A KNOWN AND TRUSTED OMBUD SYSTEM FOR ALL

CONSULTATION POLICY DOCUMENT

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A Known and Trusted Ombud System for All

Consultation Policy Document

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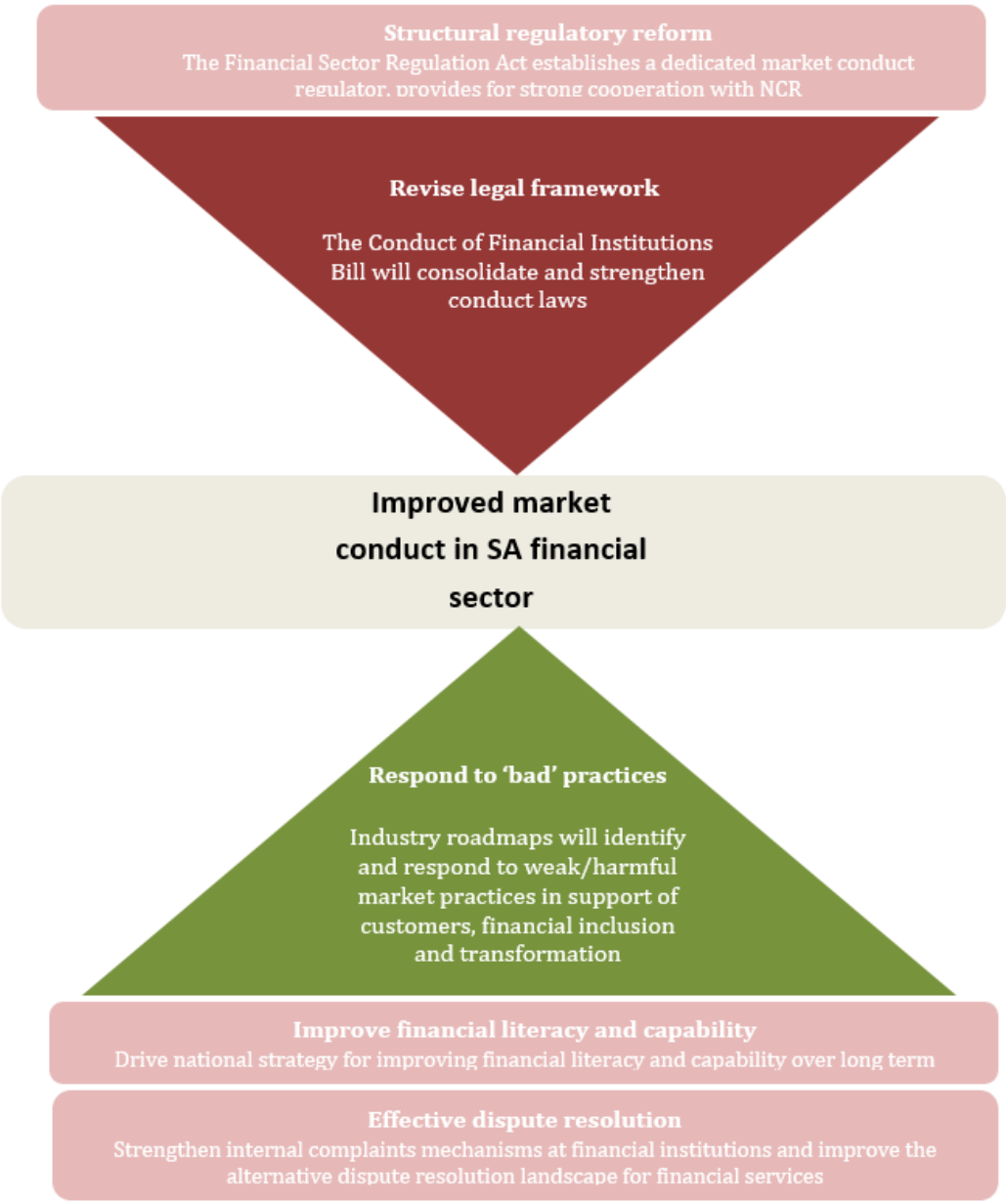
NATIONAL TREASURY

A stronger market conduct policy framework for South Africa

Better regulation, improved market conduct, more financially resilient South Africans

South Africa has renewed and refocused efforts to ensure that our financial sector provides consumers and businesses with good-value products to pay, save, borrow and insure. The National Development Plan highlights the role that an efficient and safe financial sector can play in providing dynamic intermediary services, contributing toward greater economic inclusion – particularly of historically marginalized people – fostering growth and creating employment. Strong market conduct policy is a critical pillar in building a financial sector that delivers these outcomes. Market conduct regulation aims to prevent, and manage when prevention is not successful, the poor outcomes that arise from financial institutions conducting their business in ways that are unfair to customers or undermines the integrity of financial markets and confidence in the financial system.

The figure below outlines the multi-pronged policy approach being taken to strengthen market conduct in South Africa:



The structural regulatory reform is well-progressed, with the Financial Sector Regulation (FSR) Act singed by the President in August 2017. Focus is shifting to the other components of the policy approach. To this end, there will be a series of publications from the National Treasury, setting out in further detail the work being undertaken for each component. These will build on the 2014 discussion document, *"Treating Customers Fairly in the Financial Sector: A Draft Market Conduct Policy Framework for South Africa"*.

The protection of customers in the financial sector reinforces meaningful financial inclusion and transformation of the financial sector in South Africa:

Financial inclusion: The market conduct policy is a supporting pillar of South Africa's financial inclusion policy – higher standards of customer protection can drive greater inclusion as customers feel more secure in their participation in the financial sector. A Financial Inclusion Policy Paper setting out the South African approach will also be forthcoming.

Transformation: A transformed financial sector should diversify the sector, reducing the concentration of financial institutions and enhancing value to customers through stronger competition. The National Treasury supports the Standing Committee on Finance and Portfolio Committee of Trade and Industry in its joint interrogation of these matters and looks forward to its recommendations. National Treasury also supports the NEDLAC Summit mooted for 2018.

This document

This document should be seen as addressing the following aspect of the multi-pronged policy approach to improved market conduct in South Africa:

Effective dispute resolution

The document deals specifically with alternative dispute resolution, and considers the options available to consumers to resolve disputes with a financial institution when internal options have been exhausted. In South Africa, alternative dispute resolution in the financial sector is mainly provided through the ombuds system. Improvements to the overall efficiency and effectiveness of this system is a focus area of the Twin Peaks reforms. This document explains the provisions related to the ombuds system as contained in Chapter 14 of the FSR Act, and sets out considerations for further reform of the system in future.

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Executive summary

The Twin Peaks reform in South Africa aims to significantly improve consumer protection in the financial sector, and drive better consumer outcomes. The Treating Customers Fairly principles underpin South Africa's market conduct framework under Twin Peaks. In addition to promoting more customer-centric financial institutions, this framework promotes consumer protection through consumer empowerment. An empowered consumer can be thought of as someone who is able to make informed financial decisions and can hold his or her financial institution to account for poor service or broken commitments. Accountability measures available to consumers should include the ability to have complaints against a financial institution fairly and effectively resolved by the institution, and in instances where such resolution isn't possible, the availability of an alternative impartial third party to resolve the dispute. In South Africa, this is mainly provided through the ombuds system.

Effective financial sector ombud schemes are needed to drive the financial sector to serve South Africans better. There are currently six different schemes, each providing an impartial dispute resolution platform that is free to consumers and external to financial institutions. There are many differences in how these ombud schemes are established and how they operate, including the fact that some are established through statute while others are established through industry initiative. While the system has provided vital assistance in resolving the disputes of many customers, it has been identified that there are weaknesses, inconsistences and inefficiencies in its operation that may be hampering the achievement of good customer outcomes. The system is underutilised and is insufficiently known or trusted. Improvements to the overall efficiency and effectiveness of this system are therefore a focus area of the Twin Peaks reforms.

As explained in this document, the Financial Sector Regulation Act (Act 9 of 2017) takes the first step toward addressing shortcomings in the system. It creates an Ombud Council as a full-time statutory body, tasked with ensuring that customers are able to access effective, independent, fair and timely dispute resolution. The Ombud Council will set rules for the ombud schemes to follow, to drive consistent approaches and adherence to minimum best standards. The Act also requires that all financial institutions belong to an ombud scheme if one exists for its line of business.

Options for future further reform to the ombud system are proposed in this document for further discussion. Such options include:

- Model 1: A hybrid model building on current FSR Act provisions
- Model 2: Centralised model, establishing a single statutory ombud scheme
- Model 3: Industry ombuds with strong oversight by the Ombud Council

Each option carries different advantages and disadvantages, and future reforms will have to be carefully considered. This document lays the basis for future research and engagement on ombud system reforms by the National Treasury and the Ombud Council, once established, in support of a known and trusted ombud system for all.

1

Purpose and context

Purpose of policy document

This document provides considerations for the financial sector ombuds system in South Africa in the context of a change in regulatory approach. It explains provisions in the Financial Sector Regulation (FSR) Act related to ombud schemes in South Africa, highlights policy considerations and options to further improve the effectiveness of the ombud system going forward, and explains the envisaged work programme.

Background: Ombud schemes as part of a consumer protection framework

- ### What is a financial ombudsman? [1]

Financial services ombudsmen resolve complaints brought by consumers (and, in some cases, small businesses) against banks, insurers and other financial institutions.

An ombudsman provides an independent, impartial, fair, timely and efficient dispute resolution process that is free to consumers. It is independent of, and external to, the companies that are being complained about.

It is a cost-effective, practical way to resolve complaints without having to go to court. Ombudsmen aim to redress the imbalance of resources and expertise that is likely to exist between a consumer and a financial institution, so that neither party needs a lawyer.

[1] International Network of Financial Services Ombudsman Schemes; http://www.networkfso.org/about-ombudsmen.html

Ombudsmen can resolve consumer complaints on the basis of fairness, and resolution can be achieved through mediation, conciliation, investigation and where necessary issuing a recommendation or decision. Depending on the legal arrangements, such decisions can either be binding on a financial institution, or subject to appeal or review by the financial institution.

Unlike courts, ombudsmen usually also deal with enquiries, and report on the lessons learned from the complaints they have handled — so that things can be improved in future for all consumers.

The term "ombudsman" can refer to the scheme/office and the person who heads it. There are variations of the term, including "ombudsperson" and "ombud" among others. Consistent with terminology in the FSR Act, the terms "ombud" and "ombud scheme" are used in this policy note, although references may be made to ombudsmen in material from other bodies.[2]

Box 1: Ombuds in South Africa

Ombuds are not only found in the financial sector, but are generally established in different retail industries to provide an impartial dispute resolution mechanism. In South Africa, the following ombuds offices can be found:

- Press Ombudsman
- Motor Industry Ombudsman of South Africa (MIOSA)
- Dental Ombudsman
- Consumer Goods and Services Ombud
- Office of the Tax Ombud
- City of Johannesburg's Office of the Ombudsman
- City of Cape Town City Ombudsman
- Health Ombudsman

• The role of ombuds in consumer protection

An ombud forms a vital part of a consumer protection framework in any industry. A strong consumer protection framework depends on many different components, working well together to provide a holistic net. Government plays a role in providing the legal requirements through which service providers are allowed to operate, and regulators enforce the legal framework and ensure that all players are operating correctly. Institutions that are licensed to operate must meet legal requirements for doing so; this often includes meeting customer needs and expectations. Ombuds then provide an external channel available to a customer if there is a breakdown in the relationship between the institution and customer.

