

Open Letter – Strengthening Canada’s Complaint-Handling System for Bank Customers

TORONTO, Feb. 24, 2022 (GLOBE NEWSWIRE) – On behalf of the coalition of concerned consumer advocates, FAIR Canada has sent the following open letter to *Minister of Finance and Deputy Prime Minister Chrystia Freeland*, calling on her to take action to establish a designated, single ombuds organization to handle consumer complaints.

Dear Minister Freeland:

As concerned financial consumer advocates, we are calling on you, Minister Freeland, to designate the Ombudsman for Banking Services and Investments (OBSI) as the single, ombuds organization with binding authority to make recommendations over the banks. We encourage you to act expeditiously on this critical government commitment in 2022.

The broad consensus is that the current framework for complaint-handling is not working for many financial consumers and there is an urgent need for improvement. We are therefore encouraged that Prime Minister Trudeau, in his December [Mandate Letter](#), specifically requested that you establish, on a priority basis, “a single, independent ombudsperson, with the power to impose binding arbitration, to address consumer complaints involving banks.”

While the Mandate Letter’s reference to “arbitration” is unclear, the need for a single ombudsperson with binding decision-making power in Canada is a clearly stated issue that we strongly support. Mandating a single not-for-profit ombudsperson would be beneficial in improving the complaints-handling outcomes for Canadian banking customers, particularly those who lack the capacity, time and/or resources to successfully navigate an opaque and confusing complaint resolution landscape with multiple players with diverse interests. This is an important objective that many of us, together with other investor and consumer advocates, have been urging industry, regulators and governments to implement for more than 10 years.¹

Designating OBSI under the Bank Act and providing it with the authority to make binding decisions on banks is necessary to advance consumer protection, improve access to justice, and foster fairness and confidence in Canada’s banking sector. More specifically:

¹ Advocacy efforts on this issue began more than a decade ago. For example: [Open Letter to Minister of Finance](#) (FAIR Canada, November 15, 2011).

- The OBSI is a well-established, independent organization that has been providing dispute-resolution services to Canadian financial consumers for 25 years
- Throughout the complaint-handling process, the OBSI provides more transparency and is directly involved with helping consumers resolve their issues.
- As a non-profit ombudsperson, the OBSI offers consumers a less complicated system and has demonstrated its ability to provide a quality, complaint-handling service.
- The OBSI already handles complaints for banks, investment dealers and advisors, and credit unions across Canada.
- The OBSI's complaint handling services provided today are reflective of many international best practices.

This approach will also:

- Eliminate the potential for banks to ignore the ombudsperson's recommendations or offer low-ball settlements that leave many customers feeling dissatisfied at the end of an arduous, stressful and time-consuming process.
- Remove the ability of banks to choose the External Complaint Body (ECB) that they feel will produce the most favourable result (customers in the current system cannot choose the ECB).
- Reduce the incentive for customers to avoid raising a legitimate complaint because there's a perception that the system is biased in favour of the banks.
- Enhance the consumer-protection system at the federal level, which would also serve as a good example for provincially regulated financial services.

Thank you for your consideration of our views. We would be pleased to assist your office, the Department of Finance, and the Financial Consumer Agency of Canada move this issue forward in any way we can, as well as other reforms designed to improve our current complaint-handling system.

Sincerely and on behalf of the coalition of concerned consumer advocates,

Jean-Paul Bureaud
 President, CEO and Executive Director
FAIR Canada

CC:

Michael Sabia, Deputy Minister of Finance
Judith Robertson, Commissioner, FCAC

The coalition of concerned consumer advocates are:

Canadian Association of Retired Persons

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