

Complaints by Older Adults against Financial Institutions

Examples and Possible solutions

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Outline of Presentation



- The role of the Financial Services Ombudsman
- Complaints investigated
- Complaints made by older adults – examples
- Possible solutions / Suggestions



The role of the Financial Services Ombudsman?

- Deals with unresolved complaints from consumers about individual dealings with their financial service providers (banks, insurance companies etc).
- Statutory Officer – remit governed by legislation
- All financial providers regulated in Ireland are subject to investigation by the Ombudsman.
- Free Service to the Consumer.
- Broader issues of consumer protection are the responsibility of the Financial Regulator – Consumer Protection Code
- Ombudsman deals with individual complaints



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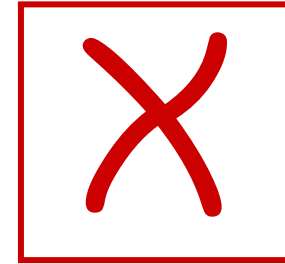
What type of complaints may be examined?

Any kind of complaint by a consumer who feels dissatisfied about:

- *The provision of a financial service by the financial service provider*
- *An offer to provide such a service*
- *Failure to provide a particular financial service that has been requested*



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What type of complaints may **NOT** be examined?

A consumer is not entitled to make a complaint if the conduct complained of:

- *Is or has been the subject of legal proceedings before a court or tribunal*
- *Occurred more than six years before the complaint is made*
- *Is within the jurisdiction of the Pensions Ombudsman*



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What forms of redress can the Ombudsman offer the consumer?

The Ombudsman can direct the service provider to do one or more of the following:

- Review or change the conduct complained of
- Provide reasons for that conduct
- Pay compensation up to a maximum of €250,000 or €26,000 annuity
- Take any other lawful action



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COMPLAINTS – 2008

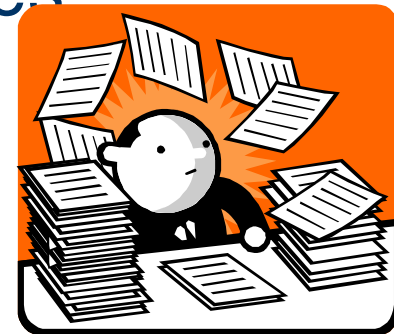
Approx 6,000 complaints received in 2008

- 3,332 against insurance companies

- 2,615 against credit institutions

38% - not upheld

62% - upheld / resolved



Complaints received – area of business

Largest areas of complaint in insurance:

- Investment	621
- Motor	569
- Life Assurance incl. PHI	514
- Travel	360
- Med expenses	175



Largest areas of complaint in credit institutions:

● Account transactions	617
● Mortgages	517



Nature of complaints received - Insurance



Context of Ombudsman's Role

- Financial Ombudsman investigates individual complaints
- If complaint trends show a pattern that may affect a large number of customers, we refer the matter to the **Financial Regulator / Consumer Directorate**
- Ombudsman highlights particular areas of concern in Annual Reports / Case Studies / Media

Cases regarding Older Adults



- Publish case studies every 6 months
- Highlight significant findings / issues of importance for both consumer and companies
- Issue of inappropriate investments sold to older adults - raised from 2005 onwards



Example 1

- An 83 year old woman invested €30k in 5 yr investment bond – woman died before it matured
- Nature of policy: difficult to encash in the first 5 years (withdrawal penalties etc.)
- Product was unsuitable considering woman's age and circumstances
- Company did not discharge its duty of care to the older adult – complaint upheld.
- The deceased's estate was awarded €38k.

Example 2

- Withdrawal by ATM card from older adult's account over 10 day period
- Almost all funds were withdrawn
- Older adult was in nursing home at the time
- No system in place to detect large withdrawals over consecutive days from accounts where there had been low level of activity
- Bank agreed to put in place such a system for customers over age 65

Suggested Procedures for sales of investment products to older adults

- Requirement that family member / independent professional 3rd party be present (or evidence that this has been suggested) at sale of policy
- Senior member of staff sign-off on relevant documentation

Checklist, signed by Customer

- During the sale, particular focus given to:
 - Product booklet, Customer Information Notice
 - Setting aside money for un / expected short term needs and emergencies
 - Fact that investment is a long term commitment, recommendation that it is held for at least 3 / 5 years
 - Nature and limitations of guarantees are included in the product
 - Risks that attach to the investment
 - Restrictions on encashments – early withdrawal fees, penalties
 - The fact that the fund value payable on death may be less than amount originally invested

Points to Note

- Responsibility of Ombudsman to examine cases fairly and independently
- Each case examined on its own merits
- Not always the case that an investment product is not suitable for an older person
- Other circumstances are also considered, e.g. Previous investment experience, knowledge of investment area.

Need for balance

- People should be entitled to buy financial products
- Must be fully aware of product features
- Understand charges / fees – whether there is easy access
- Customer must be made aware of consequences of purchasing the product, good or bad.

- Is product suitable?

View of Financial Services Ombudsman

- *“People of advanced years should only be offered a product which is clearly explained and which the provider has taken all steps to ensure that the elderly person fully understands and, furthermore, that he or she is aware of the consequences be they good or bad.”*