An tOmbudsman Seirbhísí Airgeadais agus Pinsean
Financial Services and Pensions Ombudsman

Building Trust Through Effective Complaints Management

MaryRose McGovern – Deputy Ombudsman

Thursday, 9 November 2023

Building Trust

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I am writing to let you know that I am referring your complaint file for further assessment to consider whether or not we can progress your complaint any further in our process. This arises due to a potential issue regarding time limitations/nature of the complaint/other jurisdiction or administrative issues. We will assign your complaint file to an Assessment Officer as soon as possible. The current timeframe for assignment is 4-6 weeks. You do not need to do anything at this point, but a member of the team will contact you if they have any questions.

I am writing to let you know that I am referring your complaint file for further assessment to consider whether or not we can offer any compensation. The fee for this assignment, of 150 Euro, must be paid by the complainant in full, in order for the complainant to receive 100% of any compensation that is due. A member of the team will contact you if they have any questions.

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Important information: The service provided by the Financial Services and Pensions Ombudsman is free of charge. We will **never** seek payment from you to progress a complaint.

I have a complaint

What should I do first?

1. You need to make a complaint to your provider before making a complaint to us.

   Helpful information when making a complaint to the provider

2. If you are not satisfied with the response from your provider let us know

   How to complain to us

3. Once you have completed this step you can submit your complaint to us

   Online Complaint Form

How to make a complaint about a financial service provider in another EEA country

FIN-NET is the Europe-wide network of financial ombudsmen and consumer-complaints organizations - covering the 30 countries in the European Economic Area. It is responsible for settling consumers' complaints in the area of financial services out of court

The Financial Services and Pensions Ombudsman is an independent, impartial, fair and free service that helps resolve complaints from consumers, including small businesses and other organisations, against financial service providers and pension providers.

▶ How to make a complaint to the FSPO

▶ How we deal with your complaint

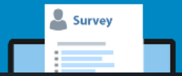
The FSPO publishes Annual Report 2022

Watch our new information videos!

How to make a complaint to the FSPO
What happens when we receive your complaint
What to expect during Dispute Resolution
What to expect during the Investigation process

Customer survey

Take our 90 sec. website survey.



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Our Mission

Providing an impartial, accessible, and responsive complaint resolution service that delivers fair, transparent and timely outcomes for all our customers, and enhances the financial services and pension environment.

Our Vision

A progressive financial services and pension environment built on trust, fairness and transparency, where complaints are the exception.

Fairness

- We will adopt an impartial, independent, objective approach, dealing with each complaint based on its own merits.
- We will listen to all parties in dispute, asking questions to redress the balance between them.

Integrity

- We will uphold the highest ethical standards.
- We will earn trust by delivering our services in an unbiased, transparent and professional manner.
- We will respect the confidentiality of those seeking our services.

Independence

- We will be independent in how we handle complaints, yet accountable to the people and to the Oireachtas.

Accessibility

- We will be responsive to the needs of our customers.
- We will communicate clearly and in a professional manner.
- We will provide guidance and support to access our services

Effectiveness

- We will continuously seek ways of improving how we communicate and deliver our services.
- We will seek to deal with every complaint in the most effective, efficient and timely manner.

