

FAIR Canada's Consumer Investment Complaints Guide

Consumer complaints about investments may include:

- unsuitable investments (eg. investments that were too risky for you)
- an unsuitable investment strategy (eg. inappropriate borrowing to invest)
- churning or unauthorized trading
- administrative errors (eg. incorrect statements or transaction errors)
- charges or fees that are unreasonable or not disclosed
- financial service provider misconduct, negligence or misrepresentation
- investment fraud perpetrated by registered or unregistered persons



Remember!

It is very important to consider the following, particularly with respect to financial service providers:

- **Registration and SRO membership:** Confirm that the investment firm and/or financial service provider is registered with a provincial securities regulator and check whether they are a member of an industry self-regulatory organization (SRO). **We have provided the contact information for these regulators at the end of this guide.** In some provinces, non-registrants can sell certain products to some consumers. If the firm or individual that is offering you financial products or services is not registered, you should contact your provincial securities commission to report this immediately.
- **Act Quickly:** Limitation periods may apply, which can prevent you from making a complaint after a certain period of time has passed. **Investigate and act as soon as you think something is wrong with your investment or account.** Beware: A limitation period for one avenue of redress is not necessarily suspended while you pursue another particular avenue to obtain the outcome you seek.

- **Keep Records: Document all the steps you take to resolve your complaint.** Put together a file of relevant documents like account opening or “KYC” forms, application forms, agreements and account statements.
 - Keep originals of all relevant brochures, account statements, and contracts.
 - Keep copies of letters, faxes, and e-mails.
 - Keep detailed notes of conversations.
 - Be sure to keep track of all relevant dates and any other documentation that supports your complaint.
 - Obtain copies from the investment firm if necessary.

- **Consider Obtaining Advice:** You may want to **consider consulting with a lawyer** to receive advice on your rights and options. Legal advice can be costly and may not be necessary in every case. **The options outlined below are designed to help you resolve your complaint without professional assistance.**

Depending on the size and complexity of your claim, consulting a lawyer may be advisable. You would need a lawyer who specializes in lawsuits against financial services firms or financial service providers. A list of provincial law societies that can help you locate a lawyer is available at www.flsc.ca.

Alternatively, there are a number of (non-lawyer) unlicensed consultants who assist investors in recovering investment losses. They charge fees, which may be lower than fees charged by lawyers. In some cases, they may only charge fees if they recover money for you.

Be sure to do some background research and request references before retaining a lawyer or non-legal consultant. Make sure you find out the fees that will be charged from whomever you seek advice from, whether a lawyer or consultant, preferably in writing.

- **Helpful resources:** If your financial services provider is an IIROC or MFDA member, see IIROC’s [“An Investor’s Guide to Making a Complaint”](#) or the MFDA’s [“How to Make a Complaint to the MFDA”](#).

You may also consult the Ombudsman for Banking Services and Investment’s (OBSI) [“Make a Complaint”](#) page.

What is your preferred outcome?

Determine what your complaint is and the outcome you seek. You may want:

- √ to recover money
- √ to report wrongdoing to regulators
- √ an apology
- √ something else

The first step for an investor who has a complaint is to complain directly, and in writing, to the firm's management or compliance department. Put "**Complaint**" at the top of your letter to the firm. You should find out and use the registered name of the firm you are dealing with.

Be clear about your complaint and your expected outcome.

√ To recover money

Alternative dispute resolution (these are options available to you outside the court system)

OBSI - Non-Binding Dispute Resolution

The Ombudsman for Banking Services and Investments (OBSI) offers a free, independent service that will investigate investment disputes that investors have not been able to resolve directly with the firm. OBSI can recommend compensation for amounts up to \$350,000. OBSI requires that you attempt to resolve your complaint with the firm first. You have up to 180 days after receiving the firm's response to complain to OBSI but do not have to wait for a response before applying. While OBSI does not have legal authority to mandate compensation, investment firms generally comply with an OBSI recommendation. If OBSI's recommendation is not accepted by either party, you can still use other means of resolving your complaint (including arbitration and legal action, described below). OBSI investigates complaints from customers of investment dealers, mutual fund dealers, banks and other financial firms but not all investment firms allow customers to complain to OBSI. You can check [OBSI's website](#) to see whether your firm participates in OBSI.

IIROC Arbitration Program

This is an option if the financial firm is a member of the Investment Industry Regulatory Organization of Canada (IIROC). Under the IIROC arbitration program, IIROC members must participate if a client chooses to resolve the issue through arbitration. Arbitrators can currently award up to \$500,000 per complaint. The arbitration is conducted by a professional arbitrator whose fees are divided equally between the parties. This process is structured so that each side can be represented by a lawyer. The arbitrator will generally order the losing party to pay the other side's legal costs as well as their own. Legal costs can be significant. You can, as an alternative, elect at the outset to pay your own legal costs only, in which case you will not be liable for the other side's legal costs. Contact [IIROC](#) to determine whether your financial firm is a member of IIROC and for more information on the arbitration program.

Mediation (Québec)

Through mediation, an impartial mediator is hired to help parties reach a resolution that is satisfactory to both parties. Participation is voluntary and requires the consent of both the firm and the client. The mediator does not have the authority to impose a resolution on the parties. In Québec, the Autorité des marchés financiers offers mediation services. See www.lautorite.qc.ca.

Legal Action

All provinces except New Brunswick have a Small Claims Court within their provincial court system to deal with smaller claims in a quick, less expensive way. Complainants often represent themselves at Small Claims Court, but claim amounts are limited. The amount varies by province, and ranges from \$7,000 in Québec to \$25,000 in several provinces, including British Columbia, Alberta and Ontario.