In South Africa, there are different channels of recourse that can be used, covering both regulatory and dispute resolution purposes. These are broadly categorised as follows[3]:

- Internal dispute resolution mechanisms (within financial institution);
- Voluntary/recognised ombuds;
- Statutory ombuds/adjudicators;
- Industry associations that handle consumer complaints;

[2] The FSR Act defines an ombud as: the Adjudicator as defined in the Pension Funds Act; the Ombud for Financial Services Providers as defined in the FAIS Act; a person declared by a specific financial sector law to be a statutory ombud; and a person who has the function, in terms of the rules of an industry ombud scheme, of mediating or resolving complaints to which the scheme applies

[3] FinMark Trust, "Landscape for Consumer Recourse in South Africa's Financial Services Sector", 2007, p.18

- Sector regulators that handle consumer complaints;
- Department of Trade and Industry (Office of Consumer Protection);
- Provincial consumer offices;
- Judicial channels (e.g. courts); and
- Civil society – NGOs, debt counsellors, private and non-profit lawyers that support, make use of and surround some/all other channels.

It is important to note that these channels should be mutually reinforcing, and not mutually exclusive. Customers should be assured of their protection and should be able to easily access channels to resolve issues that may arise. However, the purpose and roles of these different channels should be clearly spelt out to avoid forum shopping, where customers try to access multiple channels to try and get a favourable outcome to the same complaint, which can lead to overall inefficiencies in the system.

Figure 1: Components of a strong consumer protection framework

Twin Peaks reforms and the ombud system in South Africa

In 2007 a report by FinMark Trust[4] recommended structural changes to South Africa's alternative dispute resolution (ADR) environment to promote the financial sector working better for lower-income consumers. Many of the challenges and issues raised in that report apply to consumers generally and not just the most vulnerable. The FinMark Trust report prompted debate within the FSB and National Treasury about changes needed to improve the financial sector ombud system, as a crucial recourse pillar. Additional research support provided by the World Bank and local experts was used in analysing the ombuds system further in the National Treasury's 2014 discussion document "*Treating Customers Fairly in the Financial Sector: A draft market conduct framework for South Africa*," which in turn informed the approach reflected in the FSR Bill published in 2014. The approach was revised as per the FSR Bill tabled in Parliament in October 2015, which was passed by Parliament and enacted by the President in 2017[5].

This interrogation of South Africa's ombud system is not to suggest it is failing; we draw representative cases from the Credit Ombud, FAIS Ombud and the Ombudsman for Long-term Insurance to illustrate how consumers are benefiting. However, there is general consensus across government, industry and civil society that the system could be much better known by South Africans and be easier to navigate. While governance has been strengthened across the voluntary schemes, questions remain about their independence. The FSR Act responds to these issues, taking steps towards achieving an improved ombud system that works for all financial customers. Consideration is being given toward developing a clear set of indicators that will be able to measure the impact of interventions going forward.

This document draws from the FinMark Trust report and subsequent expert inputs made to the FSB and the National Treasury, submissions made on National Treasury's 2014 discussion document, submissions made on drafts of the FSR Bill, and engagements through NEDLAC on both the discussion document and Bill. The note is further guided by findings from a 2012 World Bank report, ("*Resolving disputes between consumers and financial businesses: Fundamentals for a financial ombudsman"),* a 2014 report by the International Network of Financial Services Ombudsman Schemes ("*Effective approaches to fundamental principles*"), and the 1998 EU recommendation (*"Principles applicable to the bodies responsible for out-of-court settlement of consumer disputes").* The principles of these reports are summarised in Annexure 1.

Changes brought about to the ombud system through the FSR Act should be seen as an interim step towards full reform. A final position on what full reform will entail has not been decided, as the options are yet to be fully explored. Changes proposed through the FSR Act are sufficiently flexible to accommodate any final reform decisions. This document, together with the provisions in the FSR Act, will therefore lay the basis for additional research into South Africa's ombud system, intended to support policy decisions about a future optimal state for the system.

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[4] Finmark Trust, "Landscape For Consumer Recourse In South Africa's Financial Services Sector", November 2007, available on http://www.finmark.org.za/wp-content/uploads/2016/01/AbridgedRep_Consumerrecourse_SA_2007.pdf

[5] President Zuma signed the FSR Bill into law on 21 August 2017.

2

Current system for financial sector ombud schemes in South Africa

Current framework

ADR for South Africa's financial system takes place through the ombud system. South Africa has a mix of ombud schemes set up by industry on a voluntary basis, and those established by statute. Whereas a statutory ombud derives its powers and mandate from the law, a voluntary ombud derives its powers and functioning from contractual rules set up by the participating members. Voluntary ombud schemes are organised in South Africa to serve a financial industry segment – for example there is an ombud set up by long-term insurers to deal with long-term insurance customer disputes. Other voluntary schemes are for Short-term Insurance, Banking, Credit and the JSE. Not all providers within an industry segment are required by law to join an established voluntary scheme.

Two of the statutory ombuds have sector-wide jurisdiction; these are the Ombud for Financial Services Providers (commonly referred to as the FAIS Ombud) which deals with disputes relating to advice and intermediary services irrespective of the product offering, and the "back-stop" statutory ombud, designated to deal with a complaint when there is no other ombud mandated to deal with it (a role currently also given to the FAIS Ombud). The third statutory ombud is the Pension Funds Adjudicator. All ombuds are governed by the Financial Services Ombud Schemes Act of 2004 (FSOS Act). Voluntary schemes are recognised by the FSOS Council in terms of that Act.

Governance and funding models vary substantially across schemes. For example, the statutory ombuds make use of the FSB Board to provide governance oversight, while the voluntary ombud schemes each have separately appointed boards. Funding for voluntary ombuds is typically raised through subscription fees, set at varying levels, while the statutory ombuds are funded through levies raised and transferred by the FSB. Figure 2 summarises the structure and governance arrangements of the current system.

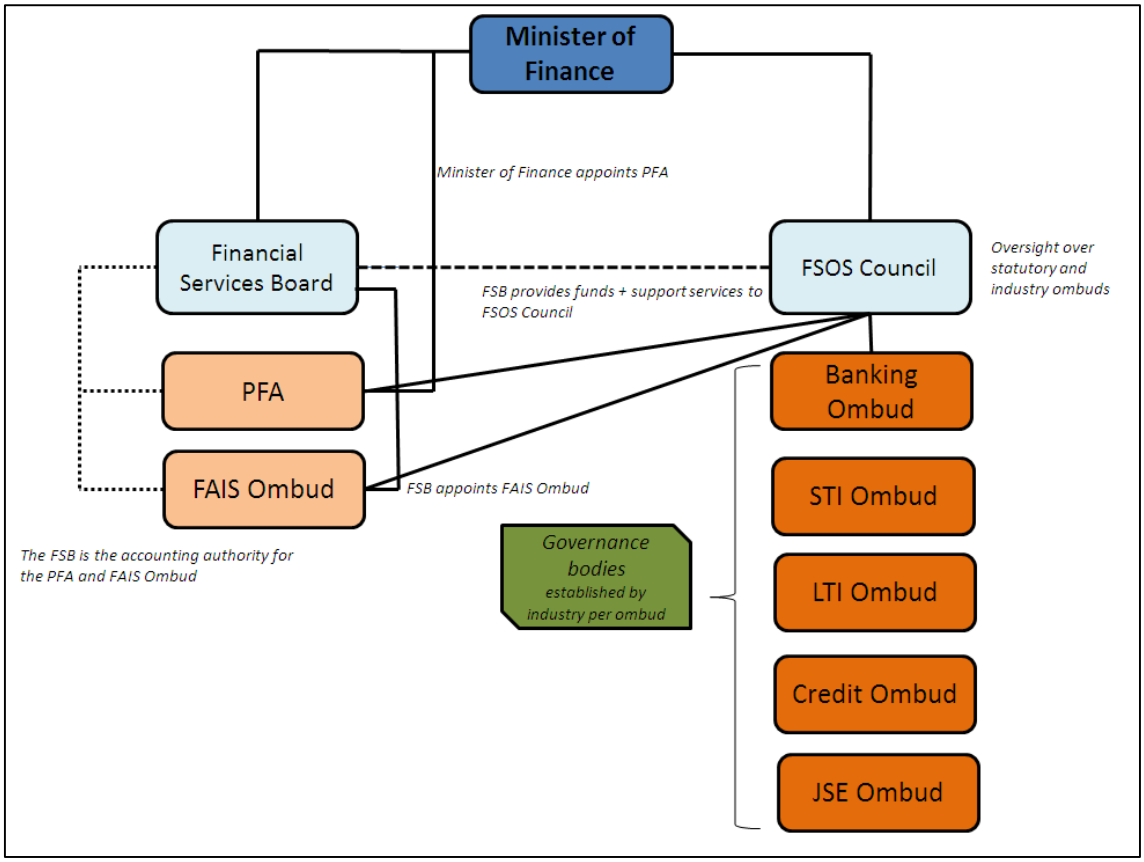

Figure 2: Current financial sector ombud scheme system

Since 2007, there have been some improvements in the ombuds system to address poor outcomes, in many instances associated with fragmentation. These are reflected in the box below (Box 2).

Box 2: Improvements in ombuds system

- The Credit Ombud had its mandate extended from complaints related to credit information only, to all non-bank credit complaints
- A central call line was established. However, it must be noted that the line is not well-known or marketed, as ombuds tend to still advertise their own individual numbers. The central line received a total of 9 309 calls in 2015
- The voluntary ombud schemes have established referral protocols for complaints misdirected to their offices and have generally established close working relationships
- The Pension Funds Adjudicator put in place a tailored complaints management procedure that eradicated case backlogs dating back to 2007, and significantly improved its efficiencies and turn-around times in dealing with complaints
- The Pensions Funds Adjudicator has established a cooperative relationship with the Government Employees Pension Fund (GEPF) regarding the complaints related to the GEPF that are sent to the PFA, which does not have the mandate to rule on GEPF complaints[6]

[6] Granting the PFA jurisdiction over GEPF member complaints is an issue that warrants further consideration; the matter will be given further consideration as part of the Conduct of Financial Institutions Bill process

- Policyholder Protection Rules require insurers to advise claimants of the right to recourse to either the Short-term or Long-term Insurance Ombud when their claims are rejected
- Ombuds embark on outreach programmes to varying degrees, which drive greater awareness of the ombuds offices. For example, the Pension Funds Adjudicator undertook a series of roadshows to all nine provinces in 2015/16. Complaints from each province increased following the visits. The FAIS Ombud attempts to undertake awareness campaigns at malls four times a year, and produces and distributes a newsletter in different languages to various contact points around the country.

Indeed, the ombud system can work for consumers, as observed in the documented cases of Ms Dlamini (below in Box 3) and Mr Sithole (Box 5). Mr Moodley (Box 4) eventually found justice, but only after much persistence[7].

Box 3: Defence against unscrupulous lenders

Ms Dlamini*, living in Cape Town, is a stock controller at a retail store. In 2013, she applied for and was granted a loan of over R11 000 from a microlender. Then, between July and October of 2014, she was granted three more loans from the same microlender, for amounts of R41 000, R26 000 and R16 000. Ms Dlamini soon ran into difficulties in meeting the repayments on these loans. The microlender placed an emolument attachment order on her salary for one of the loans – for an amount of R550 per month. At this stage however, her total debt was over R160 000 and with interest charged, Ms Dlamini's debt was actually increasing by over R3 300 every month. She called the Credit Ombud for help.

After contacting the microlender and assessing all information, it was clear to the Credit Ombud that loans had been recklessly granted to Ms Dlamini. The Credit Ombud reached an equitable arrangement with the microlender and customer, in which all interest, credit life premiums and services fees on all four loans would be reversed. Ms Dlamini would only be responsible for repaying the capital amount outstanding, less the payments she had already made. A clear payment plan was drawn up for a final total amount of R42 992 to be repaid over 29 instalments of R1 500 a month. Had the Credit Ombud not intervened, it is likely that Ms Dlamini would have been liable to repay over R115 000 to the microlender.

