that resulted in an initial view letter, 2 that were resolved by agreement between the parties, and 38 that resulted in final reports. The categories for the total number of complaints closed in 2013 are provided in the charts on pages 7 to 12 of this report.

13. At fiscal year-end 2013, there were 42 open complaints underway with ADRBO which were carried over into fiscal 2014; 31 of these were under investigation, and 11 were newly received files under review by the Deputy Ombuds.

14. Of the 81 final reports issued in fiscal 2013, 21 recommended the payment of compensation or other action by the Banks. Details can be found in the chart on page 12 of this report.

15. Of the 6 resolutions achieved in complaint files, 4 were resolved after being assigned for an investigation, whereas 2 were resolved before an investigation was commenced.

16. As required by the new regulatory requirements, ADRBO began tracking the date on which we received the information required in order to be able to deal with complaints – whether they resulted in an initial view letter or an investigation took place and a final report was issued. ADRBO began tracking this date in June 2013.

17. In fiscal 2013, ADRBO issued 26 final reports that tracked the date on which we received the information required in order to be able to deal with the complaint. All of these final reports were issued no later than 120 days after that date, with an average time to close of 42 days.

18. In fiscal 2013, ADRBO issued 28 initial view letters that tracked the date on which we received the information required in order to be able to deal with the complaints. All of these initial view letters were sent within 30 days after the day on which ADRBO received the complaint, with an average time to close of 15 days.

19. The remaining 55 reports issued did not track the date on which ADRBO received the information required in order to be able to deal with the complaint. As with previous years, ADRBO calculated the time to close for these reports from the day on which the complaint was first submitted to the Deputy Ombuds for review to the day the final report was issued. The average time to close for these reports was 187 days.

20. The remaining 36 initial view letters did not track the date on which ADRBO received the information required in order to be able to deal with the complaint. As with previous years, ADRBO calculated the time to close for these complaints from the day on which the complaint was first submitted to the Deputy Ombuds for review to the day the initial view letter was sent. The average time to close for these initial view letters was 29 days.

21. ADRBO's Banking Ombuds and Deputy Ombuds met with the Ombudsmen for RBC and TD each on two separate occasions during fiscal 2013. Discussion topics during these meetings included the new regulatory requirements and its impact on both the banks and ADRBO; ADRBO's application to become an approved external complaints body; particular issues that had arisen in complaint files, as well as feedback that ADRBO had received from the banks regarding the length of time investigations were taking. Based on this feedback, ADRBO has worked hard to decrease investigation times by providing investigators with further coaching where needed, requiring investigations be carried out with stricter deadlines, and by decreasing

the number of investigations carried by investigators at any one time. Additionally, ADRBO is in continuous communication with the ombudsman departments of both banks regarding issues, processes and specific cases.

22. In September 2013, ADRBO began sending requests for Feedback from complainants whose files had been closed by ADRBO, whether as a result of an initial view letter, resolution, or full investigation and report. The Complainant Feedback form asks complainants to rate ADRBO's performance on a scale of 1 to 5, 1 being unsatisfactory and 5 being excellent, in the following areas: Timeliness; Effective Communication; Understanding of Issues; Knowledge of Banking Rules and Processes; and Customer Service. There is also additional space for comments.

23. ADRBO sent requests for feedback from all complainants whose files were closed after September 1, 2013, which was a total of 27 files. Of these, 18 were subject to a full investigation and report and 9 were initial view letters. In response, ADRBO has received 4 completed Complainant Feedback Forms: 3 where a full report was completed and 1 where an initial view letter was sent. The results were as expected: ADRBO received higher ratings in files where ADRBO was in agreement with the complainants. The feedback received from Complainants also suggested that ADRBO needs to continue to work on its timeliness for files where a full investigation and report is completed.



2013 AT A GLANCE

Initial callers	751
Intakes (New Complaints)	144
<i>RBC</i>	54
<i>TD</i>	90
Carried Over from Previous Fiscal Years	47
Re-investigated	0
Initial View Letter (Out of Scope)	64
Withdrawn	1
Resolved	6
Investigations Completed	81
Total Files Closed	151
<i>RBC</i>	55
<i>TD</i>	96