Sectoral Analysis- Increased Volume

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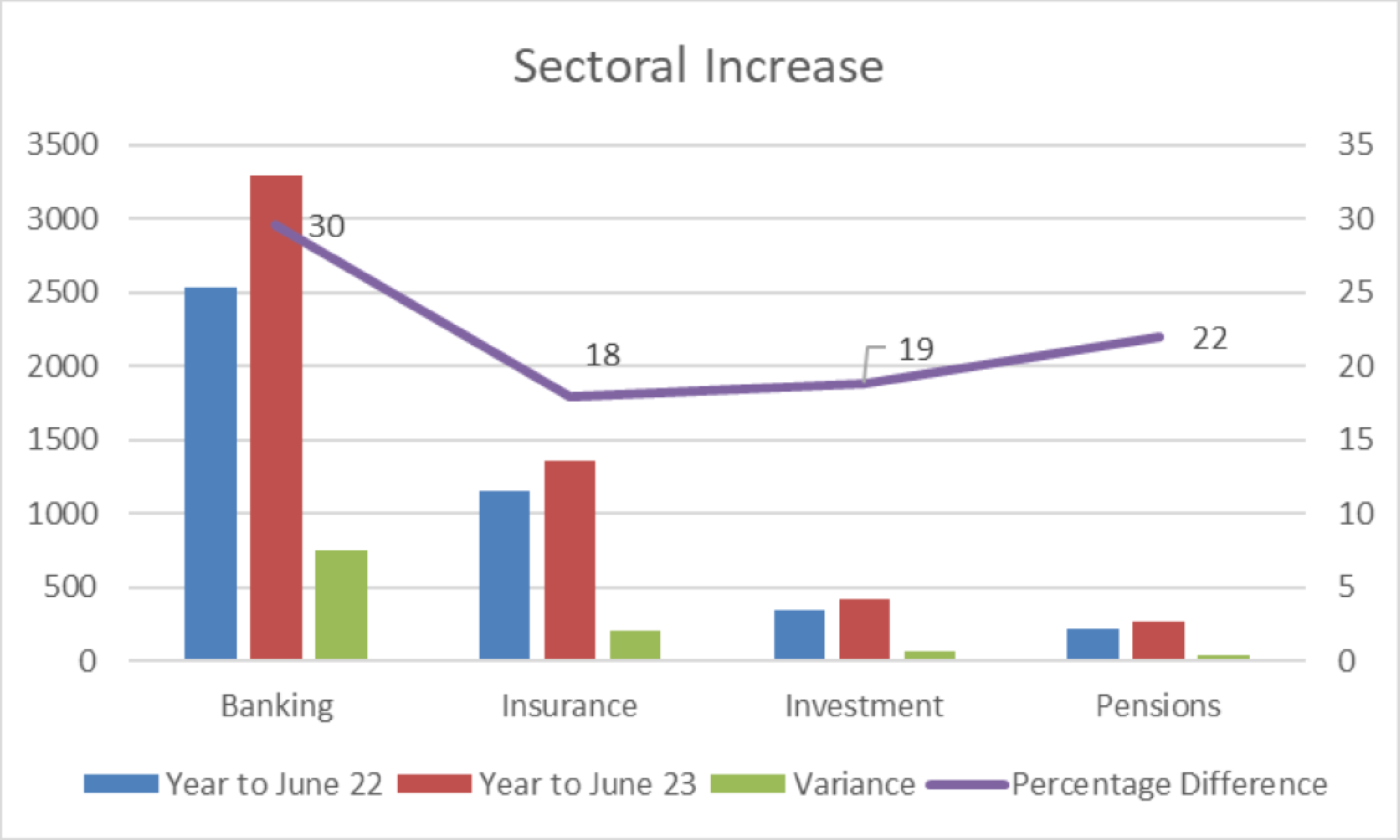

Sector	Year to June 22	Year to June 23	Variance	Percentage Difference
Banking	2539	3291	752	30
Insurance	1153	1360	207	18
Investment	350	416	66	19
Pensions	218	266	48	22