**not her real name*

However, challenges impeding the effectiveness of the ombud system remain, and include:

Low awareness and access

While all ombuds offices receive increasing numbers of enquiries and complaints each year, these are still generally low relative to the total size of the market. For example, pervasive abusive practises in the credit space in South Africa on matters such as reckless lending, reprehensible debt collection practices, and mis-sold consumer credit insurance. In some

[7] All customer cases in this document are actual cases that have been dealt with by the ombuds offices referred to. The names of the customers have been changed.

instances, customers are able to get help from the ombuds system, as shown by Ms Dlamini's case in Box 3. Yet of the 9.7 million South Africans with impaired records at the end of 2016,[8] many of which could be the result of poor lending and collection practices, the Credit Ombud received just over 14 343 enquiries in 2016, and a total of 4 123 cases were opened. Similar trends are witnessed across the other ombud schemes – that the numbers of complaints and monies given back to consumers for cases related to known chronic abuse remains disproportionately low. Ombuds also note that they regularly receive communication from financial customers which are not complaints but related to some other contractual matter, like the FAIS Ombud receiving routine customer communication intended for that customer's financial services provider. This suggests a lack of understanding of the existence, purpose and function of the ombud. These trends support previous research suggesting that South Africans have a low knowledge and understanding of financial ombuds, through the twin challenges of low awareness and access. Awareness refers to a consumer knowing his or her rights, as well as knowing the channels available to exercise those rights. Access refers to the ready availability of services. In other words, even if a consumer wants to exercise his or her rights, there may be barriers to doing so, like an illiterate person having to submit a complaint in writing when living in a different province from the complaints centre.

The effectiveness of outreach initiatives by the ombuds is arguably constrained by insufficient budget and brand fragmentation. The low awareness and usage of the shared hotline, established as first proposed by the FinMark Trust report, is a case in point. While the hotline in the main provides a single point of entry, this excludes the FAIS ombud and is run in parallel to each ombud continuing to promote its own office, with its own contact numbers. On the issue of access, different ombuds adopt different approaches. Until 2017, all barring the Credit Ombud required a complaint to be in writing, and generally provided support in their office to do this. While this practice has changed,[9] the single location of the ombud offices either in Johannesburg, Cape Town or Pretoria arguably denies access to many. The example of the PFA's outreach activity in Box 2 shows the importance of getting information to communities directly, and considerably more attention should be given to leveraging off existing office infrastructure around the country to drive this. This could include the provincial offices set up to deal with consumer protection matters under the Consumer Protection Act, as well as coordinated ombud outreach initiatives, like ombuds supporting mobile centres in agreed locations.

Gaps in coverage and jurisdictional inefficiencies

The challenges in coverage are partly an issue of geographic access as described above and partly about the scope of financial products and services that are subject to ombuds' jurisdiction. Medical schemes, some investment products (including those not captured by the Collective Investment Schemes Control Act or the FAIS Act), payment services and various state-run pension funds like the GEPF lie outside of the financial ombud system. In the case of retail credit, the NCR can also hear customer complaints but is prevented from hearing complaints on debt counsellors. Unlicensed entities (for example, some funeral parlours) also

[8] Of the 24.3 million credit active consumers in South Africa at the end of December 2016, 40.1% have impaired records (Credit Bureau Monitor, December 2016, www.ncr.org.za).

[9] Scrutiny of ombud schemes over the FSR Bill process highlighted this concern, amongst others, and now most offices are accepting complaints in other forms (e.g. telephonic, walk-in).

fall outside the ombud framework, as do entities that choose to not participate in a voluntary scheme for their industry, like many small credit providers. While legally some of these complaints could be referred to the statutory ombud, this is dependent on the customer being correctly referred or aware of the procedures to follow. Cases may end up with the statutory ombud as a last resort rather than first port of call - in other words, various other avenues may be explored by the customer before they are made aware of the presence of the statutory ombud. Whether due to a lack of awareness or driven by forum shopping, this winding path is cumbersome and inefficient, increasing costs and impeding effectiveness and trust in the system at large.

The jurisdiction of the voluntary ombuds are typically set by the industry they serve, and this may also result in certain matters being excluded from the ambit of the ombud. For example, the Banking Ombud does not have jurisdiction over a bank's general interest rate policy or fees and charges policy, but can consider complaints in which the bank has charged a customer more than its set fee or a fee in excess of a limit set by law. In the past, the Short-term Insurance Ombud could not consider complaints related to commercial insurance.

A question remains as to the effectiveness of steps taken to more clearly define ombud jurisdiction. While the ombud schemes themselves have a clear understanding of their area of jurisdiction and agreed protocols for correctly referring customers, matters are considerably less clear cut from a customer point of view. In some instances, customers incorrectly refer their complaints to the wrong ombud or to multiple ombuds. This is not always easy to measure as not all ombuds keep statistics related to this (pointing to the need for improved and standardised reporting). However, the PFA for example in 2014/15 found over 2 000 complaints referred to its office to be outside its jurisdiction. For the FAIS Ombud, of the 9 003 new complaints received in that year, 4 524 had to be referred elsewhere. The case of Mr Moodley in Box 4 below, shows how challenging it can be in some instances to get a complaint heard and resolved.

Box 4: A challenging path to protecting customer rights

Mr Moodley* saw an investment product advertised by a bank, offering a fixed investment with interest paid monthly to the investor. Interested, he went into a branch to find out more about the product. He asked the branch manager if it would be possible for the monthly interest payments to be capitalised into the investment, rather than paid out every month. The branch manager assured Mr Moodley that this would be possible, and so Mr Moodley invested R50 000 with the bank for a period of five years. A few months later, Mr Moodley contacted the bank again, asking for a statement so he could see how his investment was performing and to check that his interest was being capitalised as agreed. Despite repeated efforts, he received no communication from the bank, and resorted to lodging a formal complaint. He was then told that the product he had invested in did not allow for monthly interest to be capitalised as he had requested. Dismayed with this response, Mr Moodley lodged a complaint with the Ombudsman for Banking Services (OBS). The OBS found that Mr Moodley had signed the terms and conditions of his agreement with the bank when entering into his investment, which explained how interest was to be paid. It therefore dismissed Mr Moodley's complaint with no further recourse advised or recommended.

Still dissatisfied, Mr Moodley through his own initiative found out about the FAIS Ombud, and lodged a further complaint there. The FAIS Ombud asked the bank to provide it with the record of advice, including the needs analysis, related to Mr Moodley's requested investment. The documents, once provided, were devoid of any meaningful information. There was no reference to Mr Moodley's particular circumstances, or explanation of why the product recommended was best suited to his needs. It also made reference to a fixed deposit product, which is not the product Mr Moodley invested in. No costs were disclosed. When these facts were pointed out to the bank by the FAIS Ombud, the bank agreed to settle the matter with Mr Moodley, but without admitting any liability.

**not his real name*

In addition to uncertainties about ombud jurisdictions, customers may also feel that their complaints should be referred to the financial sector regulator of the institutions. This presents its own challenges. In the credit sector, the NCR handles the same types of complaints as the Credit Ombud. A conceptual distinction between ombud and regulator is that an ombud can adjudicate on principles of fairness in addition to contract terms and law, and has more flexibility in terms of how it can respond to complaints, and the action it can request the financial institution to undertake, including redress. Regulators generally are not resourced to respond to individual customer complaints and can take action based only on transgressions of the law. Regulators will however be able to direct financial institutions to put in place measures to remedy any identified transgressions so that it benefits not only the complaining customer but others who may be similarly affected, whereas ombud determinations are generally confined to the individual customer who laid the complaint.

Another important issue identified is the efficiency and effectiveness of the complaints referral system (across ombuds and regulators). While the ombuds have arrangements in place to redirect complaints to the correct ombud, this can be cumbersome and confusing, and is not especially helpful if customers themselves are not aware of the crux of the problem that resulted in their dissatisfaction. For example, there have been instances where a complaint against a product provider is rejected by the ombud having jurisdiction over the provider, but is then referred to the FAIS Ombud, where it is found that the conduct of an intermediary (such as a financial adviser) related to the product was the cause of the unhappiness of the customer. Notwithstanding the representation by the ombuds that matters of jurisdiction have been adequately dealt with, discussions with each ombud revealed some differences in interpretation of respective mandates. For example the office of the FAIS ombud considers the provision of any financial product as an intermediary service, whereas each voluntary ombud also deals with complaints about those same products and product providers as per their mandate.

A related question is whether the manner in which complaints relating to a bundled product is heard is most fair and efficient. The current practice is for the relevant ombuds to divide up the complaint and hear their own part separately from each other. This means one customer and one financial institution may be subject to the processes and procedures of multiple ombuds on a single matter. This in turn means each ombud only investigates part of the complaint, while there may be critical information in assessing the complaint holistically. It also carries the possibility of time delays and questions being raised about the fairness and completeness of the final decision.

Jurisdictional ambiguities present the opportunity for forum shopping both by customers and by financial institutions who can choose which ombud to refer complaints to. Some negative sentiment toward voluntary ombuds was driven by the perception that the mandates of the ombuds are set specifically in order to ensure certain matters may be captured and heard by their offices rather than through statutory offices. Such practices should be better understood and prevented in future to ensure confidence and trust in the system. Strengthening good governance of all ombud schemes, developing a consistent referral arrangement and an increased standardisation in operational practices should assist in doing so.

Inconsistencies in approach amongst the ombuds

While the ombuds are coordinating better, and to an increasingly more consistent standard, more can be done. Besides the branding and marketing issue already raised, there remain too many differences across ombuds in terms of scope of application, the basis on which complaints are processed and assessed, how investigations happen, how coordination happens amongst the ombuds and regulators, how rulings are made, and how information is disclosed to the relevant regulators, other ombuds or the general public. Some variances in approaches are set out in Table 1 below.

Table 1: Variances in approaches to complaints[10]

PFA	FAIS Ombud	OBS	OSTI	OLTI	Credit Ombud
Customers can contact offices via SMS					
No	No	No	No	No	Yes
Limit on total amount of claim					
None	R800 000	R2mn	R4mn home owner claims; R2m other claims	None	None
How long do financial institutions have to respond to a complaint before it can be heard by the Ombud?					
30 days	Six weeks	20 working days	Not specified	Not specified	20 working days
Application of rulings to non-licensed or non-member financial institutions					
PFA cannot hear complaints or rule on	The Ombud may entertain complaints	No jurisdiction to hear complaints	No jurisdiction to hear complaints	No jurisdiction to hear complaints	Will take complaints related to non-member

[10] Sourced from websites and governing rules of the ombud schemes in early 2017. Subsequent changes may have been made

matters involving funds not required to be licensed under the Pension Funds Act	relating to a financial service rendered by a person not authorised as a financial services provider or by a person acting on behalf of such person	or make rulings on non-member banks	or make rulings on non-member insurers	or make rulings on non-member insurers	credit providers, although such providers will not be compelled to comply with rulings
Publicises statistics of complaints submitted per financial institution					
No. Will make mention of a financial institution or fund in individual case studies	No. Will make mention of financial services provider in individual case studies	Publishes cases opened per bank; does not name specific financial institution in case studies published	Publishes complaints received per insurer, how many resolved in favour of customer, and how many overturned	Publishes complaints received per insurer, how many found in favour of customer, and how many overturned	No
Appeal against ombud decision by financial institutions					
High Court	Board of Appeal established by the FSB	Panel of three retired judges established by the board of the ombud Chair of board of ombud must appoint one judge to review (no new evidence presented)	Ombud can grant leave to appeal to an Appeal Tribunal established by the board of the ombud	Appeal Tribunal appointed by the Ombud, with the consent of all the parties concerned or, failing such consent, with the approval of the Chairman of the Council or, if he or she is unavailable, two members of the Council not connected	Ruling is binding subject to an appeal process which may be approved by the Credit Ombud Council.

				with the Industry.	
Financial year					
1 Apr – 31 March	1 Apr – 31 March	1 Jan – 31 Dec	1 Jan – 31 Dec	1 Jan – 31 Dec	Unknown

The FSOS Act aimed to harmonise the activities and improve the effectiveness of ombud schemes by developing a common regulatory framework and establishing an overarching coordinating body to oversee the ombuds system. Indeed, there are many examples of the ombuds system coordinating successfully in resolving customer complaints, as the case of Mr. Sithole in Box 5 shows.

