

OBSI: Who Are They and Why Should You Care?

The Ombudsman for Banking Services and Investments, also known as OBSI, is a national, independent, and not-for-profit organization that was created to help resolve and reduce disputes between consumers and financial services firms. Similar to a regulatory body, OBSI responds to inquiries, investigates unresolved disputes, and shares its knowledge and findings with the stakeholders and the public.

OBSI is a free service for consumers and makes recommendations on compensation up to a maximum of \$350,000 per case. Though OBSI recommendations at this time are non-binding, they are actively working to change this.

It is important to note that OBSI has a mandate that requires them to disclose when a member refuses a recommendation. This public disclosure can cause significant reputational damage to both a dealer and the advisor(s) involved.

The quality of service provided by OBSI from complainants' point of view is extremely high. Their process is easy to use, follow, and understand. The forum is considered both courteous and professional.

In 2015

5,300

Inquiries OBSI received from Canadian consumers

18% of these complaints were investment related

8% were related to non-participating firms or non-disclosed firms

571

overall cases opened from the inquiries

298 investment cases

\$26,258 average compensation

35% Files closed in which OBSI facilitated settlements or recommended compensation

\$4.6M Total amount of compensation recommended in 2015

50% Investment cases that involved mutual fund products

50% Investment cases that involved suitability issues

We're here to empower results

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OBSI is becoming a significant fixture in the financial advisor space and their accessibility to consumers increases the likelihood that a financial advisor could find themselves in a dispute before them at some point in their career.

Top OBSI issues

- Suitability of investment advice
- Margin or leverage
- Fee disclosure
- Poor product disclosure
- Instructions not followed
- Service
- Unauthorized transactions/churning
- Transactional error
- Fraud
- OBAs/off book transactions

Top 10 OBSI products

- Mutual funds
- Common shares
- Scholarship plans
- Bonds, debentures
- Limited partnerships
- Preferred shares
- EFTs
- Incomes trusts
- Derivatives
- Hedge funds

Have clients complete and update KYCs, meet and communicate with your clients on a regular basis, and paper your files. These tools, along with the tools found in our “bulletproof your practice video” paper your files to ensure you are best equipped to avoid potential disputes or to facilitate resolution of any dispute in your favour.