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A blurred background image of a business meeting. Several people are seated around a table, looking at documents. One person in the foreground is writing on a document with a pen. The overall scene is dimly lit, with a blue and grey color palette.

# **BRINGING A COMPLAINT AGAINST AN ADVISER OR FIRM**



# Regulatory landscape



# Do you want to launch a complaint?



**First thing to consider:** do you believe your investment firm or advisor may have acted improperly or unethically?

For example by:

- Buying or selling investments without your approval
- Recommending unsuitable investments (i.e., they are too risky for you)
- Making excessive trades (churning) - this increases their fees and decreases your returns
- Failure of firm to supervise conduct of representative(s)



# STEPS TO FOLLOW

## 1. Contact your broker directly

- Start from the source and talk to your adviser or firm
- Write down your concerns before meeting with them and jot down their responses. Oftentimes they will provide you with a written response.
- Time frame:
  - banks and credit unions have **56 days** to help you, investment firms and provincial credit unions have **90 days** to help you





# TIP



- Remember to **collect and store** all of the facts, communication, and documentation related to your complaint – it will be helpful to you as you talk to your adviser and will also be requested by OBSI if you launch a formal complaint





# STEPS TO FOLLOW

## 2. Not satisfied?

- Consider making a formal **complaint**





# Who should investors complain to



Complaints consumers and small businesses have with their bank and investment firms → OBSI

Complaint about one of the following services: → Financial Services Regulatory Authority of Ontario (FSRA)

- Property and casualty insurance
- Life and health insurance
- Credit unions
- Loan and trust companies
- Mortgage brokers
- Health services providers (related to auto insurance)
- Financial planners and advisors

Financial Services Regulatory Authority of Ontario (FSRA)

Independent regulatory agency created to improve consumer and pension plan beneficiary protections in Ontario

# Going to CIRO

## Who is CIRO?

A national self-regulatory organization that oversees all investment dealers, mutual fund dealers and trading activity on Canada's debt and equity marketplaces



## Time frame

If your investment firm or broker has not provided you with a satisfactory response after 90 days, you can launch a complaint with CIRO (do so as quickly as possible so that they can investigate properly!)



## Tools used

You will need to use [this tool](#) to determine if you are dealing with a CIRO Member, and/or an advisor who is registered with a CIRO Member

If your firm/advisor is a CIRO member, you can submit a complaint [here](#)



# What will CIRO do?

1

When you complain to CIRO directly, CIRO will let you know when it has received your complaint.

2

For complaints about alleged misconduct by your advisor/CIRO regulated firm, CIRO will update you after it has reviewed your complaint and decided whether it will proceed with an investigation.

3

CIRO carefully reviews all the information it receives to see if rules have been broken and if it needs to take further action.

4

CIRO may take disciplinary action including fines, suspensions or permanent bans, however CIRO cannot provide compensation to you or force a firm or advisor to reimburse you.



# Types of problems CIRO deals with

Complaints about alleged misconduct, like:



Breach of confidentiality



Buying or selling of an investment without your approval



Investment recommendation that is too risky for you



Making excessive trades in your investment account



## Case Study – Breach of Contract

Mr. K is working with a mutual fund dealer, and has specified that they want the dealer to follow a specific investment strategy decided to reach Mr. K's objective. The mutual fund dealer disagrees with the strategy, and chooses to deploy a different investment strategy that they think will achieve better returns. When Mr. K learns about the change, they realize that they have lost out on significant returns because their strategy was not followed





# Who should investors complain to

Complaints about investment firm or service



CIRO

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# Going to OBSI

## Who is OBSI?

An independent dispute-resolution service for banking and investment complaints against participating firms

## Time frame

If it's been 90 days and the firm hasn't provided you with a response or you want to escalate your complaint, you then have 180 days to file a formal complaint with OBSI

## Tools needed

You will need to use [this tool](#) to determine if your firm belongs to OBSI

If it's a participating firm, you can submit your complaint to OBSI [here](#)

# What will OBSI do?

1

First, they determine whether they can investigate your complaint based on the rules laid out in their mandate

2

If accepted by OBSI, you will need to provide permission to investigate. You will also need to provide all the information and documentation regarding your complaint