Box 5: A cooperative approach to customer assistance

From 1996, Mr Sithole* had a universal policy in place with an insurer to cover his bond with a bank. He paid one monthly payment to his bank, which covered both his bond and insurance premium. The insurer then collected his premium from the bank via debit order. After a premium increase, there was a fault with the insurer's system and it stopped collecting the premium payments from the bank altogether. However, Mr Sithole's bank statements continued to reflect a deduction of the premium amount. Unbeknownst to him, these payments were going directly into his bond instead. With premiums reflecting as unpaid by the insurer, the insurance policy lapsed in 2002.

Mr Sithole only became aware of the lapse ten years later, in 2012. Upon contacting both the bank and insurer, it was revealed that no communication from the insurer had reached Mr Sithole when the policy fell into arrears, because it was being sent to an incorrect address. The bank had also failed to notify Mr Sithole that his premium payments were being allocated to his bond. The OBS was contacted, and ordered the bank to place Mr Sithole in the same situation he would have been had the bank not erred. However, this required the participation and cooperation of the insurer, who was not willing to simply reinstate the policy at this stage.

The OBS contacted the Ombudsman for Long-term Insurance, and together the two ombuds contacted representatives of the bank and insurer to reach an agreed position. The insurer offered Mr Sithole a new-generation insurance policy to replace his old one, without any medical underwriting and with a more attractive premium. The Ombud for Long-term Insurance also instructed the insurer to pay Mr Sithole compensation of R5 000 for the inconvenience he was caused.

**not his real name*

The purpose of the FSOS Council is to promote coordination and cooperation amongst ombuds, develop and promote best practices for complaint resolution, recognise voluntary schemes and monitor compliance with the FSOS Act. However, it has no full-time staff, and no monitoring or enforcement powers. These features have compromised effectiveness. For statutory schemes, oversight responsibility and powers are further fragmented, with the FAIS Ombud reporting to the FSB Board in terms of its overall functioning, and subject to rules that may be set by the Board relating to complaints and investigations, and the PFA reporting to the Minister while also subject to governance oversight performed by the FSB Board. The 'back-stop' statutory

ombud, designated to deal with cases over which no other statutory or voluntary ombud has jurisdiction, may also be subject to Ministerial Regulations issued under the FSOS Act on, amongst other matters, proceedings and jurisdictional boundaries.

This is not to say that all operational elements of ombud schemes should be identical. At the very least however, consideration should be given to what good-practice principles are in this environment, so that minimum, best-of-breed standards can be applied where appropriate (recognising that there may also be inherent industry differences that require differences in practice).

Difficulties in measuring performance

Inconsistencies in approach is a major contributor to difficulties in assessing the efficacy of the ombuds system holistically. Annexure 2 gives some insights into the current performance of the various ombuds offices, based on various indicators that each office discloses as part of its governance requirements. The variances between ombud schemes are notable. In addition to differing time periods of reporting, the offices measure performance differently. The average time taken to resolve cases is measured by some offices in terms of months, by others in terms of days, and by some not at all. Some offices keep track of the total monetary value of their rulings in terms of compensation to customers while others do not. From a cost perspective, there are different funding models – the statutory offices rely on levies raised while the voluntary ombud schemes use membership fees and in some instances case fees too. Some voluntary schemes have flagged difficulties in ensuring paid-up membership fees while others receive these consistently. The statutory ombuds show significantly higher costs, explained to some extent by the statutory inflexibility afforded to running these schemes, especially governance requirements imposed by the PFMA.[11] Collectively, over R152mn was spent by the ombud schemes in the last reporting year (importantly this excludes Credit Ombud expenditure in its entirety, as this is not published), and a total of 41 113 cases were closed in that period (including those of the Credit Ombud).

This performance summary is recognised as an over-simplification. It does however highlight that more work is needed to develop consistent, fair and complete indicators of the effectiveness and efficiency of ombud schemes, so that their performance and that of the system in general can be better monitored. This is highlighted as a priority for the National Treasury as policy-maker, as well as for the Ombud Council - introduced in the FSR Act - in implementing policy reform.

[11] This includes producing a Strategic Plan and Annual Report, reporting to certain governance oversight committees and following particular procurement guidelines

3

The impact of the Twin Peaks reforms on the ombud system

In addition to the challenges highlighted in the preceding chapter, the silo, institutional-based nature of the ombud schemes has arguably not kept pace with structural changes across the financial sector. There has been an increased convergence of activities performed by financial institutions, an increased connectivity of firms, particularly within large financial groups, and an increased prevalence of non-financial institutions providing financial products and services.

Legislation and regulation for the financial sector has lagged behind this structural evolution. The Twin Peaks reforms respond to these dynamics by ensuring a better match between legislation and regulation on the one hand, and the nature of activity in the financial sector on the other. For example, conduct regulation under Twin Peaks will shift from the current institutional approach – with different Registrars for financial institutions in different sectors – towards a harmonised, cross-sector, activity-based approach. Licensing will shift toward activity-based authorisations, where an institution will be authorised to perform certain activities rather than being licensed as a bank, insurer or other specific type of financial institution. Conduct law will also be harmonised so that there is one piece of legislation applying consistent conduct principles across the financial sector (the proposed Conduct of Financial Institutions Bill).[12]

The current structure of the ombuds system will therefore be mismatched with both the realities of the financial sector and its envisaged regulatory framework under Twin Peaks. For example, in future a single financial institution may be authorised to accept deposits, issue insurance products, and provide financial advice. One piece of legislation will govern those activities from a customer conduct perspective. The membership of such an institution to a banking ombud may not be the best manner in which to handle all customer disputes related to the institution,

[12] It is envisaged that a first draft of this bill be published for public comment in 2017, and tabled in parliament in 2018.

and membership to multiple ombuds may not be optimal for either the institution or its customers.

The Twin Peaks reform will also pose a direct operational challenge to the current ombud arrangement described in the preceding chapter (and reflected in Figure 2). The creation of a new Financial Sector Conduct Authority (FSCA) to replace the FSB will result in the FSB Board being dissolved. As the FSCA will be governed through a Commission structure, the Board will not be reconstituted. Keeping in mind the oversight and funding role played by the Board with respect to the FSOS Council, PFA and FAIS Ombud,[13] it becomes necessary to consider which agency will perform this role going forward. This should be considered within the broader government objective to cut costs and improve efficiencies through the rationalising of public entities that perform similar functions.

The Twin Peaks reform presents an opportunity to consider the current legal and structural arrangements for financial sector ombuds, and develop a policy framework that responds to identified challenges and better aligns the ombud system to the emerging Twin Peaks architecture, in order to achieve the following:

- Ensure that all financial products and services are covered by the ombud system.
- Reduce fragmentation of the ombud system, making it easier to promote awareness and recognition of the role and functioning of the ombud schemes to financial customers.
- Develop best practice standards of conduct across all ombuds (whether voluntary or statutory), that takes into account matters of governance, complaints handling, jurisdiction and reporting.

[13] See also the "*Twin Peaks in South Africa: Response and Explanatory*" document accompanying the second draft of the Financial Sector Regulation Bill", available on www.treasury.gov.za/twinpeaks

4

Changes proposed to the ombud system through the Financial Sector Regulation Act

In light of the above, the FSR Act, which will establish the Twin Peaks architecture, includes provisions related to the ombud system. The FSR Act builds on the FSOS Act (which will be repealed) and the FSB Act (also to be repealed) to strengthen the role and powers of the existing FSOS Council. It replaces the FSOS Council with a full-time Ombud Council, which will be required to promote the awareness, accessibility and use of the ombud system, and take steps to improve its effectiveness, including by imposing common standards of best practice and promoting cooperation and coordination amongst ombuds. The Ombud Council would thus oversee all ombud schemes, becoming a "regulator" of ombuds. In instances where the jurisdiction of a complaint is unclear, the Ombud Council is empowered to determine which ombud is responsible for hearing the complaint.

In particular, the FSR Act:

- Provides for coverage of all financial product and financial service providers by appropriate ombud schemes, including by requiring financial institutions to be a member of an industry ombud scheme operating for its sector, and giving powers to the Ombud Council to allocate a case to the best-suited ombud where no voluntary ombud is available.
- Enhances the role of the existing FSOS Council, by establishing a stronger Ombud Council as a statutory body, with a clear mandate and capability to harmonise and improve the ombud system, and with strong oversight powers over both statutory and voluntary (now named as "industry") ombuds.
- Appoints a Chief Ombud as head of the office of the Ombud Council, in effect to give the body its "hands", i.e. the power to exercise its functions.

- Provides for the Ombud Council to recognise industry schemes, set enhanced governance and accountability requirements, and harmonise and strengthen standards of practice for each ombud scheme through rule-making and enforcement powers, to develop a uniform and consistent framework for external dispute resolution mechanisms across the financial sector.
- Requires all ombuds to consider the principle of equity and fairness in investigations and decision making (in addition to the laws of contract and financial services).
- Provides for complainants to appeal a decision made by the statutory ombud to the Financial Services Tribunal established in the Act (consideration should be given to extending this right to apply to decisions taken by industry ombuds as well).
- Requires the Ombud Council to establish a single point of entry into the ombud system.
- Clarifies the relationships between the Ombud Council, ombuds, financial institutions and the Financial Sector Conduct Authority, in respect of governance, reporting, respective responsibilities, and cooperation and coordination, to better support the outcomes-based approach to conduct regulation cemented through the FSR Act.
- Facilitates further reform to the ombud system, as described through the three alternative models detailed in chapter 6.

The revised ombud system established by the FSR Act is detailed in Figure 3.