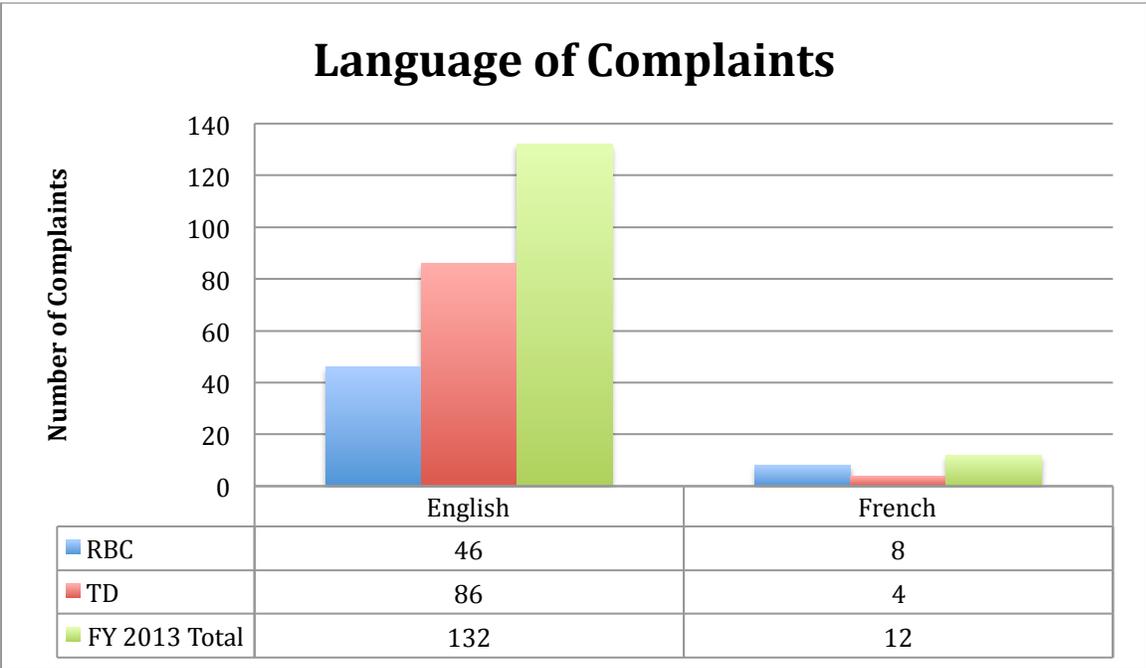
MOST FREQUENT TYPES OF COMPLAINTS RECEIVED

NOVEMBER 2012 – OCTOBER 2013

- ❖ Debit and Credit card fraud
- ❖ Mortgage prepayment penalty
- ❖ Termination of banking relationship
- ❖ Inadequate or Incorrect Advice
- ❖ Powers of Attorney
- ❖ Poor customer service

