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REGULATION AND PRUDENTIAL SUPERVISION OF FINANCIAL INSTITUTIONS

Retail financial services and payments

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FIN-NET activity report

2013 - 2014



financial dispute resolution network

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1. INTRODUCTION

FIN-NET is a network of national Alternative Dispute Resolution (ADR) schemes in the European Economic Area countries (the EU Member States plus Iceland, Liechtenstein and Norway) that are responsible for handling disputes between consumers and financial services providers, i.e. banks, insurance companies, investment funds, investment intermediaries and others. FIN-NET was launched by the European Commission in 2001.

How does FIN-NET work?

The schemes within FIN-NET cooperate to provide consumers with easy access to out-of-court dispute resolution in cross-border cases. If a consumer has a dispute with a financial services provider regarding a product purchased cross-border, FIN-NET members will put the consumer in touch with the relevant ADR scheme and provide the necessary information about it. The relevant ADR scheme would be located in the country in which the service provider has its branch. The network works as follows: A consumer contacts an ADR in his/her home country. The home country ADR establishes who the competent ADR is in the service provider's country and informs the consumer. The home country ADR either transfers the case to the competent ADR or asks the consumer to do this. The competent ADR carries out the investigation and issues a decision/recommendation.

Members' structure

At the end of 2014, FIN-NET had **57 members** — national ADR schemes — which are listed in Annex 1. All financial sectors (i.e. banking, insurance, securities)¹ are not yet covered in all Member States or EEA countries through ADR schemes. Consumers in 21 Member States benefit already today from full-sector coverage. FIN-NET is however still not represented at all in Bulgaria, Latvia, Romania, Slovenia and Slovakia. The Financial Ombudsman of Cyprus acts as an observer² to the FIN-NET group and the Swiss Banking Ombudsman also joined FIN-NET in 2014 as an observer. See Annex 2 for a breakdown of coverage in the 25 European Economic Area countries in which FIN-NET was represented at the end of 2014.

The Alternative Dispute Resolution (ADR) Directive 2013/11/EU and the Online Dispute Resolution (ODR) Regulation N° 524/2013 should further contribute to the availability of low-cost, simple and fast mediation procedures in Member States in future, including in the financial services area.

Challenges ahead

The ADR/ODR legislation will fully enter into force by January 2016. As a consequence, ADR schemes will become subject to new quality standards which go beyond Recommendation 98/257/EC. Authorised ADR schemes will also need to be notified by the national competent authorities to the Commission. The FIN-NET community will therefore need to reflect upon whether to upgrade its working arrangements in line with the ADR Directive and to amend its Memorandum of Understanding (MoU). Since this might result in changes to the scheme's future composition, the FIN-NET community will also need to reflect on possible transitional arrangements for existing FIN-NET

¹ Note that some Member States do not divide the functions of ADR schemes by sector, but by categories of firms or by geographical area.

² Observers are FIN-NET participants who did not yet apply for membership or whose compliance with Recommendation 98/257/EC had not yet be confirmed by a relevant national authority.

members who will not have been notified to the Commission by January 2016 by their national competent authorities in line with the ADR Directive.

2. MEETINGS IN 2013- 2014

2.1. Spring meeting 2013

The spring meeting was held in Brussels on 14 March 2013.

Members discussed the language of the complaint procedure in situations where the complainant does not speak the language of the country in which the ADR scheme operates. They gave various examples of how they deal with situations where consumers submit complaints in different languages from those in which their schemes normally operate:

- The ADR scheme translates the complaint and supporting documents – some have a special budget for translation.
- If needed, the scheme from the consumer's country helps with the translation of the complaint.
- The ADR scheme asks the financial service provider for help with translation.
- In Estonia, the European Consumer Centre helps with the translation of the complaint.
- One member, the UK Financial Ombudsman Service (FOS), provides translation services even over the phone, translates all documents sent to the consumer, and can operate in all EU languages.

Members also discussed how to raise awareness about FIN-NET among consumers and providers and exchanged experience about handling complaints related to complex products like “Death Bonds” (i.e. securitisation of life insurance policies) or mis-selling of payment protection insurance.

2.2. Autumn meeting 2013

The meeting was held in London at the invitation of the UK FOS. The meeting was hosted in the European Banking Authority (EBA) premises.

The host presented developments concerning the publication of ombudsman decisions. The UK FOS had been publishing complaints data since 2009. Following an independent review, since 1st April 2013 the FOS began to publish full ombudsmen decisions, with the business named, but without the name of the consumer. The FOS noticed that as a result, businesses started to settle cases faster in order to avoid decisions with their name being made public.

Part of the meeting was devoted to a discussion about the co-operation between the FIN-NET members and the EBA. FIN-NET members were also informed about the Joint European Supervisory Authorities work on complaints handling as well as work on the Consumer Trends Report. A representative of the European Securities and Markets Authority joined for a discussion about complaints related to complex products.