3

OBSI will then investigate – they:

- Talk to both parties (complainant and firm)
- Review all the information

4

Finally, OBSI will make a non-binding recommendation

- The decision is based on a fairness standard
- If OBSI believes compensation is owed, they try and settle the matter through discussions with the parties
- If no agreement from the firm is reached, OBSI prepares an official report with their recommendation – if the firm still refuses to compensate, its name and OBSI's findings will be made public



# Types of problems OBSI deals with



Credit card issues, such as chargebacks or unauthorized transactions



Banking or loan issues related to transaction problems, loan penalties or information



Investment issues related to common shares, mutual funds or scholarship trust funds such as suitability of investments, fee disclosure and service complaints

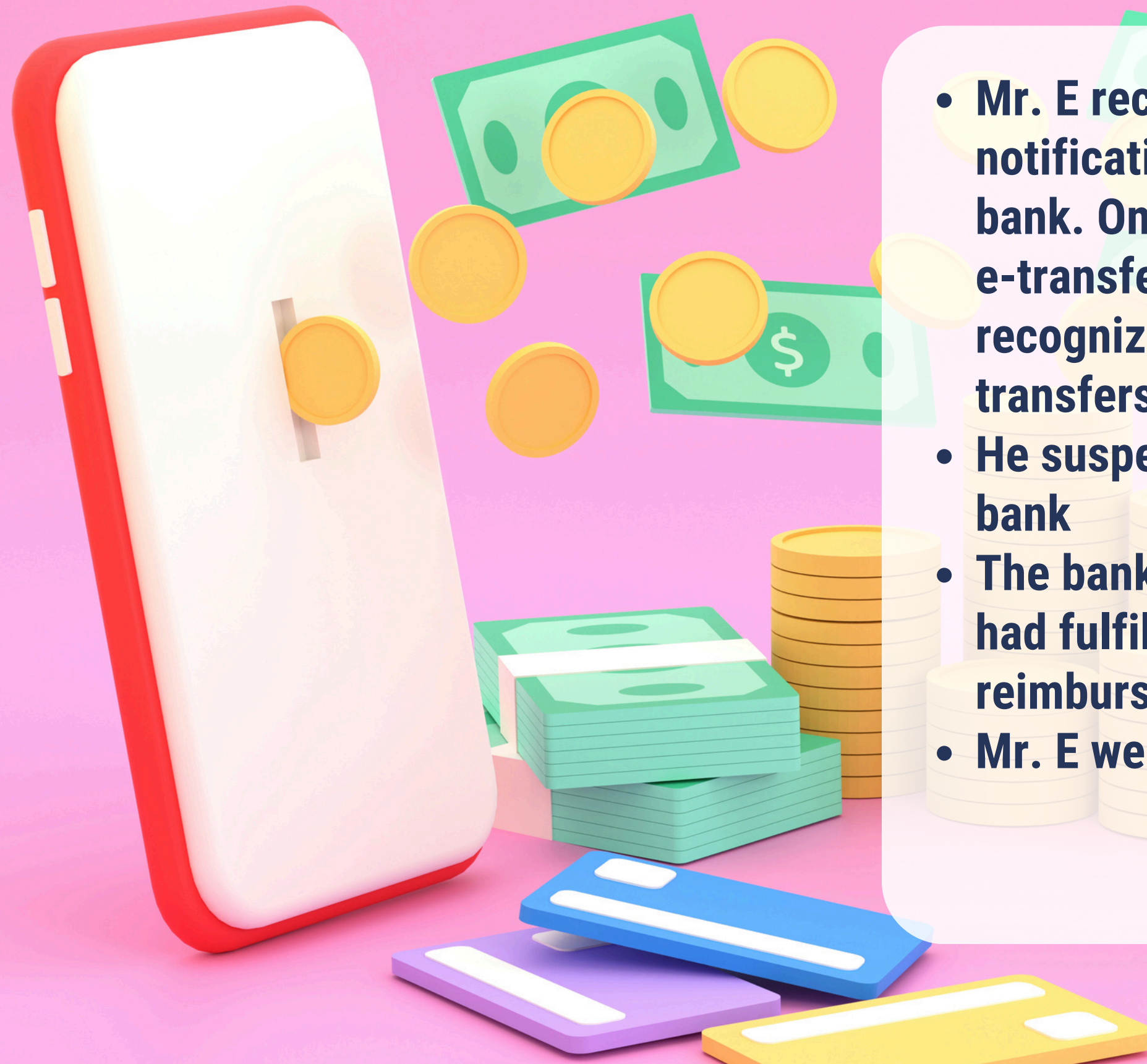


# Case Study – Unauthorized Investing

- **A widow with minimal financial knowledge and a low-income job struggled to provide for her family**
- **She trusted an adviser to invest the proceeds of her husband's small life insurance policy and investments**
- **Her adviser made investments that were far riskier than what she agreed to. She discovered years later she had incurred a loss of more than \$130 000**
- **The adviser made excessive commissions of \$40 000 from the excessive trading**
- **She made a complaint to OBSI**



# Case Study – E-transfer Fraud



- **Mr. E received regularly received email notifications about his account activity from his bank. One day, he received a notifications about e-transfers sent from his account that he did not recognize. He checked and saw that two e-transfers equal to \$3,000 had been sent.**
- **He suspected fraud had occurred and notified his bank**
- **The bank's investigation determined that it had fulfilled its obligations to Mr. E and refused to reimburse him for his financial losses**
- **Mr. E went to OBSI for help**



# Case Study – Fees Charged to Account

- **Mr. G was a loyal customer at his bank for 30 years. He discovered charges on his business bank account that he could not account for – one that was \$750 and another that was \$800.**
- **The bank said these were fees related to an annual audit of his file for a commercial mortgage on an apartment building his business owned. This didn't make sense to him, as there was no additional charge on past audits. The bank was well-protected as a secured creditor, and his business had never missed a monthly mortgage payment.**
- **The bank reviewed the case and would not refund the fees. Mr. G brought his complaint to OBSI.**



