



**OMBUDSMAN**

for Banking Services | des Services Bancaires  
and Investments | et d'Investissement

June 17, 2016

Delivered by email: Fin.Adv.Pln@ontario.ca

Expert Committee to Consider Financial Advisory and Financial Planning Policy Alternatives  
c/o Frost Building North, Room 458  
4th Floor, 95 Grosvenor Street  
Toronto, Ontario  
M7A 1Z1

Dear Members of the Expert Committee:

**Re: Preliminary policy recommendations of the expert committee to consider financial advisory and financial planning policy alternatives**

The Ombudsman for Banking Services and Investments (OBSI) is writing to provide comments to the Expert Committee to Consider Financial Advisory and Financial Planning Policy Alternatives (Expert Committee) in relation to the preliminary policy recommendations expressed in the recently published Financial Advisory and Financial Planning Policy Alternatives document.

OBSI shares the Expert Committee's view that further consideration should be given to the need for simplified complaint and restitution mechanisms for consumers, a simplified approach to regulatory complaints, and a consumer-friendly process for recovering financial losses by consumers of financial planning and financial product sales and advice.

Individual Ontarians face increasingly complex financial decisions. Many Ontarians rely on expert advice and guidance such as that provided by financial planners and others in the financial advisory and planning industry. This reliance has grown as financial products have become increasingly complex and more individuals are responsible for managing their own retirement savings for themselves. Regrettably, if problems arise, there can be uncertainty as to where Ontarians should seek help for complaints and redress. This uncertainty is to the detriment of both consumers and financial planners as it undermines confidence in the financial services industry.

OBSI has had twenty-years' experience resolving disputes between consumers and financial services providers. Our mandate extends to over 1,400 banking services and investment firms, both small and large across Canada. The Canadian Securities Administrators' 2014 amendments to National Instrument NI31-103 allowed millions of Canadians access to our independent and impartial financial dispute resolution service. If an individual remains unsatisfied with their firm's attempt to resolve an

issue, they have the right to bring their case to us. Our process is informal, confidential and designed to be an alternative to the legal system and is free to consumers.

We support your recommendation that the Government of Ontario give further consideration to the need for an accessible process for recovery of financial losses by consumers. OBSI has a proven model for effective complaint handling and restitution that has successfully addressed consumer needs for more than two decades. In the past year alone, we dealt with almost 5,300 inquiries and investigated nearly 600 cases, leading to more than \$4.6 million in compensation for financial services consumers and investors.

The financial services industry has increasingly moved towards a “one-stop shopping” experience for consumers and investors. Indeed, many Ontarians are accustomed to conducting multiple types of financial transactions with their bank, credit union, investment firm or financial planner. An effective complaint and restitution mechanism becomes even more critical in this environment.

A World Bank report<sup>1</sup> on fundamentals for the creation of an independent and effective financial ombudsman concluded that a financial ombudsman can increase consumer confidence and participation in financial markets. Financial businesses benefit because consumers are more likely to buy financial products and services, and “bad actors” are held to account. Other benefits include reduced complaint handling costs, feedback from the ombudsman that can help improve future regulations, and an overall strengthening of the financial services industry.

The G20 High Level Principles on Financial Consumer Protection<sup>2</sup> endorsed by G20 finance ministers and central bank governors stated that consumers should have access to adequate complaint handling and redress mechanisms that are “accessible, affordable, independent, fair, accountable, timely and efficient.”

The European Commission initiative<sup>3</sup> on consumers’ issues and disputes recognized that consumers and businesses find it easier to access dispute resolution through an ombudsman rather than the courts.

As Ontarians look to accomplish their financial goals – buying a home, saving for their children’s education, or preparing for retirement – the financial advisory and planning industry will continue its essential role. We are optimistic that any regulatory changes will take a holistic approach to the consumer experience in the financial services sector. International trends and our own experience in Canada demonstrate that an ombudsman service can effectively increase consumer confidence, help resolve individual complaints and share practical policy insights with government, industry and regulators.

OBSI recognizes the excellent work completed to date by the Expert Committee. We hope our comments and suggestions can further inform the discussions around improving regulations for this important sector of our economy.

We appreciate the opportunity to raise these important issues with the Expert Committee and welcome future discussions on complaint handling in the financial advisory and planning industry. We would be pleased to provide further information and answer any questions. Please contact me or Mark Wright by email at [mwright@obsi.ca](mailto:mwright@obsi.ca) or by phone 416-218-4244.

Sincerely,



Sarah P. Bradley  
Ombudsman & CEO  
Ombudsman for Banking Services and Investments (OBSI)

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<sup>1</sup> Fundamentals for a financial ombudsman – World Bank <http://bit.ly/28qw8A7>

<sup>2</sup> G20 High Level Principles on Financial Consumer Protection - OCED <http://bit.ly/1vCn7NO>

<sup>3</sup> Consumers at home in the single market – European Commission <http://bit.ly/1Ur0Qic>