Members were also up-dated about developments regarding the ODR platform. Finally members exchanged experience in handling cases. The Belgian member presented two

cases: about a public offer of bonds by the Bank of Ireland with restrictions for Belgian retail investors and a complaint concerning the refusal of a Belgian bank to open an online savings account for non-Belgian tax residents. The member from Estonia discussed complaints related to unfair terms in travel insurance contracts and illicit consumer credit contracts.

2.3. 1st meeting 2014

The first meeting was held in Athens on 05 June 2014 and organised by the Hellenic Ombudsman for Banking and Investment Services (HOBIS).

Prof. Christos Gortsos, the General Secretary of the Hellenic Banking Association began by updating members on the Greek debt crisis and its impact on the Hellenic banking system. Commission officials provided an update on on-going Commission work and updated members on the implementation work in relation to the ADR and ODR initiatives, which were adopted by the Commission on 29 November 2011. This was followed by a general discussion and a preliminary exchange on the new legislation's potential impact on FIN-NET.

The Croatian, Cypriot and Swiss colleagues gave presentations on how their schemes operated. The Cypriot and Swiss schemes had joined FIN-NET recently as observers. Members were also updated on recent changes regarding Luxembourg's scheme.

A first orientation debate took place on the law applicable in cross-border disputes. It was decided to follow up on Rome I and II issues more thoroughly at the next meeting. Finally, recent trends in consumer complaints were discussed.

2.4. 2nd meeting 2014

The second meeting was held in Brussels on 9 December 2014.

As requested by FIN-NET members, the initial Commission update focused particularly on MIFID 2. The presentation was followed by a discussion on the ADR reference in MIFID 2 and the future intervention powers the Directive grants to national competent authorities and the ESAs when the good functioning of the Single Market is put at risk. In this discussion, some members provided examples of concrete consumer detriment in relation to unclear prospectus information and forex trading issues.

The chairman launched an informal brainstorm on FIN-NET's future strategy. Many members considered the forthcoming entry into force of the ADR/ODR legislation to be both challenge and an opportunity.

An EBA representative updated the FIN-NET community on the complaint handling guidelines applicable to banking and securities. This was followed by a discussion on standardised complaints data reporting.

The Maltese representative presented a policy note on how to bridge consumer expectations in light of the ADR scheme's statutory limits. This was followed by a discussion on the effectiveness of the various ADR schemes in Member States. Members agreed for the Commission to launch a survey to take stock of the different approaches and powers (e.g. binding decision vs. recommendations, 'naming and shaming').

In follow-up to the previous meeting, a Commission expert familiarised members with the specificities of the Rome I and II legislation. The Commission also provided a detailed update on the implementation of the future ODR platform.

The Croatian representative who joined FIN-NET in 2014 briefly presented on the Mediation Centre of the Croatian Chamber of Economy and the Spanish representative updated participants on positive developments with regard to the complaints handling department of the Bank of Spain.

To close the meeting, external guests from the CFA institute presented a market research study on the effectiveness of ADR schemes for retail investors in several international jurisdictions.

3. OTHER IMPORTANT EVENTS IN 2014

3.1. Changes in membership

In 2014, two new members from Croatia joined FIN-NET:

- Mediation Centre of the Croatian Insurance Bureau

This scheme offers mediation in disputes arising out of insurance and indemnification relations under insurance contracts.

- Mediation Centre at the Croatian Chamber of Economy

The Mediation Centre of the Croatian Chamber of Economy is an institution dedicated to organizing and carrying out mediation proceedings in business disputes, including in the consumer protection area.

4. FIN-NET'S OUTPUT IN 2013 - 2014

4.1. Statistics

In 2013, FIN-NET members handled slightly under 3000 cross-border cases,³ of which 1216 were in the banking sector, 1263 in the insurance sector and 379 in the investment sector; 73 cases were not attributed to any particular sector. Complaints regarding insurance products grew most in 2013, followed by complaints regarding investment products and services. Only complaints related to banking products and services decreased slightly in 2013.

In 2014, FIN-NET members handled over 3500 cross-border cases,⁴ of which 1276 were in the banking sector, 675 in the insurance sector and 438 in the investment sector; 1125 cases were not attributed to any particular sector.

If we compare statistics for the years 2007-2014, a significant increase in the number of cross-border disputes handled by FIN-NET members is apparent — from around 1000 cases handled in 2007 to over 3500 cases in 2014. Compared to previous years, significantly fewer ADR schemes took the time to respond to our request for statistics in 2014. Whereas the 2012-2013 statistics were based on 40 responses, two years onwards

³ This number is based on data received from 40 FIN-NET members.