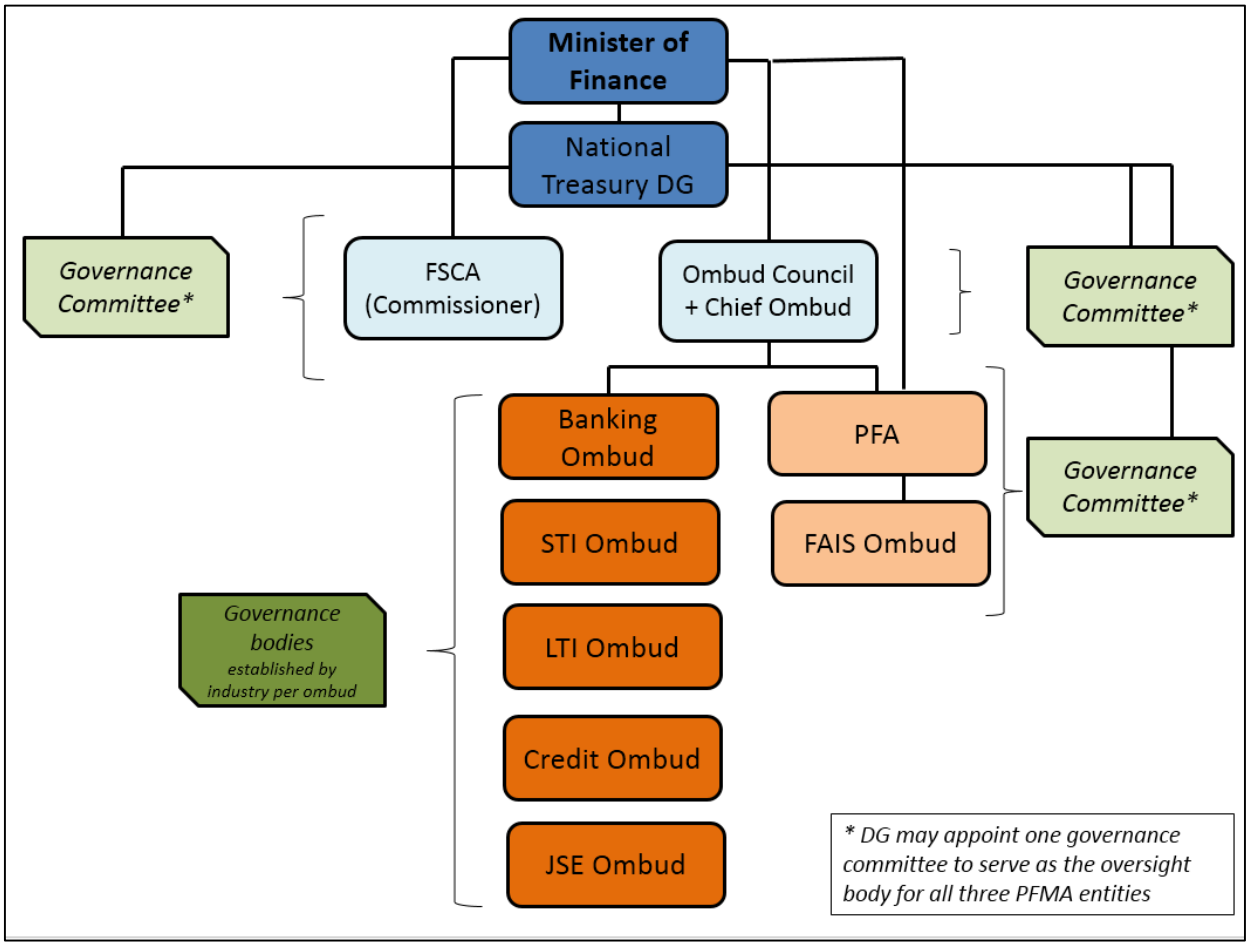

Figure 3: Structure of the ombud system in FSR Act

It is important to note that while the FSR Act provides for the appointment of a Chief Ombud, this position will not carry any ombud powers. In other words, the Chief Ombud will not, under the FSR Act, be empowered to rule on any customer complaints. The Chief Ombud is in effect the Managing Director of the Ombud Council, responsible for carrying out the specified functions of the body. The naming of the Chief Ombud does however provide for options in terms of potential further reform of the ombuds system as explained in Chapter 6.

In addition to responding to structural considerations due to the regulatory reform process underway, the changes proposed in the FSR Act also aim to improve the performance of the ombuds system, in line with international learning and best-practise principles. Some of these international findings informing the changes are explained in further detail in Chapter 5.

5

Improvements in the ombuds system: learning from international best practice

Internationally, research into the optimal functioning of a financial sector ombuds system has been undertaken by different organisations, including the World Bank, the International Network for Financial Services Ombuds Schemes, and the EU. Some of the findings of such research is summarised in Annexure 1. The reports highlight fundamental principles for financial ombuds schemes on matters such as funding, governance, coverage, process and procedures, accessibility, transparency and accountability.

Depending on a country's particular circumstances, different structural arrangements for ombuds schemes can satisfy best practise principles. A number of practical questions (as posed by the World Bank in its 2012 report on financial sector ombud schemes and ombuds[14]) can be asked in considering how to effectively structure an ombuds system to meet these principles:

- Are financial institutions required to be covered by a financial ombud scheme, and if so, is this by law, a condition of regulatory authorisation or membership of an industry association?
- If a financial ombud scheme is compulsory, should it be established by law or subject to standards set out in law?
- Should there be a single ombud for all sectors, or separate ombuds for different sectors, keeping in mind the need to minimise the potential for gaps and overlaps?
- How is the financial sector ombud to be appointed, and on what terms, especially to ensure independence, good governance and effectiveness?

[14] "*Resolving disputes between consumers and financial businesses: Fundamentals for a financial ombudsman",* Page 33

- Should there be a governance body to oversee the workings of an ombud scheme, and if so, who should appoint its members?
- Is the ombud service provided to consumers free of charge, and if so, is it funded by the state directly out of the fiscus, through industry levies, or by the industry directly?
- Which financial businesses should be covered, in terms of geography, sub-sector and position in the value chain (for example the provider and/or intermediaries)?
- Should consumers be required to take their complaint first to the financial business, and what are the rules and time-limits for such complaints?
- How should contract terms between financial institutions and a consumer be specified to ensure that the consumer's access to a financial sector ombud is not restricted?
- How will consumers know about, find, and be able to use, the relevant ombud scheme? Should the ombud be able to handle enquiries as well as disputes, and if so, how?
- Are there thresholds for claims and award amounts, in other words a minimum claim and/or maximum award? On what basis can awards be made, insofar as principles of contract, equity and fairness, and loss or other damages are concerned?
- How to ensure that the ombud scheme's procedures are fair, and that ombud decisions are both fair and consistent?
- Are decisions by the ombud non-binding, binding on the financial institution or binding on both parties? Where decisions are binding, what rights are there to the appeal the decision (through the judiciary or another channel)?
- If decisions are binding on the financial institution, what are the consequences of non-compliance?
- What are the reporting obligations for ombud schemes and financial institutions, to the financial sector regulators and policymakers, and what information should be published? Should the ombud report potentially systemic issues to the relevant oversight agency?
- Should an ombud have any other role in the arrangements for increasing consumers' financial capability, like consumer education?

Evaluating the current ombud system against these questions further highlights the fragmented nature of the South African system, which makes meeting best practise principles difficult. The FSR Act takes steps toward satisfying some of the identified principles of best practice in a more consistent manner. However, it should also be recognised that the Act is an initial step in a reform process, and further refinements are likely to be needed.

Initial improvements proposed through the FSR Act include the below:

Governance and funding

The structure outlined in the FSR Act supports clear lines of responsibility and accountability, minimises the potential for conflicts of interest, and rationalises costs. The Minister appoints the FSCA Commissioner, the members of the Ombud Council and the Chief Ombud, meaning that these persons are accountable directly to the Minister in the performance of their functions, as spelt out in the Act. Checks and balances are also spelt out in the FSR Act to protect such persons against interference in the day-to-day performance of duties. The Director-General appoints governance committees responsible for monitoring remuneration and risks within the FSCA and Ombud Council, as well as the PFA and FAIS ombud schemes. The same

governance committee can serve all of these agencies, rationalising appointments and the associated costs.

The arrangement improves upon the current situation whereby the FSB Board oversees the statutory ombud schemes, introducing a potential conflict with its oversight of Registrars. In practice, the existing arrangement runs the risk of undue interference from the Board in ombud decision-making on the one hand, but under-accountability on the other as the Board may not take action for poor performance for fear of being seen to interfere. The arrangement also lends itself to ambiguous relationships between the FSB Registrars and the ombuds, which at times can be more confrontational than cooperative. Similarly, as the regulator will no longer provide the Ombud Council's secretariat, the Council's operational independence will be better protected.

Currently the FSOS Council, PFA, and the FAIS ombud (see Figure 2) are funded through an FSB-issued levy approved by the FSB Board, introducing further conflicts between these organisations that potentially compromise operational independence. The confusing accountability lines between these entities and the Minister/FSB Board may compromise the effectiveness of either reporting line (as explained above). Going forward, levy-raising will be consistently applied for each of the agencies, thereby reducing the potential for conflicts of interest and aligning reporting lines.

Although the PFA and FAIS Ombud are appointed by and account to the Minister in terms of their functioning, they will also fall under the oversight of the Ombud Council, alongside the industry ombuds. The Council must ensure that all ombud schemes implement standards of best practice introduced for the system, and will assist the Minister and industry in monitoring ombud effectiveness.[15] By way of example, the principle that an ombud is fair and impartial is strongly entrenched in the FSR Act. The governing rules of an industry ombud will need to apply principles of equity and fairness. Ombud Council rules will set additional standards of best practice for the governing rules of an ombud scheme and its governance, especially relating to independence, effectiveness and accountability. The kind of rules envisaged relate to the composition, roles and functioning of the governing body (especially to ensure that the ombud is not unduly pressured by its members), the qualifications and experience of the ombud, and performance measures which should be reported on. Rules governing funding arrangements are important to ensure that the ombud scheme is suitably resourced to deal effectively with the scope, number and complexity of complaints, and funding should not be dependent on "friendliness" shown to the industry.

Coverage

Any provider of a financial product or financial service will be captured under the ombud system, regardless of whether that provider is traditionally seen as a financial institution. To reduce the potential for fragmentation, financial product and service providers will be required to be a member of an industry scheme should one exist. The increased capability of the Ombud Council to manage jurisdictional matters and assist customers in navigating the system should assist in making sure complaints are correctly assigned.

[15] As a uniform performance measure, this will be something the Minister takes into the account in assessing the performance of a statutory ombud over a particular period.

The Council should also encourage and support the convergence of the ombud schemes where this makes sense, especially for overlapping business lines. The Council is empowered to set standards relating to the type of complaints that can be heard and timelines within which complaints can be made.

A policy question going forward is whether to extend the jurisdiction of the ombuds to cover existing financial products and services that lie outside of the ombuds system, such as the GEPF and bargaining council funds. This should be seen as a priority for fund members who are currently required to seek recourse through the office of the Public Protector. The FSR Act also provides that new financial products and services may be designated by the Minister of Finance. Consideration will be needed to see how the ombuds system responds to these new players, particularly from a funding perspective. It is worthwhile considering the 2012 World Bank report on fundamentals for financial ombudsman[16], which found an increasing trend toward convergence of ombuds schemes in the financial sector, so one ombuds scheme could deal with the entire value chain of a customer's interaction with a financial institution.

Accessibility and awareness

The Ombud Council is mandated to support the access to and use of affordable, effective, independent and fair alternative dispute resolution processes for complaints about financial products and services. This includes promoting public awareness and establishing contact centres. It can achieve this through rules developed for the ombud schemes or through its own initiative.

One focus should be on how to better reach customers outside of the metropolitan areas of Johannesburg, Pretoria and Cape Town, where ombuds are based. There may be opportunities to leverage off the existing network of government offices, for example the provincial Consumer Affairs Offices established by the Consumer Affairs (Unfair Business Practices) Act. These options should be explored. Another option includes mobile units, which could be shared with consumer education outreach programmes run by the FSCA.

Key here will be developing a common brand for the ombuds, aiming to promote efficiency and minimise duplication of effort. This is seen as an important remedy to the current customer confusion associated with fragmentation. As highlighted, the current central hotline may help customers who don't know which ombud to approach with a complaint, but has arguably done little to build broad awareness of the ombuds in the first place, and adds to confusion by providing an additional point of access.

An awareness and access strategy will need to ask practical questions like:

- Should the Council or the ombud schemes be responsible for developing a common brand?
- Does a single brand mean a single access platform for complaints and if so who would be responsible for its operation and funding?

[16] "*Resolving disputes between consumers and financial businesses: Fundamentals for a financial ombudsman",* Page 39

- Should the different ombuds share a system to log case referrals and monitor their resolution?
- Can the existing ombud brands and contact information remain in parallel and if not, what transitional arrangements are required to minimise customer confusion and disruption?
- Should all cases go through a single access point (rather than go direct to an ombud)?

Roles and relationships

The FSR Act provides clearer roles and responsibilities for the regulator, Ombud Council and ombud schemes. This clarification will assist in ensuring clear and consistently articulated messaging to customers, to minimise the potential for confusion and further support a centralised brand. The FSCA can promote the ombuds through its regulatory role, requiring regulated entities to explain to customers their right to access an ombud scheme, and how to do so. The Ombud Council will ensure greater efficiencies in the system as a whole, and promote greater customer awareness, while the ombuds have clearer lines of accountability in terms of their own operations. As a core responsibility of the FSCA, and required of financial institutions in terms of the BEE Codes, ombuds are not required to take on a consumer education role, although may do so if the governing rules provide for it. Going forward, South Africa's consumer education strategy should consider the most effective and efficient role of ombud schemes in this regard. The interplay between consumer protection, fair and effective dispute resolution and consumer education is well recognised.

Consistent procedures

The Ombud Council is empowered to standardise the way in which complaints are identified and handled, including considering the interplay between the complaints handling processes within a financial institution and the ombud system, and between different ombuds schemes. To achieve this the Council will develop procedural rules that promote transparency, ease of access, speed and efficiency, and fairness. Already most financial institutions have undertaken, through industry codes, to advise customers on their rights to access an ombud. These can be strengthened, including by standardising the way in which this information is given and when. Strengthened complaints-handling requirements for financial institutions, currently being implemented by the FSB, include requirements for financial institutions to co-operate with ombud schemes and ensure that financial customers are given adequate and appropriate information regarding ombud schemes – including ensuring this information is provided at the most useful times.