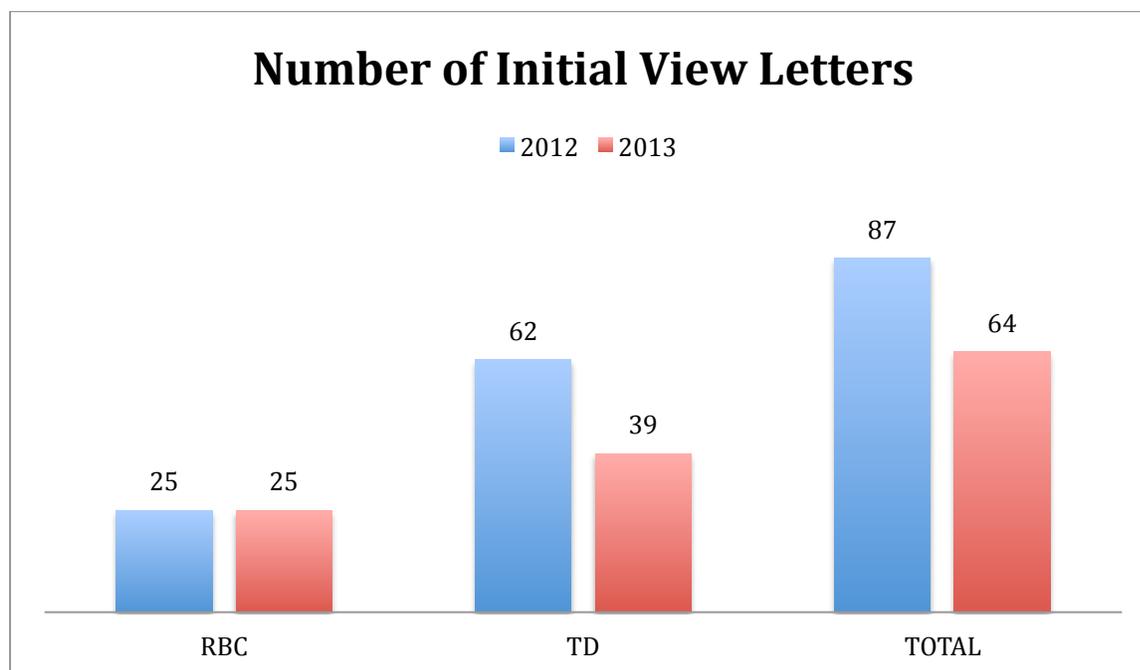
Overall Volume of Activity

	Initial Callers	New Complaints
RBC	279	54
TD	404	90
Both	1	0
Other	67	n/a
FY 2013 Total	751	144
Comparison to FY 2012	976	183
Percentage change FY 2012 to FY 2013	↓ 23%	↓ 21%



Initial View Letters

Initial View Letters Overview – Comparison with 2012



Before New Regulatory Requirements

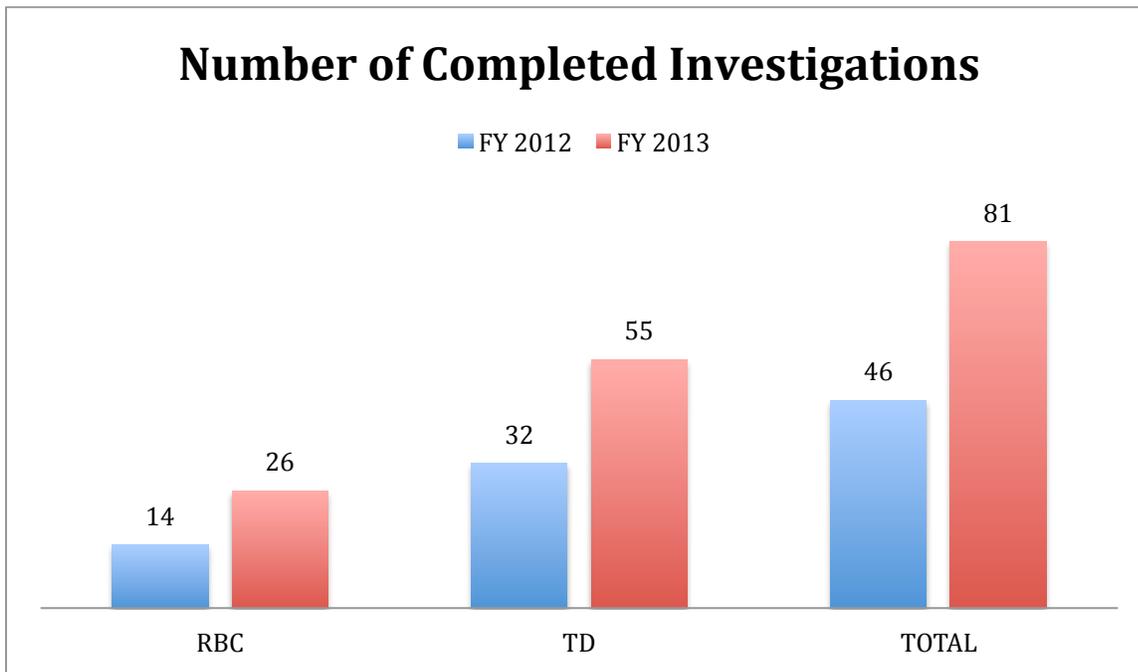
	Number of Letters	Average Time to Close From Complaint Submission Date
RBC	15	28 days
TD	21	30 days
Total	36	29 days

After New Regulatory Requirements

	Number of Letters	Average Time to Close From Date Required Information Received
RBC	10	14 days
TD	18	15 days
Total	28	15 days

Investigations Completed

Investigations Overview – Comparison with 2012



Before New Regulatory Requirements

	Investigations	Average Time to Close From Complaint Submission Date
RBC	19	197 days
TD	36	181 days
Total	55	187 days

After New Regulatory Requirements

	Investigations	Average Time to Close From Date Required Information Received
RBC	7	60 days
TD	19	35 days
Total	26	42 days

Resolutions

	Resolutions	Average Time to Close From Complaint Submission Date
RBC	4	83 days
TD	2	59 days
FY 2013 Total	6	75 days
Comparison to FY 2012	4	110 days
Percentage change from FY 2012 to FY 2013	↑ 50%	↓ 32%

Outcomes of Final Reports

	Complainant	Bank	Split	Other (Referred to Different Process)
RBC	5	18	3	0
TD	4	42	9	0
FY 2013 Total	9	60	12	0
Percentage of Total	11%	74%	15%	0%

ADRBO CONTACT INFORMATION

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