⁴ This number is based on data received from 28 FIN-NET members.

only 28 ADR schemes shared their 2014 cross-border complaint statistics. Despite this, there was a significant increase in the cross-border cases treated in 2014 compared to 2012 and 2013. The lower response rate to our statistical exercise supports the conclusion that still more than the 3514 cross-border cases were treated by all FIN-NET members in 2014. The growing number of cases which could not be attributed by FIN-NET members to any of the three financial sectors is also particularly noteworthy.

Year	Total number of cross-border cases handled by FIN-NET members	Cross-border cases by sectors			
		Banking	Insurance	Investments	Other
2007	1 041 ⁵	492	267	280	2
2008	1 346 ⁶	673	326	335	12
2009	1 542 ⁷	884	244	410	4
2010	1 794 ⁸	1 123	348	302	21
2011	1 854 ⁹	992	518	315	29
2012	2 727 ¹⁰	1 325	919	318	165
2013	2 931	1 216	1 263	379	68
2014	3 514	1 276	675	438	1 125

Examples of cross-border cases

The following examples of cross-border cases, where consumers were located in a country different from that of the financial service provider or which involved the help of an ADR scheme situated in another Member State, were handled by FIN-NET members in 2013 - 2014 in the areas of banking/payments, insurance and investments.

Banking/payments

2013

Example 1

The client had a credit card granted in a French supermarket. The credit card provider was a French credit institution. An amount of €354 was due and a direct debit instruction was presented on a fixed date. Because of an insufficient balance in the Belgian bank

⁵ This number is based on data received from 41 FIN-NET members.
⁶ This number is based on data received from 40 FIN-NET members.
⁷ This number is based on data received from 38 FIN-NET members.
⁸ This number is based on data received from 33 FIN-NET members.
⁹ This number is based on data received from 40 FIN-NET members.
¹⁰ This number is based on data received from 42 FIN-NET members.

account connected to the credit card, the payment could not be made on the fixed date. Two days later however, the payment was made by the Belgian bank but the credit card provider claimed it never received this payment. Furthermore, during the following months, the client had to pay penalties for defaulting on their payment.

The client filed a complaint to Ombudsfina who asked the « Médiateur de l'Association française des sociétés financières » to look into the matter. The inquiry revealed that the problem originated from the fact that the name of the client that was registered at the credit institution and the name of the bank account holder in Belgium were different. The payment system of the credit card provider did not recognize the source of the payment. A few weeks later, after different interventions, the situation was straightened by the credit card provider and the complaint resolved.

Example 2

A Greek student in Sussex U.K., holder of a joint deposit account in a credit institution established in Greece, disputed two charges, totalling €350, made on his account, following several attempts to withdraw money with his credit card.

He claimed that during the above transactions no cash was presented. He addressed his complaint to the Hellenic Ombudsman for Banking – Investment Services requesting the restoration of the funds to his bank account.

As a result, the credit institution in Greece, following the Visa International regulations, credited his account with the above sum.

Example 3

Mrs H, from Hungary, had tried to use an electronic money institution to transfer money from the UK to Hungary. Mrs H had used the service previously without any problem, but in this instance the financial business did not process the transaction properly.

Mrs H therefore wished for the business to put things right and wrote a letter of complaint from Hungary. As she had not received any follow-up from the business, she contacted the relevant Hungarian ADR scheme and explained the situation she was in. The scheme contacted the FOS in the UK using the FinNet arrangements.

When the UK Financial Ombudsman Service received the request from Hungary, the eight-week-time limit given to businesses in the UK to answer complaints had not yet passed, but the service decided to give the business a call and explain the consumer's situation. They also explained that, in the event of the business not answering within the eight-week limit, the consumer had asked for a complaint to be set up against them.

A week after the eight-week limit had passed, the UK FOS contacted the Hungarian ADR scheme to ask whether Mrs H had received an answer from the UK business and whether she was satisfied with the answer. As Mrs H had not received anything, the UK Financial Ombudsman Service contacted the business again to mediate. After discussions, the business agreed they would make an offer to the consumer and compensate her for the mistake that had been made.

The UK FOS contacted the Hungarian ADR scheme to explain this, and asked for the consumer to contact them again if the offer did not materialise or if they remained unsatisfied. The consumer was satisfied with the outcome, and the intervention allowed for an informal resolution of the issue.

2014

Example 1

A Spanish consumer presented a complaint directly to the Lisbon Arbitration Centre through its website. He made two bank transfers from his bank in Spain to a bank in Portugal, who charged him for the transfer, contrary to Regulation (EU) 260/2012. Following the complaint, the Portuguese bank claimed that it had not received the correct data from the Spanish bank, given that it had not respected the new SEPA rules (which require a specific data format for transfers between banks), and that the Portuguese bank therefore had to deal with the transfer request manually. After mediation and having confirmed that the data format given by the Spanish bank had followed the established rules, the Portuguese bank agreed to reimburse the consumer of the commissions that it had previously charged.