In setting procedural requirements, the kinds of issues to be unpacked include:

- Should the Council specify the stage in a dispute between customer and financial institution when a complaint can be lodged with the ombud?
- What is the most efficient complaints-referral process and how can the complaints process be simplified to support illiterate and poorly informed consumers?
- What rules relating to prescription should be changed to ensure consumers have adequate and fair access to recourse mechanisms?
- To what extent should time limits and procedures be standardised across ombuds (and on what basis)?

- What redress can an ombud grant to a complainant – can it order a financial institution to pay damages for distress caused over and above losses caused by malpractice or unfair treatment?
- What information about complaints and trends identified should the ombud be required to disclose to the FSCA and the general public? How frequently and through what channels should this be done?

International lessons point to the need for the Ombud Council to put in place procedures to detect systemic customer abuse issues, and to identify and give guidance on good industry practice.

In setting requirements on ombud schemes the Ombud Council should get the right balance between binding principles and rules. While differing procedures by ombuds for hearing complaints makes it more difficult for a consumer to know what to expect from the process, or know his or her dispute resolution rights, the Council should ideally only prescribe rigid procedures if it is considered necessary to ensure customer fairness and reduce confusion. The Ombud Council should also encourage innovation by the ombuds, and therefore must in its rules allow ombuds to experiment with new ideas and processes that could help consumers over the longer term.

As a final point, industry ombud powers are established through the governing rules of industry ombuds. In terms of the FSR Act, these rules will be binding on each member, and decisions by the ombud will be binding on members as well. These governing rules must provide for cases to be heard on the basis of what is fair, irrespective of what the law or contract provides.

Transparency and accountability

In line with achieving its objective of free and fair access for financial customers to an effective and independent ombud system, the Ombud Council is empowered to set standards of best practice for governance to promote independence, transparency and accountability in ombud scheme operations and ombud decision making. Requirements should be tailored to address the differing structures (and therefore risks) of the statutory vis-à-vis the industry ombuds. For example, independent decision making may be of more concern in an industry funded scheme, while efficient case management and funding constraints are universally relevant. What will be critical for improving the accountability and therefore effectiveness of all ombud schemes is developing a common set of performance indicators, against which each scheme and the system as a whole can be evaluated on an ongoing basis. This will be important to also measure the impact of regulatory interventions taken by the Council.

6

Considerations for further structural reform

Harmonising the operational functioning of the ombuds towards a common standard is important but may not comprehensively deal with the challenges highlighted in chapter 2. The architecture of the ombud system has evolved piecemeal over time, and so even with the proposed reforms, it remains structurally clumsy and could compromise the ability of customers to navigate the system. As noted by the 2012 World Bank report, while it may be easier to initially establish an alternative dispute resolution system by creating an ombudsman for a particular industry in the financial sector, there is increasing convergence of financial ombuds schemes, making it much simpler for financial customers to navigate.

Continued fragmentation lends itself to ombud skill overlaps or underlaps, and can still compromise the quality and consistency of decision-making. For example, where "new" types of financial services are developed, like telecommunications companies providing payment services, one may question the scope of the existing banking ombud to deal with these cases, and at whose cost. Additionally, the structure remains industry (rather than activity) oriented, implying potentially poor alignment to the evolving cross-cutting framework for financial sector regulation. There will also be a question of equitable and fair funding – in compelling industry participation in an ombud scheme, how can smaller players be included while ensuring that every institution pays its share?

In seeking to address some of these challenges, three possible models are identified for the final structure of the ombud system. These models further cement the underlying principles of complete sector coverage, reducing fragmentation and strengthening and harmonising ombud practices by developing a common best-practice approach. In addition, they also recognise the need for a structural change to deliver on these principles. In other words, to streamline the system and meaningfully reduce fragmentation may require moving towards an ombuds system that is increasingly standardised by way of structure and governance. The current positioning of

the FSR Act accommodates a move to each of these models, and should therefore be seen as a stepping stone towards supporting further engagement on the preferred model for South Africa.

Model 1: A hybrid model building on current FSR Act provisions

This model makes use of both industry and statutory ombud schemes, but encourages greater consolidation among the schemes. The Ombud Council oversees both industry ombuds and the statutory ombuds. It establishes a central, single entry point for customers to enter the ombuds system. A consolidated statutory ombud structure (as proposed through the dotted red boxes in Figure 4 below) could continue to serve as the "back-stop" ombud, hearing complaints that fall outside the jurisdiction of the industry schemes, as well as newly designated financial products and services. The Ombud Council and statutory ombuds report to the Minister of Finance.

Main benefits: Least disruption to the ombud system and enhances the status quo.

Main risks: Only partly addresses challenges relating to fragmentation. If not well established and managed, the single customer interface carries the risk of adding inefficiencies into the complaints resolution process. No clear policy reason why certain types of financial activities/ entities should be subject to a statutory dispensation and not others.

Transition steps: Consolidation of the statutory ombuds, encourage consolidation of industry ombuds, investigation into and establishment of central single customer interface that will not add unnecessary delays to complaints resolution

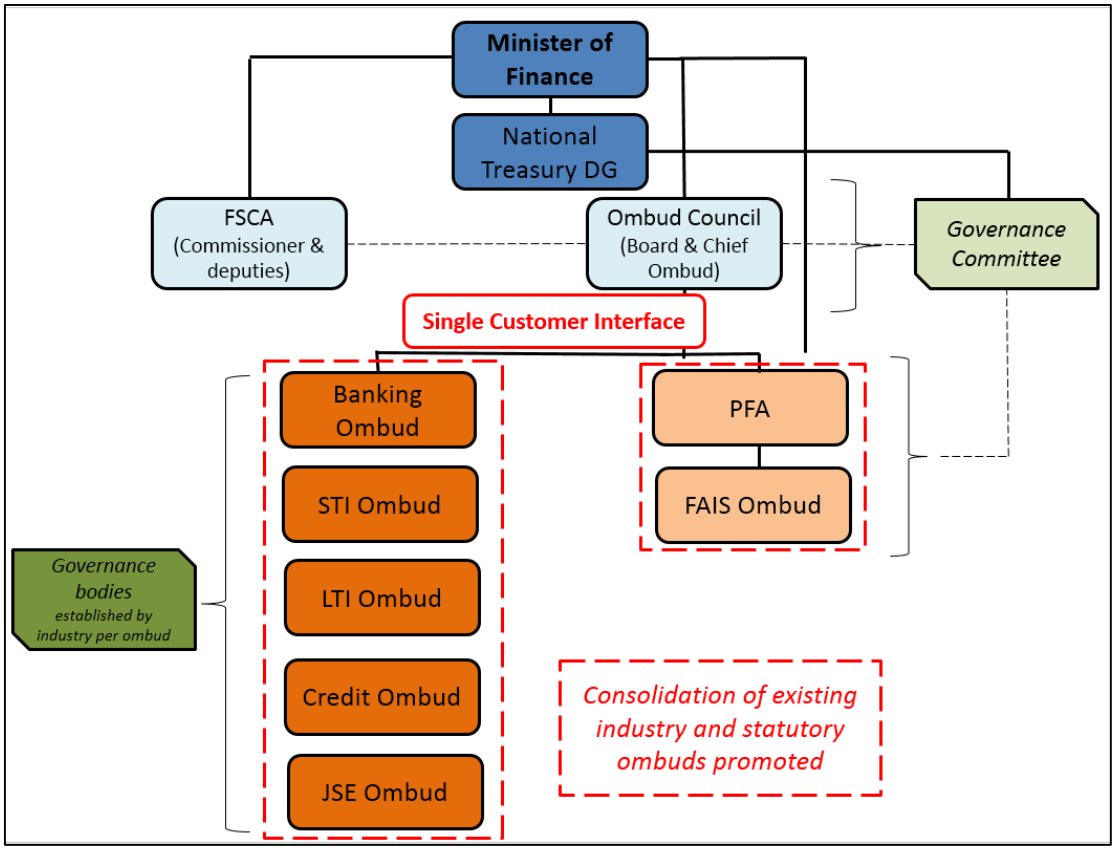

Figure 4: A hybrid model

Model 2: Centralised model, establishing a single statutory ombud scheme

A single statutory ombud scheme is established by law, with jurisdiction over all complaints in the financial sector. As an organisation, this office should have different departments with expertise to hear complaints on different financial products and services. It reports to the Minister of Finance with governance oversight by an independent committee or Board. The Chief Ombud created under the FSR Act is likely best placed to take over these functions.

This model is similar to that in the United Kingdom's financial sector. The Financial Ombudsman Service in that country is an ombudsman established in 2000, and given statutory powers in 2001 by the Financial Services and Markets Act, to help settle disputes between consumers and businesses providing financial services.

The 2012 World Bank report noted that in Western Europe, while many financial sector ombuds were initially established with a jurisdiction over a single sector (such as banking or insurance), "there is now a trend towards a single financial ombudsman covering all financial sectors." The UK, Ireland, Netherlands and Finland have moved in this direction.

Main benefits: Simplified structure offers economies of scale and flexibility when workload swings between different financial sectors, single interface for entire value chain of product provision and distribution, simpler for consumers to understand, full sector coverage, transparent performance oversight by Minister and Parliament.

Main risks: May be expensive to set up (balanced by no longer requiring the regulatory functions of the Ombud Council), disruptive to ombud system as it dissolves existing industry ombuds, may introduce (temporary) confusion to financial customers (although these risks would be mitigated if existing ombuds are migrated into the central ombud office under a common brand).

Transition steps: Operational establishment of the single statutory ombud scheme with the necessary systems and expertise, including absorption of the existing statutory schemes and dissolution of stand-alone industry ombuds. As indicated above, it is likely that under this scenario the Chief Ombud established under the FSR Act would be given ombud decision-making powers, and the existing ombuds would then be absorbed underneath the Chief Ombud umbrella. An extensive marketing campaign would be needed to guide consumers through these changes, and build on the common brand intended through the FSR Act developments.

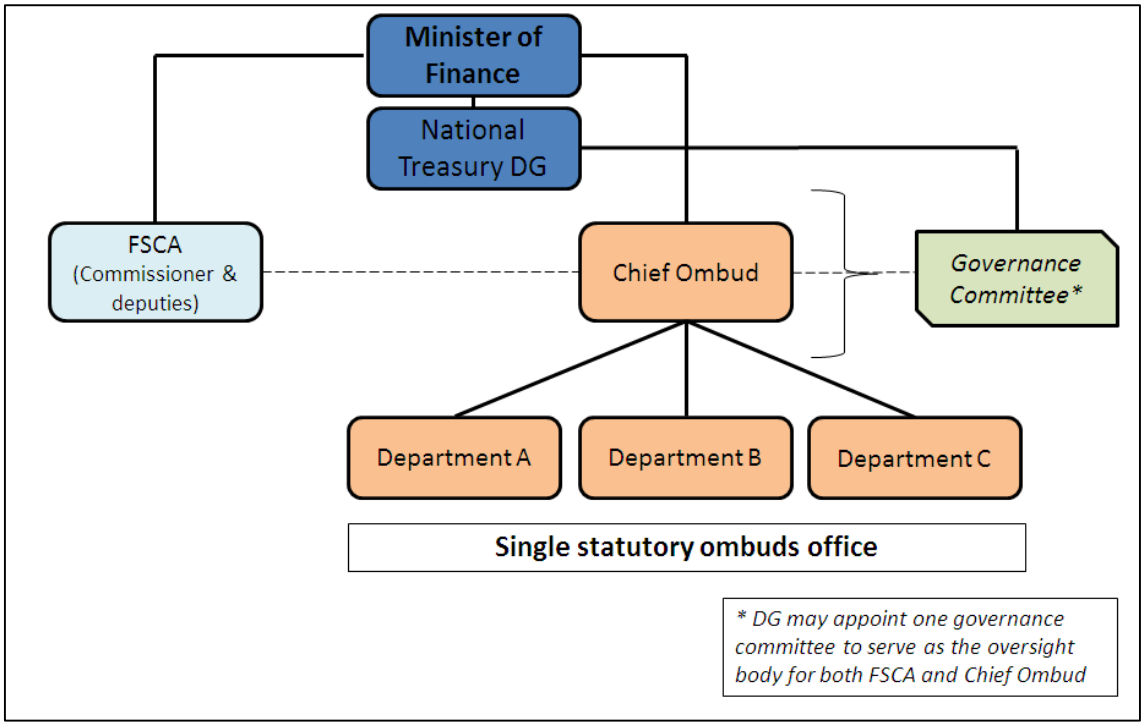

Figure 5: A centralised model

Model 3: Industry ombuds with strong oversight by the Ombud Council

Under this model, all financial institutions that serve the retail market are obligated to belong to an ombud scheme, either as a direct statutory obligation or as a condition of licensing. Such schemes are established through industry initiatives. No ombud schemes are established through statute. All schemes must be recognised by the Ombud Council, and are subject to oversight by the Council, including minimum standards for resolving disputes.