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# Going to FSRA

## Who is the FSRA?

FSRA is responsible for supervising and regulating many different sectors.

## Tools used:

- Look at the sectors regulated by the FSRA using [this tool](#)
- The process for submitting a complaint may differ depending on the sector. Visit [this link](#) to view the process for different sectors

## FSRA does NOT regulate:

- Banks
- Investment and securities firms



# What will FSRA do?

1

The FSRA will review the complaint quickly and investigate - looking at the documents available of both parties.

2

For all complaints, FSRA sends an acknowledgement of receipt letter to the complainant, and a Compliance Officer in the Complaints and Risk Assessment Unit (CRAU) is assigned to the complaint.

3

During the review, the Compliance Officer will collect evidence from the complainant, licensee and if appropriate, other parties involved, to determine if the allegations in the complaint support a breach under the legislation, regulation and/or relevant codes of conduct. Complainant will be notified of a determination through closing letter.

4

Outcomes may include: best practice letter to educate, warning letter, administrative monetary penalty or fine, compliance order, posting of public warning notice, conditions attached to license such as enhanced supervision, limit on activities, etc, suspension or revocation of a license

# Types of problems the FSRA deals with

Sector	Top complaint theme
Mortgage Brokering	Contractual matter
Auto Insurance	Claims and Settlement
Property and Casualty Insurance	Claims and Settlement
Life and Health Insurance	Regulatory Action in Other Jurisdictions
Credit Unions and Caisse Populaires	Customer Service
Health Service Providers	Administration
Loan and Trust Companies	Contractual matter



## Case Study - forgery/fraud

**Mr. B was working with his insurance agent. The agent made a mistake and listed Mr. B's father as the person who would receive the benefits and payments from Mr. B's Guaranteed Investment Fund (GIF). The agent also mistakenly changed Mr. B's address to his father's address.**





## Case Study - Licensing

**Mr. E, a mortgage broker, continued to submit client applications despite his license having lapsed in Ontario. One of his clients, Ms. F, discovered this when her mortgage application was delayed due to Mr. E's unlicensed status.**

License  
Agreement





# SUMMARY - types of complaints handled

## CIRO

Investment firm or service (Investment dealers, mutual fund dealers, etc.)

## OBSI

Investment firm or bank

## FSRA

Financial planners, insurance agents, mortgage brokers, credit unions