Example 2

A Greek citizen whose parents had lived in Finland contacted FINE to find out in which banks his parents had possibly held accounts. The Greek citizen was informed that no central register exists and that he should contact the potential banks directly instead. He was provided with general information on the Finnish banking system and the contact details of the biggest banking groups. He also received the form sheets that are required to be filled in in order to assess the account information.

Example 3

A Swedish citizen wanted to cancel his bank account in a bank located in Luxembourg. On the account he had SEK 1708,50. When the Swedish citizen called the bank he was informed that he could either buy something for the money or withdraw the money from a cash machine and that there would be no extra fees if he decided for the latter. He then made a purchase for SEK 8,50 and withdraw SEK 1700. He was charged SEK 60 for the withdrawal. The bank regretted that the Swedish citizen had been provided with the wrong information, but pointed out that the fee was mentioned in the conditions which he had signed and that he therefore was obliged to pay. The Allmänna reklamationsnämnden ("the Board") noticed that a bank employee had provided incorrect information to him on the fee issue and that he hence chose to withdraw the money. The Board stated that the bank should therefore not charge him for this withdrawal. The Swedish citizen had also asked for compensation for expenses concerning paper, toner and phone costs among other things. The Board stated that since he had not demonstrated sufficient evidence for the costs incurred and since the Board's procedure is free of charge no such claims could be made in his case.

Insurance

2013

Example 1

Before baggage check-in, a 72 year old woman fell in the lobby of the airport. The traveller and her friend missed their flight after receiving emergency medical care. As she was covered by a German travel insurance contract, the injured lady received full compensation from the insurance company. However, the undertaking rejected a claim for her friend on the basis that there was no family relation between both passengers.

The French Insurance Mediator contacted his German colleague who then persuaded the insurance company to modify its position and give compensation to both insured.

Example 2

Mr M, an EU national, was looking to change his health and sickness insurance provider and was interested in an offer by X Insurance Ltd (a Maltese registered entity operating in another EU member state under freedom of establishment). The insurance company promised that the entire premiums paid under his health and sickness policy would be refunded if no claim was made within the first 12 years of the policy. Enticed by this offer, Mr M purchased the policy and arranged to pay the monthly premium by direct debit.

Two years after inception, he received a letter from the insurer informing him that there would be a premium increase of 30%. Mr M was aware of the financial turmoil at the time and since he was happy with the cover he decided to pay what seemed to be a one-time increase in premium. However, a couple of months later the insurer informed Mr M that the company could not honour the promise it had made at policy inception. It offered Mr M three possibilities, from which he was invited to select one. The first offer consisted of a reduction in premium if the initial 12 year cash back offer is forfeited; the second offer was to maintain a similar premium to the one Mr M was paying on his existing policy but only 50% of all the premiums paid would be refunded if no claim was submitted in the first 12 years and the third offer was to choose another policy with better benefits but which offered no cash back option.

Mr M decided to ignore the offers made to him by the insurer and maintained his existing cover. The following year however his premium was increased again by a further 30% and another 15% the year thereafter. Mr M saw this as unfair as he was never told that the premium could increase at such a high rate for no justifiable reason. He argued that the selling point of the policy was always the fact that he would receive back the premiums paid after 12 years claims free and if premiums continued to increase at that rate he would no longer afford to keep the policy. Following an unsatisfactory outcome of the complaint lodged with the insurer, Mr M decided to complain directly with the Malta Financial Services Authority (MFSA) Consumer Complaints Unit (CCU).

The Unit initiated discussion with the insurer and requested a copy of all the documents and marketing material provided to Mr M at the time the policy had been sold. It was immediately clear that the focus of the marketing material was the cashback element on the 12th anniversary rather than on the actual cover. A copy of the full terms, which made reference to a possible increase in premium, was only provided to Mr M after the policy was purchased. It was also evident that although Mr M had been given a key features document – which admittedly was quite clear in the way it explained the policies' advantages and characteristics – there was no indication that revisions to the premium were possible at the discretion of the insurer. In fact, such discretion was included in a particular clause in the terms and conditions.

The Unit found the insurer's sales pitch to be unfair as well as its unilateral discretion to increase premium and renege from the promise to repay full premium on the 12th anniversary. In addition, the CCU was of the view that selling a health and sickness policy on the basis of a cashback rather than the actual cover was misleading. The Unit therefore upheld Mr M's complaint and the company accepted to refund all premium paid to date. The policy was also terminated.