Volume of Complaints Received by Sector

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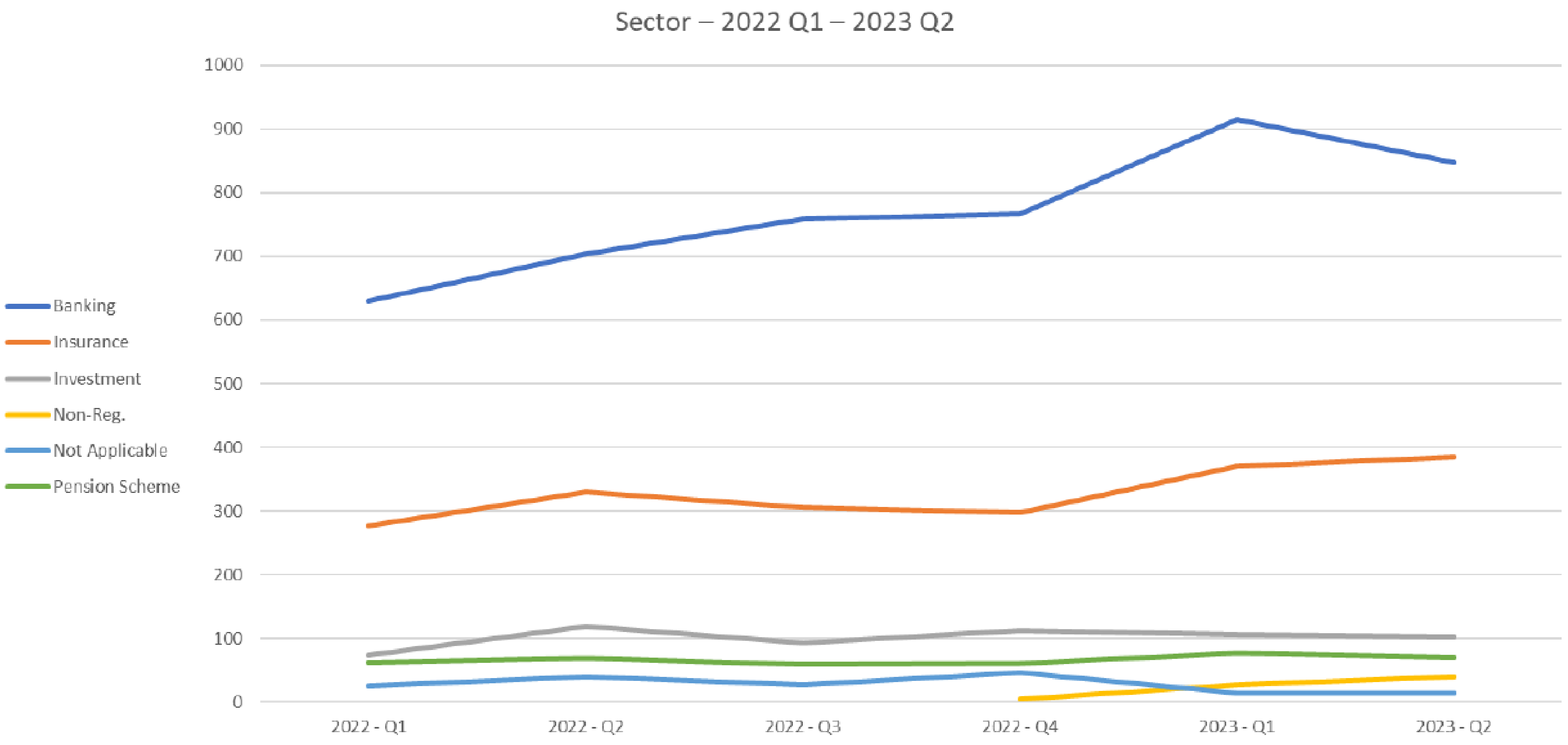

