

FAIS Ombud

Financial Family Parliamentary Induction Workshop

20-21 August 2019

Our mission:

The mission of the FAIS Ombud is to **promote consumer protection** and **contribute to the integrity of the financial services industry** by resolving complaints in a manner that is impartial, expeditious, economical, accessible and, at all times, equitable.



Our Role:

Preferred Alternative Dispute Resolution (ADR) mechanism that provides preferable means of resolving complaints in a world class manner by being accessible, consumers and FSP's having awareness of our Office, and having high standards of delivery in terms of resolving complaints informally, expeditiously, fairly and in a cost effective manner.

The costs and antagonistic nature of litigation are prohibitive.

Mandate

FAIS ACT

The Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS Act) which establishes the Office of the Ombud for Financial Services Providers (FAIS Ombud), was created with the objective of protecting consumer against mis-selling of financial products and misleading advice. The FAIS Ombud provides an impartial, independent, convenient and free service to all consumers who feel they have been unfairly treated by financial services providers.

The main objective of the FAIS Ombud is to investigate and resolve complaints in terms of the FAIS Act and the Rules promulgated thereunder. A complaint could arise where, in the rendering of a financial service by a Financial Service Provider or their representative, it is alleged that the financial services provider:



Mandate continued...

has contravened the provisions of the FAIS Act and that the complainant has or is likely to suffer financial prejudice or damage;

has acted wilfully or negligently in rendering the financial service and has caused or is likely to cause prejudice or damage to the complainant;

has treated the complainant unfairly.

In resolving complaints in terms of the FAIS Act and Rules, the FAIS Ombud acts independently and must be impartial. The FAIS Ombud would normally resolve the complaints through mediation or conciliation and if these methods are not successful in resolving the complaint, then the Ombud will issue a determination. The determination is binding and is enforceable like a judgment of a Court of Law. There is an appeal process for aggrieved parties.

Mandate continued...

FSOS Act

A further function of the FAIS Ombud is to resolve complaints in terms of the Financial Services Ombud Schemes Act, (Act No. 37 of 2004) (FSOS Act), which are not covered by any of the other voluntary Ombud schemes or where there is uncertainty over jurisdiction. In terms of the FSOS Act a complaint means:

“a complaint by a client relating to any agreement with, or a financial service or product of, a financial institution, and in which it is alleged that the client has suffered or is likely to suffer financial prejudice or damage as a result of the financial institution-

(a)having contravened or failed to comply with a provision of any agreement or the law or of a code of conduct subscribed to by the financial institution;

Mandate Continued

- (b) having wilfully or negligently supplied, or failed to supply, a financial service or a product to the client;
- (c) having treated the client unreasonably or inequitably; or
- (d) having mal-administered the implementation of an agreement with, or the supply of a financial service or a product to, the client;”

Key strategic Objectives

➤ Strategic Goal 1

To resolve complaints in a fair, expeditious and informal manner

- By resolving complaints in a fair, expeditious and informal manner – monitor files closed 3,6 and 9 months from date of receipt, conversion ratios, customer satisfaction surveys, capable staff, excellent and relevant technical skills that address new market practices, technological innovations and regulatory changes.

Key strategic Objectives

➤ Strategic Goal 2

Operational Excellence

- To optimise internal capacity, business processes and systems.
- Should be reflected by unqualified audit report, approved budget, expenditure incurred well within budget, enhance internal effectiveness and service delivery.
- Dependencies - Requires motivated staff to achieve such objectives. Effective IT systems, performance management system, learning and development plan, succession planning.
- Reduce costs of complaints – benchmark against local and international Ombud schemes.

Key strategic Objectives

➤ Strategic Goal 3

Sound and effective stakeholder relations

- Manage all stakeholder relationships
- Stakeholders include – consumers, FSP's, Regulators, Media, other Ombuds, National Treasury,
- Need to enhance accessibility and awareness of the Office;
- Emphasis on consumer education and financial literacy;
- Monitor and identify trends and liaise with Regulators to stamp out “rotten apples” or poor market conduct practices

THANK YOU