Example 3

Two Hungarian ladies bought plane tickets combined with travel policies from an Irish insurance service provider. According to the general terms & conditions the policy was governed by English law. Having begun their journey the ladies were informed at the connecting airport that the connecting flight had been cancelled due to a strike by the staff at the destination airport. The ladies reached their destination city by train with a significant delay and missed part of their stay. Their claim for damages was refused by the complaint manager of the company arguing that flight cancellations due to strikes were not considered to be a relevant event under the general terms & conditions of the policy – only delays exceeding four hours resulting from late incoming aircraft would be considered. The ladies submitted their claim to the Hungarian Financial Arbitration Board, requesting that the company pay damages.

After receiving an official notification from the Hungarian Financial Arbitration Board, the service provider contacted the consumers and explained that the cancellation event could be considered under the policy as travel disruption because the incoming aircraft would be delayed more than four hours due to the strike. The service provider offered the maximum amount provided by the policy – €150, aggregated by €30 for extra costs & charges – to each lady. The consumers accepted it as a final and definite settlement of the case.

2014

Example 1

A French consumer purchased insurance from a Maltese company to guarantee a loan contract. Following the death of the insured, her husband made a claim to the insurer, which was refused. The French insurance mediator contacted his colleague from the MFSA. The MFSA rejected the claim as it was specified on the medical report that the insured person was taking a heavy medical treatment for two diseases which they did not disclose to the insurance company. Even if the cause of death did not relate to the pre-existing conditions, the fact remained that the insured party did not disclose their pre-existing medical conditions. Therefore the insurance company was unable to estimate correctly the risk at the time of the subscription and was then entitled to deny the guarantee.

Example 2

A Lithuanian citizen was involved in a car accident in Poland. The representative of the victim reported a number of reimbursement claims to the insurance company which included: car damages, parking costs, towing costs in Poland, towing costs from Poland to their place of residence and costs of transport to their place of residence. The Polish insurance company lowered the invoice provided by the representative of the Lithuanian citizen and claimed that the parking costs for the damaged car would only need to be reimbursed for a period of 7 days and not 28 days as requested. The insurer also refused the claim to reimburse the victim for transporting his car to his place of residence. The Insurance Ombudsman disagreed with the opinion that the parking costs could only be imputed for 7 days and informed the insurer accordingly.

Example 3

A resident of Amsterdam claimed for two email consultations with his doctor via his medical insurance with a UK-based firm. The UK FOS had jurisdiction to look into the complaint. The firm rejected the claim as the policy had an exclusion covering ‘any form of experimental treatment (or procedure) that does not amount to orthodox treatment or does not adhere to the commonly accepted, customary or traditional practice of medicine in the United Kingdom.’ The FOS upheld the complaint in the consumer's favour. The consultations were to discuss the results of an ultrasound scan and did therefore not seem to amount to an ‘experimental treatment or procedure’. FOS also considered the General Medical Council’s guidance on prescribing medicine online, which implied that email consultations are becoming an accepted form of practice and it was suitable for the consumer to use the online consultation, whilst being in within the terms of his medical insurance.

Investments

2013

Example 1

After receiving investment advice over the phone from a German bank, Ms XY, who resides in France, purchased shares worth €9,000 in an open property fund belonging to the same group as the bank. The fund was subsequently closed. The complainant was not informed in the course of the telephone conversation that the open property fund had already had temporarily suspend the redemption of its shares in 2008. The complainant contacted the Ombudsman of the German private commercial banks and asked that the sale be reversed on the grounds that it was made on the basis of flawed advice. After studying the complaint, the Ombudsman found in favour of the complainant and instructed the bank to take back the shares and repay the purchase price.

The Ombudsman took the view that the bank’s advice was flawed – it should have told the complainant about the suspension of redemptions in 2008 to ensure that she had full information about the features of the product. It was not enough to mention the risk of suspension in the publication “Basic Information on Investments in Securities” and in the sales prospectus. First, the bank had failed to demonstrate which documents the complainant received and when, especially taking into account that advice was provided over the phone. Second, the information in the prospectus was insufficient because the risk in question had already materialised once in the recent past and was therefore no longer of a purely theoretical nature.

Example 2

A Finnish man invested through a broker in a Luxembourg-based investment fund, which was closed some time later. He complained that his shares were redeemed but he was not informed about the situation of the fund. The FFOS contacted the Luxembourg supervision authority for information, and provided the complainant with the contact information of the fund’s liquidator.

Example 3

A British citizen complained to the Irish Financial Service Ombudsman about a 'Flexible Life Plan' purchased in 1998. They complained that the Company provided poor customer service, it did not respond to requests and it failed to confirm requests have been carried out. One issue was that the complainant suffered frustration and inconvenience as they did not receive requested documentation. It appeared that the company courier posted these documents from Dublin to Belfast and then submitted the post to the Royal Mail for delivery. However, the complainant did not receive letters on which the company sought to rely in response to the complaint. Nevertheless, the evidence did not suggest that the Company was at fault in these circumstances.