Claims above the small claims limits must be brought in provincial courts through regular court proceedings, which are invariably expensive, time consuming, and backlogged. Legal advice is highly recommended for regular court proceedings, as the process is complicated and there may be a risk of significant costs to you if you lose.

Provincial Regulators Who Can Order Compensation

The securities commissions of Manitoba, New Brunswick and Saskatchewan can order a person or company to pay compensation in appropriate cases. This requires a preliminary finding of a regulatory violation which may take years to investigate and adjudicate.

If You Lost Money Due to Insolvency or Bankruptcy of the Financial Entity

If the investment firm that you have your account with becomes insolvent, you may be eligible to recover from a compensation fund if the investment firm is a member of IIROC or the Mutual Fund Dealers' Association of Canada (MFDA).

For IIROC members:
Canadian Investor Protection Fund
<http://www.cipf.ca/homepage.aspx>

For MFDA members:
Investor Protection Corporation
<http://www.mfda.ca/ipc/ipc.html>

In the province of Québec, Québec's securities regulator, the Autorité des marchés financiers (AMF), administers a compensation fund (the Fonds d'indemnisation des services financiers) which can compensate victims for losses resulting from fraud where the fraud is committed during the distribution of financial products or services. Contact information for the AMF is included at the end of this guide.

✓ To report wrongdoing to regulators:

- ◆ **Contact your provincial securities regulator and/or SRO.**

Regulatory bodies can impose penalties such as fines, suspensions, and issue bans or terminate registration or SRO membership. They can also lay charges under provincial securities legislation. They do not normally recover money for investors (aside from the provincial

commissions mentioned above) and do not provide legal advice. IIROC and the MFDA regulate their members – you can call them or check their websites to determine whether the firm or individual about whom you have a complaint is a member and/or has been disciplined by a provincial securities regulator or IIROC or the MFDA.

√ Further Questions?

Most provincial and territorial regulators, along with IIROC and the MFDA, have phone numbers for general inquiries. If you believe you have a complaint, but are unsure how to address it, consider calling your securities regulator for more information. See the following page for contact information and useful links.

Avoiding Investment Fraud and Other Scams:

For warning signs and tips for investors on avoiding fraud, see “[Be a well-informed investor](#)” on our [Investor Resources](#) webpage.

Provincial Regulators	
<p>Alberta - Alberta Securities Commission Tel: 403-297-6454 Toll free: 1-877-355-0585 E-mail: complaints@asc.ca Website: www.albertasecurities.com</p>	<p>British Columbia - British Columbia Securities Commission Tel: 604-899-6500 Toll free: 1-800-373-6393 E-mail: inquiries@bcsc.bc.ca Website: www.bcsc.bc.ca</p>
<p>Manitoba - Manitoba Securities Commission Tel: 204-945-2548 Toll free: 1-800-655-5244 (MB only) E-mail: securities@gov.mb.ca Website: www.msc.gov.mb.ca</p>	<p>New Brunswick - New Brunswick Securities Commission Tel: 506-658-3060 Toll free: 1-866-933-2222 (NB only) E-mail: information@nbsc-cvmnb.ca Website: www.nbsc-cvmnb.ca</p>
<p>Newfoundland and Labrador - Office of the Superintendent of Securities Tel: 709-729-2602 Website: www.gov.nl.ca</p>	<p>Northwest Territories - Office of the Superintendent of Securities Tel: 867-920-3318 E-mail: SecuritiesRegistry@gov.nt.ca Website: www.justice.gov.nt.ca/SecuritiesRegistry</p>
<p>Nova Scotia - Nova Scotia Securities Commission Tel: 902-424-7768 Toll free: 1-855-424-2499 (NS only) Website: www.gov.ns.ca/nssc/</p>	<p>Nunavut - Office of the Superintendent of Securities Tel: 867-975-6590 E-mail: Securities@gov.nu.ca Website: http://nunavutlegalregistries.ca/sr_index_en.shtml</p>
<p>Ontario - Ontario Securities Commission Tel: 416-593-8314 Toll free: 1-877-785-1555 E-mail: inquiries@osc.gov.on.ca Website: www.osc.gov.on.ca</p>	<p>Québec - Autorité des marchés financiers Toll free: 1-877-525-0337 Email: information@lautorite.qc.ca Website: www.lautorite.qc.ca</p>
<p>Saskatchewan – Financial and Consumer Affairs Authority Tel: 306-787-5645 Website: www.sfsc.gov.sk.ca</p>	<p>Prince Edward Island – Office of the Superintendent of Securities Website: www.gov.pe.ca/securities</p>
<p>Yukon – Office of the Superintendent of Securities Tel: 867-667-5466 Toll free: 1-800-661-0408 (YK only) E-mail: securities@gov.yk.ca Website: www.community.gov.yk.ca/corp/securities_about.html</p>	

Self-Regulatory Organizations	
<p>Mutual Fund Dealers Association of Canada (MFDA) Tel: 416-361-6332 Toll-free: 1-888-466-6332 E-mail: complaints@mfda.ca Website: www.mfda.ca</p>	<p>Investment Industry Regulatory Organization of Canada (IIROC) Tel: 416-364-6133 Toll free: 1-877-442-4322 E-mail: InvestorInquiries@iiroc.ca Website: www.iiroc.ca</p>
<p>Chambre de la sécurité financière (Québec only) Tel: 514-282-5777 Toll-free: 1-800-361-9989 E-mail: renseignements@chambresf.com Website: www.chambresf.com</p>	