

News Release:

You Are Poorer Than You Think

Effective today 70% of Canadian consumers will no longer be able to resolve their bank complaints by going to a non-profit, independent ombudsman

Toronto – November 1, 2018 – Today, Scotiabank is hiring a private, for-profit company – ADR Chambers Banking Ombuds Office (ADRBO) – to assess consumers’ banking complaints. In pursuing this consumer unfriendly decision, Scotiabank becomes the fourth major Canadian bank to take this course of action. Scotiabank follows RBC, TD Canada Trust and National Bank of Canada in hiring this private, for-profit company to assess their unresolved consumer banking complaints. As a result, 70 per cent of Canadians no longer enjoy access to a non-profit, impartial ombudsman to help when they have a problem with their bank.

Scotiabank’s action follows closely on the heels of the federal government’s failure to take advantage of an opportunity to protect consumers by designating the Ombudsman for Banking Services and Investments (OBSI) under the Bank Act, as the sole, national, independent ombudsman for banking complaints, as recommended by Canada’s leading consumer advocates. Earlier this week, the Minister of Finance tabled Bill C-86 a broad piece of legislation designed to improve protection for consumers, but it leaves in place a multiple external complaints body system and, therefore, fails to protect Canadian banking customers by denying them access to a non-profit, independent dispute resolution provider.

CARP, the Consumers Council of Canada and FAIR Canada have been calling on the Government of Canada to protect banking consumers by mandating a single impartial, non-profit external complaints body – one that is not perceived to favour the banks. To that end, these organizations launched a [letter writing campaign](#) to parliamentarians to call on them to amend the legislation in order to adequately protect consumers involved in banking disputes.

“Parliament, the Minister and the Commissioner of Financial Consumer Agency of Canada should use the authority invested in them to implement a system of dispute resolution for retail banking consumers that meets our international G-20 obligations and that is fair,” said Consumers Council of Canada President Don Mercer. “Now is the time to act.”

“Today is a lost opportunity to take real action to improve consumer protection for complainants in the retail banking sector,” said Frank Allen, Executive Director of FAIR Canada. “It is to be expected that Canada’s big banks would look out for their own interests, but the Federal government should act to adequately protect consumers, especially vulnerable and older populations, who have few resources and little support when they are confronted with a system that is difficult to navigate and is stacked against them.”

Under the current system in Canada, banks are free to pick their own dispute resolution provider to review their customers’ unresolved complaints. The competition for banks’

business puts pressure on external firms to rule in the banks' favour, so they will continue to get their business. ADRBO has become the favourite among Canada's big banks. A comparison between investigations undertaken in 2017 by OBSI, a non-profit, impartial ombudsman and ADRBO paints a stark picture: OBSI found in favour of the consumer in 23% of closed cases, while ADRBO found in favour of the consumer in only 3% of closed cases.

"Each dispute needs to be resolved fairly by a non-profit external body that is accountable, transparent, fair, and accessible," said Wanda Morris, Chief Advocacy and Engagement Officer, CARP. "The Government of Canada has done little to address this issue to date, and Canadians need to make their voices heard."

Concerned consumers can visit these organizations' [campaign site](#) to act. It's time to put an end to large, wealthy banks choosing their own referee to resolve consumer disputes, and start putting Canadian consumers first.

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About CARP

CARP is a non-profit, non-partisan association representing more than 300,000 older Canadians across Canada. We advocate for better health care, financial security and freedom from ageism. We are supported by our membership and valued corporate partners who offer members discounts and benefits. Visit: www.carp.ca.

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About the Consumers Council of Canada

The Consumers Council of Canada is a non-profit, volunteer-based consumer organization, that works to improve consumers' ability to navigate marketplaces affecting everyday life.

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About FAIR Canada

FAIR Canada is an independent national charitable organization. As a voice for Canadian investors and financial consumers, FAIR Canada provides information and education to the public, governments and regulators about investors' and financial consumers rights and protections in Canada's capital markets.

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