There are circumstances beyond the sender and intended recipient's control where postal communications are not received e.g. problems with the postal system. From the copies of letters on file, the Company appeared to have correctly addressed the letters to the Complainants.

Having considered the submissions made and the Company's response to the points put forward, the evidence indicates that, while the Complainants did not receive documentation, there were insufficient grounds to indicate the Company was at fault. Furthermore, the Company provided evidence that it acted upon receipt of requests and carried them out in accordance with the Plan's conditions.

2014

Example 1

In 2012, a consumer lost €1,000 on a website offering Forex trading facilities. The website in question was listed in the warnings issued by the Médiateur de l'Autorité des Marchés Financiers (AMF) and did not have any authorisation. In March 2014, the consumer was contacted by telephone by a company proposing to invest in binary options. The company appeared to have received the consumer's number via the unauthorised website on which he had lost €1,000 in 2012. However, it did claim to be authorised by the AMF.¹¹ It promised significant gains, without any risk of losses. The consumer was wary, but felt reassured by the firm's authorisation. His contact also proposed a bonus on the initial sums invested. Mr A. put €500 into his trading account and was credited with an additional €500. He then started opening positions on his internet account. His "adviser" contacted him regularly by phone and by chat to indicate the positions he should open or close.¹² Mr A. made some gains at first and decided to deposit €2,000 in his account. However, he quickly realised that the indications he was being given were inconsistent and soon lost a large proportion of the sums he had invested. He then asked to withdraw the balance of €600 remaining in his account, but was told by his "adviser" that no such withdrawal was possible, because as he had accepted the bonus, he was obliged to reach a trading volume equal to at least 20 times his investment. The consumer pointed out that he had not been informed of any such condition and, despite several written claims, received no response. He even noticed that after his initial claim, a position had been opened without his knowledge and had caused the remaining €600 to be lost in the space of a few seconds. The consumer lives on a small pension and referred the case to the AMF to get back the €2,500 he had invested. The AMF recommended a full refund of the losses suffered by the consumer. Since the

¹¹ The company is in fact authorised by the Cypriot regulator and has a European passport to do business in France.

¹² As proven by the documents supplied.

company refused to follow this recommendation, the AMF informed the consumer of his right to take court action.

Example 2

The investor, a Portuguese citizen, complained against a Spanish Bank regarding his investment in two different bonds. In December 2013, he ordered the purchase of the bonds for a set price. In his opinion, the price paid in order to purchase the bonds was higher than market value and because of this the investor claimed about the way the Bank executed the orders. The Oficina de Atención al Inversor – Dirección de Inversores de la CNMV verified that the execution prices of the orders were not higher than market value on the relevant date(s). The CBMV's attention was also drawn to the different charges for the orders since the bank could not prove that the necessary cost information on the charges had been provided to the client prior to the purchase. Under the norms of conduct applicable to those providing investment services, the bank was obliged to inform the investor about the fees and charges applicable ex ante. The case was settled in favour of the claimant.

Example 3

In a case submitted by the FIN-NET member “Bundesverband deutscher Banken e.V.” to the Commission de Surveillance du Secteur Financier (CSSF), a German citizen complained about the negative performance of the shares of a fund that were held on his account with a Luxembourg bank. He claimed that he had been misled by the information that was provided to him in a brochure of the bank on their funds offer.¹³

When contacted by the CSSF, the bank explained that the claimant had taken the decision to invest in the fund on the basis of an advertising brochure. The bank pointed out that the claimant at the time did not profit from the bank's offer to provide personalized investment advice as stated in the advertising brochure. The CSSF concluded after a thorough analysis of the bank's position and the brochure that the latter document was a general advertising brochure containing information on investment funds the bank had on offer and that it did also point out the risks that an investor was exposed to when he invested in products listed on stock markets. Furthermore, the CSSF was of the opinion that the brochure contained no misleading information. After having analysed all the elements of the file of the claim, the CSSF concluded that the bank had not acted wrongly.

A complainant, living in Germany contacted the CSSF claiming that his Luxembourg bank had charged him new fees for the use of his account without prior information. When contacted by the CSSF, the bank claimed that it had informed the claimant of the application of the new pricing conditions by way of an account statement that was sent to him in due time. The bank argued that the claimant had accepted the new fees as he did not challenge their application within the period foreseen in the agreed terms and conditions. When the CSSF inquired more details as to how the bank informed the claimant of the new pricing conditions the bank had to admit that it had sent the account statement mentioning the new pricing conditions only after they were applied to the claimant. The CSSF concluded that the bank had thus not informed its customer of the new pricing conditions in due time and that it should reimburse the complainant of the amount of fees they had thus unduly deducted from his account.