This is a similar model to that used in the Australian financial sector. The Financial Ombudsman Service (FOS) in that country is a private company, providing an external dispute resolution service for the financial services industry, and approved by the conduct regulator, the Australian Securities and Investment Commission (ASIC). It provides a single-entry point to the ombuds system, with different ombuds within the FOS to deal with different complaints (i.e. one for banking, one for insurance etc.).

Main benefits: Cost efficient, flexible, corresponds to the way in which the industry elects to set up business lines and respond to new product and service developments, can cover entire value chain of financial product production and distribution within a particular industry

Main risks: Threat of member interference in the decision-making by the ombud; disruption to ombud system as the statutory ombuds are dissolved; may add to the challenge of fragmentation (although this could be mitigated by establishing a single customer interface for the industry schemes); providers of "new" types of financial products or services may struggle to identify a suitable ombud scheme.

Transition steps: Under this model the Ombud Council remains as regulator of the ombud schemes, and the statutory ombuds are dissolved

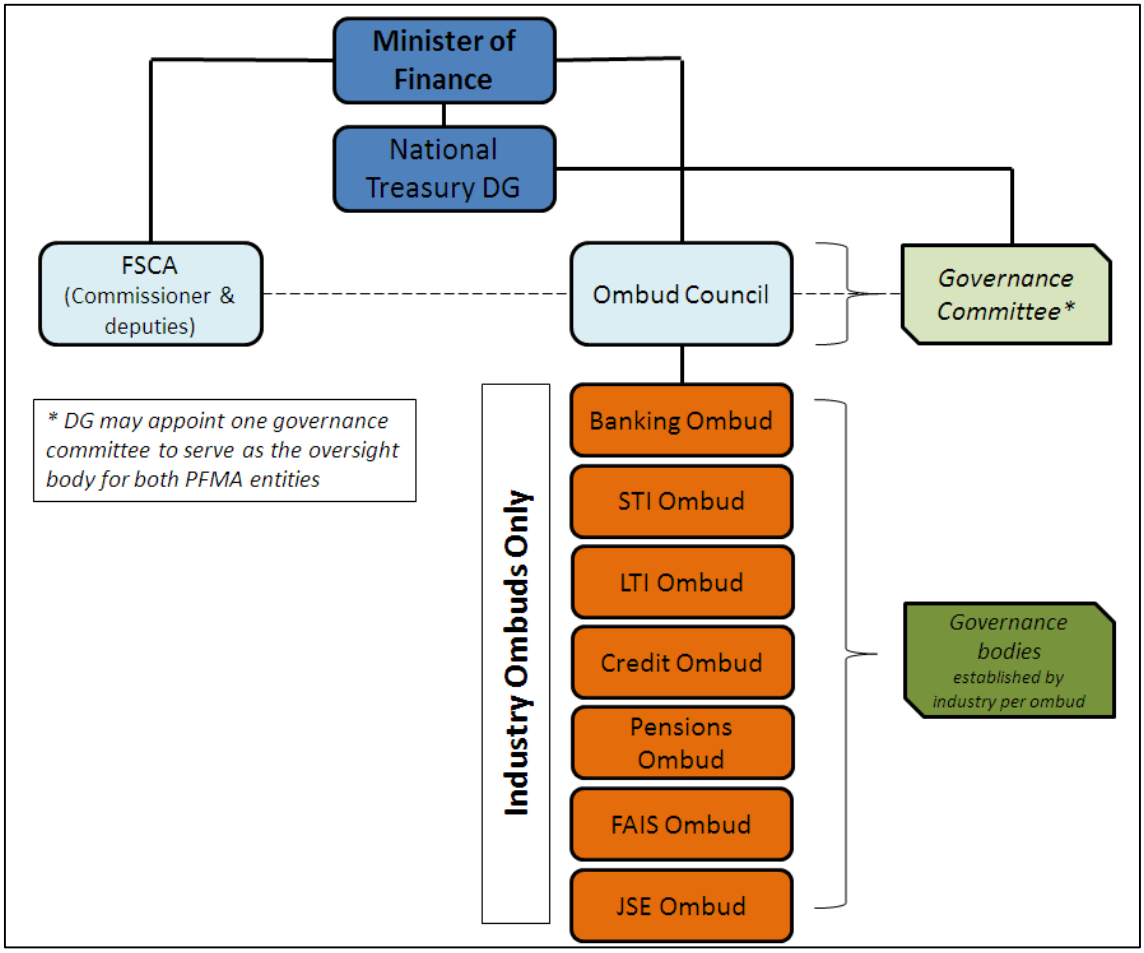

Figure 6: An industry-driven model

Table 2: Considerations within each model proposed			
Considerations	**Model 1: Hybrid**	**Model 2: Centralised**	**Model 3: Industry-driven**
Customer has a single point of entry	Ombud Council (OC) creates/serves as single point of entry, which entry-point assigns cases to ombud schemes. May be complexity in case allocation, compromising consistency and expediency.	Single statutory ombud (Chief Ombud) implies a single point of entry	OC creates/serves as single point of entry, which entry-point assigns cases to industry ombud schemes. May be complexity in case allocation, compromising case consistency and expediency.
Harmonised approach to dealing with customer complaints	Consolidation of ombud schemes to support less disparate approaches. OC to set minimum standards for ombuds to comply with, supporting consistency. Will have to play strong role in ensuring these are met. Different ombud schemes will still have differences in approach.	Decisions are made by one organisation, promoting consistency	OC to set minimum standards for ombud schemes to comply with, supporting consistency. Will have to play strong role in ensuring these are met. Different ombud schemes will still have differences in approach.
Ombud for newly designated products and services	Statutory ombud scheme to handle. Assumes it will have the technical capability to deal with new matters. Industry could also develop ombud scheme for particular newly designated products and services	Responsibility of the single statutory ombud scheme. The technical expertise required of this ombud will need to be carefully considered.	Industry will have to create an ombud scheme or amend existing schemes to accommodate new products/services. Implies time period during which there will be no ombud coverage, requiring a mechanism to deal with this. Could imply increasingly wide range of different ombud schemes.

			Conversely, possibility of industry choosing to consolidate or re-align jurisdiction of schemes in response to this.
Complaints that span different product/service jurisdictions	OC can rule that different ombuds consider matters jointly.	Single statutory ombud scheme to handle all complaints; single decision made.	OC can rule that different ombuds consider matters jointly.
Alignment with CoFI Bill legislative framework	Weak alignment with CoFI Bill framework. Statutory laws (FAIS and PFA) will no longer apply. Will have different ombud schemes for different authorisations. Statutory scheme will assume broad "backstop" role where industry does not create an ombud scheme. There remains a split across the product cycle insofar as the product provider is separated from the intermediary.	Financial institutions subject to single ombud scheme once licensed, that accommodates the various activities it is licensed for, across the product cycle.	Financial institutions will have to belong to different ombud schemes linked to different authorisation categories in their license. Industry could also choose to consolidate or re-align schemes to align to framework. Industry schemes could accommodate the full product cycle.
Ensuring compulsory membership to an ombud scheme	Where an industry scheme exists, an industry participant must be a scheme member. In these cases, there may be challenges related to funding and buy-in to ombud decision-making by reluctant members. Statutory ombud	Financial institutions are all subject to the single statutory ombud scheme by law.	Where an industry scheme exists, an industry participant must be a scheme member. There may be challenges related to funding and buy-in to ombud decision-making by reluctant members. May be difficulties in ensuring

	serves as default scheme for membership.		institutions are members of the correct ombud schemes.
Oversight of ombud operations	OC sets standards and performs oversight of industry and statutory ombud schemes. OC will report to Minister of Finance. Statutory ombud will also report to Minister of Finance.	Minister of Finance oversees single statutory ombud scheme through statutory governance structures.	OC sets standards and performs oversight of industry ombud schemes. OC will report to Minister of Finance.
Customer right of appeal against finding of ombud	Customers can appeal to Financial Services Tribunal and have recourse to the court system.	Customers can appeal to Financial Services Tribunal and have recourse to the court system.	Customers can appeal to Financial Services Tribunal and have recourse to the court system.
Institution right of appeal against finding of ombud	Financial institutions that are members of an industry scheme are bound by the decision of the ombud and cannot approach the Financial Services Tribunal. Currently, members of voluntary (industry) schemes forgo the right to approach the courts outside of appeal arrangements provided by the scheme. For the statutory ombud schemes, under the FSR Act financial institutions can approach the courts on grounds of review (not appeal).	Right of review to the court can be granted, which while offering recourse may prejudice under-resourced financial institutions.	Financial institutions bound by decision of ombud and cannot approach the Financial Services Tribunal. Currently, members of voluntary (industry) schemes forgo the right to approach the courts outside of appeal arrangements provided by the scheme.
Funding and financial reporting	OC and statutory ombud funded through industry levies. Statutory ombud scheme will have to account under PFMA. Industry ombuds remain funded directly by participating members, potentially impacting	Single statutory ombud scheme funded through levies, with high level of transparency and accountability (subject to PFMA).	OC funded by levies) and the industry ombuds directly by participating members. OC reports through PFMA structures; ombud schemes in terms of its own rules potentially impacting

	independence, or at least the perception of independence. Different funding arrangements may impact relative capacity and expertise across the ombud schemes.		independence, or at least the perception of independence. Different funding arrangements by different ombud schemes may impact relative capacity and expertise across these schemes.

7

The way forward

This policy document is intended to contextualise the provisions in the FSR Act as they pertain to the ombud system, and position the provisions of the Act as part of an ongoing reform process. It is anticipated that the Ombud Council will be established alongside the Prudential Authority and Financial Sector Conduct Authority in 2018, and provisions relating to the ombuds system implemented thereafter. Further details will be communicated in the Commencement Notice published in relation to the FSR Act.

This document also identifies the following issues for further research, to guide government policy and support any further reforms (including any structural changes), and support the new Ombud Council in exercising its mandate once established. These are:

- An updated review of the overall functioning and outputs of the ombud system is needed, looking to identify performance indicators and test each ombud and the system against these. The National Treasury envisages a diagnostic into the functioning of South Africa's ombuds system over 2018 in support of this review.
- Best-of-breed standards for all ombud schemes should be proposed, as part of the new Ombud Council's work programme. These requirements will be issued as Ombud Rules by the Ombud Council. The Council should consider the processes and procedures that should be standardised, like complaints and referral practices, investigation powers, feedback times and methods, adjudication approaches, reporting, as well as the appropriate balance between principles-based and rules-based standards.
- In 3-5 years a review of the impact of interventions should assess whether further corrective action is necessary, including through structural reform (as per the options contemplated in Chapter 6).