Overall 'on-hand' volume

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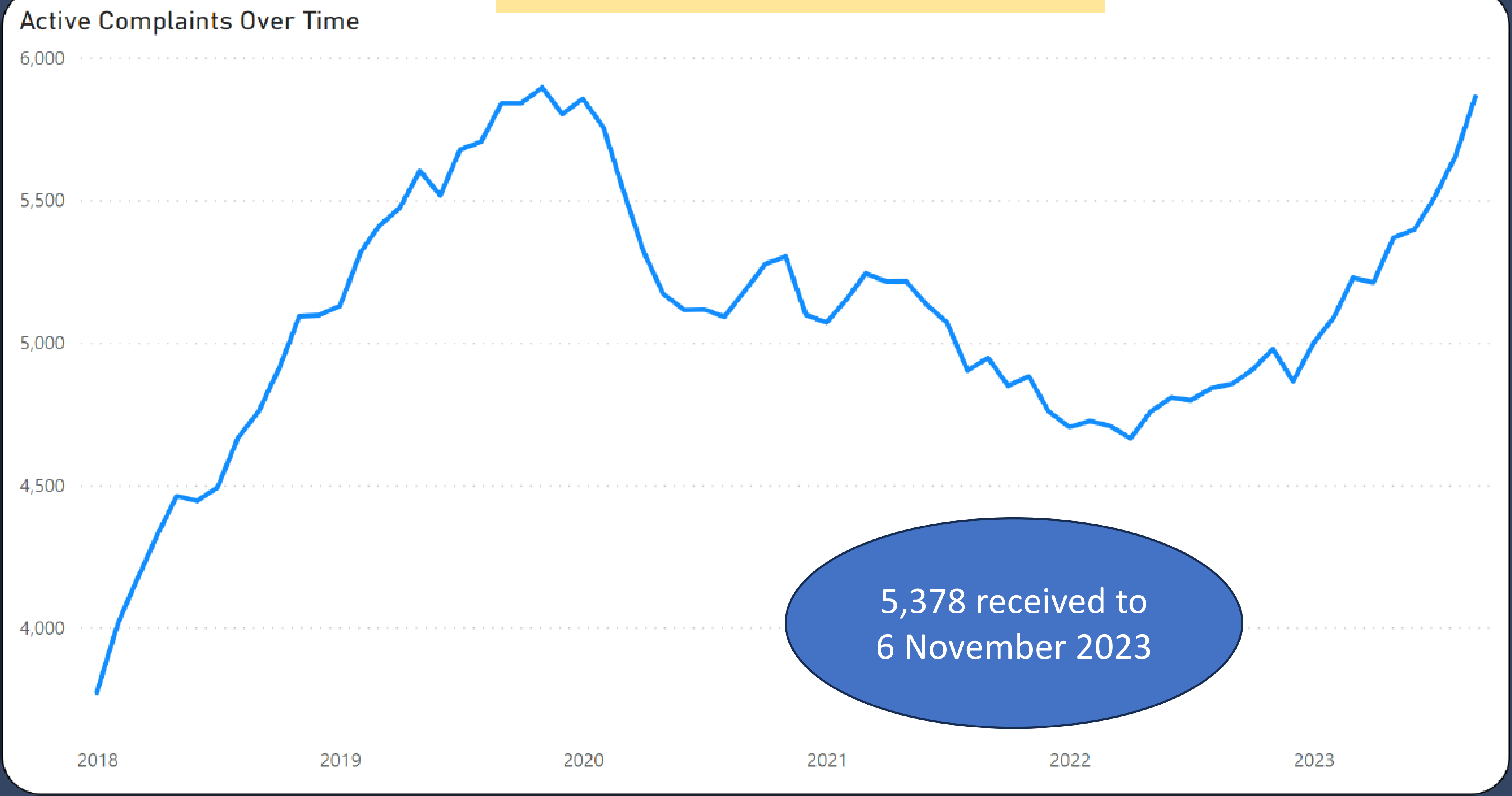
ALL COMPLAINTS