¹³ This was still at a time before MiFID entered into force

ANNEX 1 — MEMBERS OF FIN-NET

Members of FIN-NET

(* new members that joined in 2014
listing in the order of protocol)

Belgium

- 1 Ombudsman des Assurances / Ombudsman van de Verzekeringen
Insurance Ombudsman
- 2 Ombudsfin

Czech Republic

- 3 Finanční arbitr České republiky
Financial Arbitrator of the Czech Republic

Denmark

- 4 Pengeinstitutankenævnet
Danish Complaint Board of Banking Services
- 5 Realkreditankenævnet
Danish Mortgage Credit Complaint Board
- 6 Ankenævnet for Forsikring
Insurance Complaints Board
- 7 Ankenævnet for Fondsmæglerselskaber
Complaint Board of Danish Securities and Brokering Companies
- 8 Ankenævnet for Investeringsfonde
Danish Complaint Board of Investment Funds

Germany

- 9 BVI's Ombudsstelle für Investmentfonds
Ombudsman Scheme for Investment Funds
- 10 BaFIN's Schlichtungsstelle nach dem Kapitalanlagegesetzbuch
Arbitration Board according to the Investment Code
- 11 Schlichtungsstelle bei der Deutschen Bundesbank
Arbitration Board at the Deutsche Bundesbank
- 12 Ombudsmann der privaten Banken
Ombudsman Scheme of the Private Commercial Banks
- 13 Deutscher Sparkassen- und Giroverband (DSGV)
German Savings Banks Association
- 14 Verband der Privaten Bausparkassen e.V. – Kundenbeschwerdestelle
Association of Private Building Societies – Customer Complaints System

- 15 Ombudsmann der deutschen genossenschaftlichen Bankengruppe (BVR)
Ombudsman of German Cooperative Banks
- 16 Ombudsmann der öffentlichen Banken (VÖB)
Ombudsman of German Public Sector Banks
- 17 Ombudsmann private Kranken- und Pflegeversicherung
Ombudsman Private Health and Long-term Care Insurance
- 18 Versicherungsombudsmann e.V.
Insurance Ombudsman

Estonia

- 19 Tarbijakaebuste Komisjon
Consumer Complaint Committee

Ireland

- 20 Biúró an Ombudsman um Sheirbhísí Airgeadais
Financial Services Ombudsman's Bureau

Greece

- 21 Υπουργείο Ανάπτυξης – Διεύθυνση Ασφαλιστικών Επιχειρήσεων και Αναλογιστικής
Directorate of Insurance Enterprises and Actuaries of the Ministry of Development
- 22 Μεσολαβητής Τραπεζικών – Επενδυτικών Υπηρεσιών (Μ.Τ.Ε.Υ.)
Hellenic Ombudsman for Banking – Investment Services (H.O.B.I.S.)

Spain

- 23 Servicio de Reclamaciones del Banco de España
Complaints Service of the Bank of Spain
- 24 Oficina de Atención al Inversor – Dirección de Inversores de la CNMV
Investor Assistance Office – Investors Division of the CNMV
- 25 Servicio de Reclamaciones de la Dirección General de Seguros y Fondos de Pensiones (DGSFP)
Spanish Complaints Service of the Directorate-General of Insurance and Pension Funds

France

- 26 Médiateur de l'Autorité des Marchés Financiers (AMF)
AMF Ombudsman
- 27 Médiateur de la Fédération Française des Sociétés d'Assurances (FFSA)
Insurance Mediator
- 28 Le Médiateur de l'Association française des Sociétés Financières (ASF)
Mediator of the French Association of Specialised Finance Companies

Croatia

- 29 Centar za mirenje pri Hrvatskom uredu za osiguranje *
Mediation Centre of the Croatian Insurance Bureau
- 30 Centar za mirenje pri Hrvatskoj Gospodarskoj Komori *
Mediation Centre at the Croatian Chamber of Economy

Iceland

- 31 Úrskurðarnefnd í váttryggingamálum
Insurance Complaints Committee
- 32 Úrskurðarnefnd um viðskipti við fjármálafyrirtæki
The Complaints Committee on Transactions with Financial Firms

Italy

- 33 Arbitro Bancario Finanziario (ABF)
- 34 Ombudsman Bancario – Giuri bancario
Banking Ombudsman
- 35 ISVAP – Istituto per la Vigilanza sulle Assicurazioni Private e di Interesse Collettivo
ISVAP – Supervisory body for private insurance

Liechtenstein

- 36 Schlichtungsstelle zur Beilegung von Streitigkeiten bei der Ausführung von Überweisungen
Arbitration Board for the Settlement of Disputes concerning Cross-border Credit Transfers
- 37 Liechtensteinischer Bankenombudsmann
Bank Ombudsman