Engagement with stakeholders will be ongoing, both in developing the critical research questions for the diagnostic, and evaluating research outcomes, in the interests of an effective ombud system that supports South Africa's market conduct framework and works best for consumers.

Comments are invited on this discussion document and can be sent to marketconduct@treasury.gov.za

Comments are invited until 30 November 2017.

The National Treasury will hold a stakeholder workshop prior to this deadline to further explain the approach described in this document and respond to questions of clarity; further details of this workshop will be communicated in due course.

Given the considerable public interest in the ombud system and its effective functioning, this document will be submitted to the Standing Committee of Finance for consideration.

Comments received on this consultation policy document will be a critical input into the 2018 diagnostic

ANNEXURE 1

International lessons and best practice

Principles and best practice approaches for effective, impartial and accessible alternative dispute resolutions mechanisms were drawn from the following reports:

- World Bank, "*Resolving disputes between consumers and financial businesses: Fundamentals for a financial ombudsman",* 2012
- International Network of Financial Services Ombudsman Schemes, "*Effective approaches to fundamental principles*", 2014
- EU Recommendation, *"Principles applicable to the bodies responsible for out-of-court settlement of consumer disputes",* 1998

Governance and funding

An ombud scheme should provide a cheap and accessible alternative to the courts, meaning that is should be as fair and impartial as the judiciary. To achieve this, ombuds must be independent. Decision-makers should be free from influence or direction, including from parties to disputes and those representing them, regulators and government. The 2012 World Bank report recommends that to obtain the confidence of consumers, "a financial ombudsman should not be appointed by the industry, nor by a body with a majority of industry members; and that the person appointed as financial ombudsman should not have worked in the financial industry nor for a financial industry association within the previous three years". Strong oversight mechanisms in a model such as this one would be crucial.
Appointment and termination procedures for the ombud, as well as ombud decision-making, must therefore be free of influence by the industry, requiring:

- Appointment of the Ombud by Parliament, the government, financial sector regulators, or - as is most common - a body of public interest members, or a body combining industry and public interest members where the former can be outvoted.
- A term of office of 5 years or longer.
- Clearly specified grounds for removal, by the same [neutral] body of appointment.

- The ombud's powers should be clearly defined, including to ensure that jurisdiction and case determinations are final and not interfered with by industry (some oversight of the courts may then be required, where a finding may be subject to judicial review rather than appeal).[17]

The EU Recommendation goes as far as requiring that if the ombud is appointed or remunerated by a professional association or an enterprise, he must not, during the three years prior to assuming his present function, have worked for this professional association or for one of its members or for the enterprise concerned.

A governance body free from undue influence by the industry is proposed to protect the ombud's independence, ensure the scheme is adequately resourced, oversee the efficiency and effectiveness of the scheme, and advise the ombud on strategic direction; it should not decide cases or be involved in the day-to-day operations of a scheme.

While ombud schemes may be funded directly from government, pressures on the fiscus make it most common for these schemes to be funded by industry, through levies imposed by a regulator or the industry body that has set up the scheme. Consumers should not pay case fees, as even small fees pose barriers.

The title of "ombud" should only be used by an ADR body that is external to a financial institution, satisfies principles of independence, and is able to effectively ensure redress for consumers. Internal complaints mechanisms should therefore not be able to use this term, as this can confuse consumers and damage trust in the ombud system.

Coverage

The increased blurring of lines between banking, insurance and investment is leading to increased consolidation of ombud schemes, which brings economies of scale, enhanced flexibility for the ombud scheme to hear different kinds of cases, and a simpler ADR system for the consumer (helping awareness and usability). Where there is partial coverage across the sector, for example with only a banking and/or insurance ombud, it is recommended that all financial institutions within that sector be required by law to be covered by that ombud. "Competing" ombuds, either within an industry or across industries, especially those with different standards, are considered risky to independence and impartiality as these provide the opportunity for arbitrage.

Where product distribution depends heavily on intermediaries, well-illustrated in the insurance and investment sectors, it is recommended that the same ombud deals with the whole value chain, to make it simple for the consumer to navigate. For example where a consumers complaint relates to a rejected claim, it will be difficult for the consumer to identify whether the intermediary mis-sold the policy or the provider wrongly rejected the claim, or both. In many instances, like a broker assessing claims on behalf of the insurer, it is difficult for the consumer to understand the respective roles.

[17] Where an appeal allows for a full reconsideration of a case on its merits, and judicial review considers whether the ombud followed due process.

In the banking sector, it is recommended that a single ombud deals with all of the traditional business of a bank, including deposit-taking, lending, electronic money and payment services, even if not provided by a bank, as consumers cannot meaningfully distinguish between these different products and services, especially as they are most often "bundled".

In considering the coverage of complaints, the norm is for ombud schemes to take complaints from current financial customers. Additional considerations are: the extent to which potential customers can access the ombud service, for example where a customer may have been "wrongfully" turned down (like for a life insurance policy); whether a beneficiary of a financial product or service can access the service if that person is different from the product holder; and whether SMEs can access the service on the grounds that they face similar barriers to consumers and find the courts cost and resource prohibitive.

Lastly, it is necessary to consider any time limits for consumers to refer disputes to the ombud, taking into account issues like the date of the event forming basis for the dispute, the date of knowledge of the consumer about the event, and discretion of the ombud to extend the period.

Procedure

The procedure for resolving customer complaints involves first a customer interaction with a financial institution, before the complaint gets to an ombudsman scheme. In some countries, the financial regulator sets requirements for the complaints handling processes within financial institutions, while in others this is prescribed by the rules of the financial ombudsman scheme itself.

The interplay between these two processes must be taken into account in developing procedures for either. For example, in the instance that a customer complains to an ombud without first seeking resolution at a financial institution, it should be clear whether the onus is on the ombud to lodge the complaint at the financial institution, or merely refer to customer back to the institution. Similarly, should a financial institution reach a decision on a customer complaint, should it be mandated to tell the consumer how to refer the dispute to the financial ombudsman if the consumer remains dissatisfied, and any time limit for doing so? The financial ombudsman should consider how far it can assist the early resolution of cases by financial institutions, for example by providing consumer advice or even providing training to financial institution complaints units.

The financial ombudsman should have a published procedure that is clear, fair, effective, prompt and economical. Customers must be able to access such procedure without being obliged to use a legal representative. It is also helpful for there to be good facilities to handle consumer enquiries by channels such as phone and email, to supplement any material published in print or on its website. In some countries, financial ombudsmen find that only around a quarter of enquiries actually turn into full cases, with the rest being resolved through access to information that clears up misunderstandings and prevents disputes. There are also cases that can be resolved quickly and fairly by mediation – where the ombudsman assists in negotiating a settlement that both the consumer and the financial business agree to.

When a case is being investigated, the financial ombudsman should actively decide what evidence is required and call for it. The ombudsman needs the power to require financial

institutions to provide relevant documents and other records. The parties involved should be allowed a proper opportunity to present their viewpoint during an investigation.

The ombudsman should have the power to issue a decision that can bind the financial institution – or a recommendation the financial business will be expected to follow, with any failure to follow the recommendation being published by the ombudsman.

It is usual for the ombudsman to have the ability to base its decision on what is fair, taking into account not only what a court would do, but also industry codes and what the ombudsman considers to be good industry practice.

If financial businesses are mandated by law to belong to a financial ombudsman and that ombudsman makes binding decisions, some oversight by the courts may be required. This does not mean binding decisions require a full appeal to the courts on the merits of the case, but rather that the court can require the ombudsman to reconsider the case if it rules that the ombudsman failed to follow a fair procedure.

It is common to set a maximum limit to the amount of compensation that the ombudsman can award in any one case, to reflect the less formal nature of an ombudsman's procedure relative to that of a court.

Accessibility

Financial customers should be aware of the ombudsman and how to contact it, and should not face undue costs in doing so. Awareness of the ombudsman may be driven by the ombudsman itself, although in some countries it is also driven by financial institutions which are required to alert customers to the presence and role of the ombudsman offices, in branches or through communication with the customer.

The ombudsman should drive awareness through a website which contains information on its role, procedures and determinations, presented in a clear, jargon-free manner. This should be supplemented by other awareness campaigns, particularly for those customers who lack access to the internet. This can include making information available at local organisations such as consumer advice centres or public libraries, through establishing a toll-free call centre, and making provision for consumers who are particularly vulnerable because of disability, age or other reasons.

Consideration should be given to whether or not the financial ombudsman should have any other role in increasing consumers' financial capability. This may depend on whether specific responsibility for consumer education has been given to some other body

Transparency

The rules and procedures of the financial ombudsman should be published and easily accessible, covering such matters as the types of dispute that the financial ombudsman can deal with; the process followed for resolving disputes; any requirements of the parties as part of that process; any costs that have to be paid, or which can be awarded; the basis of decision (fairness/equity or

strict law); whether the decision is binding; any effect on the complainant's legal rights; and what information is (or is not) kept confidential

The ombudsman should also publish the approach taken to typical disputes through case studies and/or guidance notes.

Accountability

Financial ombudsmen should publish a report at least annually detailing their work, including appropriate statistics about disputes handled and the way in which they were handled (including any arrangements for quality-control).

Many ombudsman schemes also consult publicly in advance about their procedures, business plans and budgets. This gives an opportunity to obtain information that helps to estimate future workload, and ensure that they pay due regard to the overall public interest in forward-planning and day-to-day operations

There are differing views about the extent to which the financial ombudsman should share information with the financial regulator, as this may carry implications for the independence and impartiality of the ombuds office. Whatever the position is, it should be publicly documented. If issues are identified that the financial ombudsmen considers to be systemic issues that regulators would be better placed to tackle, the financial ombudsman should be able to draw those issues to the attention of the financial regulators.

ANNEXURE 2

Statistics of ombud schemes in South Africa[18]

[18] Drawn from the annual reports of the ombud schemes as available on their websites. To ensure consistent comparisons across similar time periods, information for the 2014/15 financial year was used

Ombud	No of Members	Annual budget (2014)	Enquiries received 2014 ('13)	Total Cases Opened 2014('13)	Cases closed 2014('13)	Cases closed within 6 months 2014 ('13)	Amounts recovered 2014 ('13)
Banking Ombud	31	Income: R22.9m Exp: R23.6m	22 239 (20 023)	4 479 (4 613)	4 565 (5 134)	98.6% (94%)	R9m[19] (R23m)
Long-term Insurance Ombud	48	Income: R17.9m Exp: R17.9m	9 246 (10 028)	5 104 (6 345)	3 822 (4 496)	74% (77%)	R147.1mn (R103.8m)
Short-term Insurance Ombud	54	Income: R31.8m Exp: R 28m	Not available	10 253 (9 368)	10 347 (10 181)	95% (87%)	R116.3m *(excluded in 2013 stats)*
Credit Ombud	127	Not available	16 146 (10 747)	5 890 (5 878)	6 871 (7 164)	***Avg days to resolve dispute*** 47.8 (47.7)	R2.8m (R3.7m)
Pension Funds Adjudicator	Statutory	***March 2015*** Income: R43.8m Exp: R48.6m	2014/15: 7010 2013/14: 5 405	***Cases deemed out of jurisdiction*** 2014/15: 2 417	2014/15: 6 332 2013/14: 6 649	Not available	Not available
FAIS Ombud	Statutory	***March 2015*** Income: R 35.8m Exp: R34.2m	2014/15: 9 003 2013/14: 9 439	2014/15: 3 699 2013/14: 3 191	2014/15: 9 176 2013/14: 8 551	Not available	Total figure not available

[19] Noted in OBSSA Annual Report: *"It is often very difficult to reflect a finding made by the OBS in actual monetary terms, as many recommendations take the form of the bank providing a specific service, performing a specific task or writing off certain amounts. The amounts reflected alongside are, therefore, indicative only and do not necessarily reflect actual payments made by the bank to the customer."*

A KNOWN AND TRUSTED OMBUD SYSTEM FOR ALL

CONSULTATION
POLICY DOCUMENT

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Department:
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REPUBLIC OF SOUTH AFRICA