Lithuania

- 38 Valstybinė vartotojų teisių apsaugos taryba
State Consumer Rights Protection Authority

Luxembourg

- 39 Médiateur en Assurances
Insurance Mediator
- 40 Commission de Surveillance du Secteur Financier (CSSF)

Hungary

- 41 Budapesti Békéltető Testület
Arbitration Board of Budapest

- 42 Pénzügyi Békéltető Testület (PBT)
Financial Arbitration Board (FAB)

Malta

- 43 ‘Manager’ Għall-Ilmenti tal-Konsumatur, Awtorità għas-Servizzi Finanzjarji ta’
Malta
Consumer Complaints Manager, Malta Financial Services Authority (MFSA)

Netherlands

- 44 Klachteninstituut Financiële Dienstverlening (Kifid)

Norway

- 45 Finansklagenemnda (FinKN)
Norwegian Financial Services Complaints Board

Austria

- 46 Gemeinsame Schlichtungsstelle der österreichischen Kreditwirtschaft
Joint Conciliation Board of the Austrian Banking Industry

Poland

- 47 Rzecznik Ubezpieczonych
Insurance Ombudsman
- 48 Bankowy Arbitraż Konsumentcki
Banking Ombudsman
- 49 Sąd Polubowny przy Komisji Nadzoru Finansowego
Arbitration Court at the Polish Financial Supervision Authority

Portugal

- 50 Centro de Arbitragem de Conflitos de Consumo de Lisboa
Lisbon Arbitration Centre for Consumer Conflicts
- 51 Comissão do Mercado de Valores Mobiliários, CMVM
CMVM Portuguese Securities Market Commission

Finland

- 52 Kuluttajariitalautakunta
Consumer Disputes Board
- 53 Pankkilautakunta – secretariat c/o Vakuutus- ja rahoitusneuvonta
Finnish Banking Complaints Board c/o Finnish Financial Ombudsman Bureau
- 54 Arvopaperilautakunta – secretariat c/o Vakuutus- ja rahoitusneuvonta
Finnish Securities Complaints Board c/o Finnish Financial Ombudsman Bureau
- 55 Vakuutuslautakunta – secretariat c/o Vakuutus- ja rahoitusneuvonta
Finnish Insurance Complaints Board c/o Finnish Financial Ombudsman Bureau

Sweden

- 56 Allmänna reklamationsnämnden (ARN)
National Board for Consumer Complaints

United Kingdom

- 57 Financial Ombudsman Service

ANNEX 2 — COVERAGE OF THE FINANCIAL SECTOR BY FIN-NET MEMBERS

Country	Banking	Payments	Insurance	Investments
Austria	FIN-NET	FIN-NET		FIN-NET
Belgium	FIN-NET	FIN-NET	FIN-NET	FIN-NET
Bulgaria				
Czech Republic	FIN-NET	FIN-NET		FIN-NET
Cyprus				
Denmark	FIN-NET	FIN-NET	FIN-NET	FIN-NET
Estonia	FIN-NET	FIN-NET	FIN-NET	FIN-NET
Finland	FIN-NET	FIN-NET	FIN-NET	FIN-NET
France	FIN-NET	FIN-NET	FIN-NET	FIN-NET
Croatia	FIN-NET	FIN-NET	FIN-NET	FIN-NET
Germany	FIN-NET	FIN-NET	FIN-NET	FIN-NET
Greece	FIN-NET	FIN-NET	FIN-NET	FIN-NET
Hungary	FIN-NET	FIN-NET	FIN-NET	FIN-NET
Iceland	FIN-NET	FIN-NET	FIN-NET	FIN-NET
Ireland	FIN-NET	FIN-NET	FIN-NET	FIN-NET
Italy	FIN-NET	FIN-NET	FIN-NET	FIN-NET
Latvia				
Liechtenstein	FIN-NET	FIN-NET		FIN-NET
Lithuania	FIN-NET	FIN-NET	FIN-NET	FIN-NET
Luxembourg	FIN-NET	FIN-NET	FIN-NET	FIN-NET
Malta	FIN-NET	FIN-NET	FIN-NET	FIN-NET
Netherlands	FIN-NET	FIN-NET	FIN-NET	FIN-NET
Norway	FIN-NET	FIN-NET	FIN-NET	FIN-NET
Poland	FIN-NET	FIN-NET	FIN-NET	FIN-NET
Portugal	FIN-NET	FIN-NET	FIN-NET	FIN-NET
Romania				
Slovenia				
Slovakia				
Spain	FIN-NET	FIN-NET	FIN-NET	FIN-NET
Sweden	FIN-NET	FIN-NET	FIN-NET	FIN-NET
United Kingdom	FIN-NET	FIN-NET	FIN-NET	FIN-NET