End of previous year
31/12/2022
4,500

Highest peak current year
29/09/2023
5,490

Lowest point current year
01/01/2023
4,503

End of last quarter
30/09/2023
5,475



Overall 'on-hand' volume

TRACKER MORTGAGE COMPLAINTS

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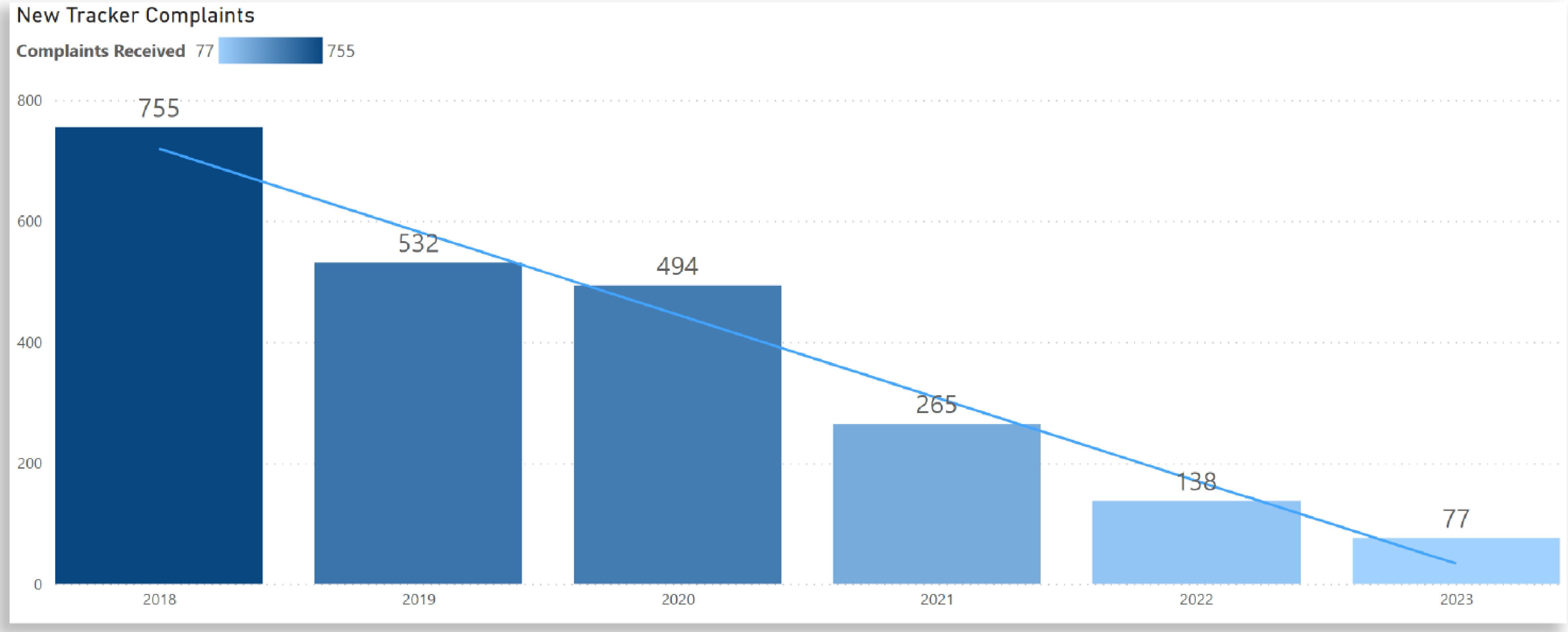
End of previous year
31/12/2022
1,034

Highest peak current year
18/01/2023
1,038

Lowest point current year
30/09/2023
916

End of last quarter
30/09/2023
916

Trend Analysis: Received Tracker Complaints



Overview of Identified "Market Exit" Related Complaints

72	256	184
Complaints Active	Complaints Received	Complaints Closed

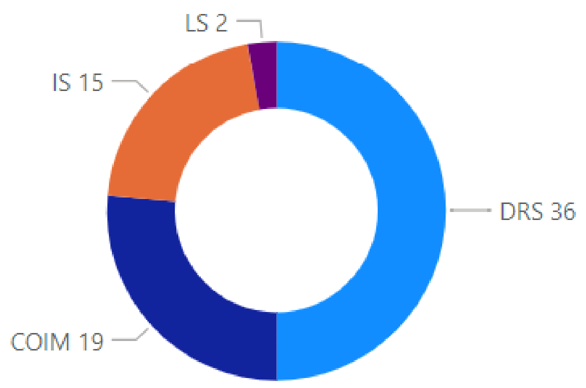
01/01/2022 23/10/2023

Keyword: Market Exit

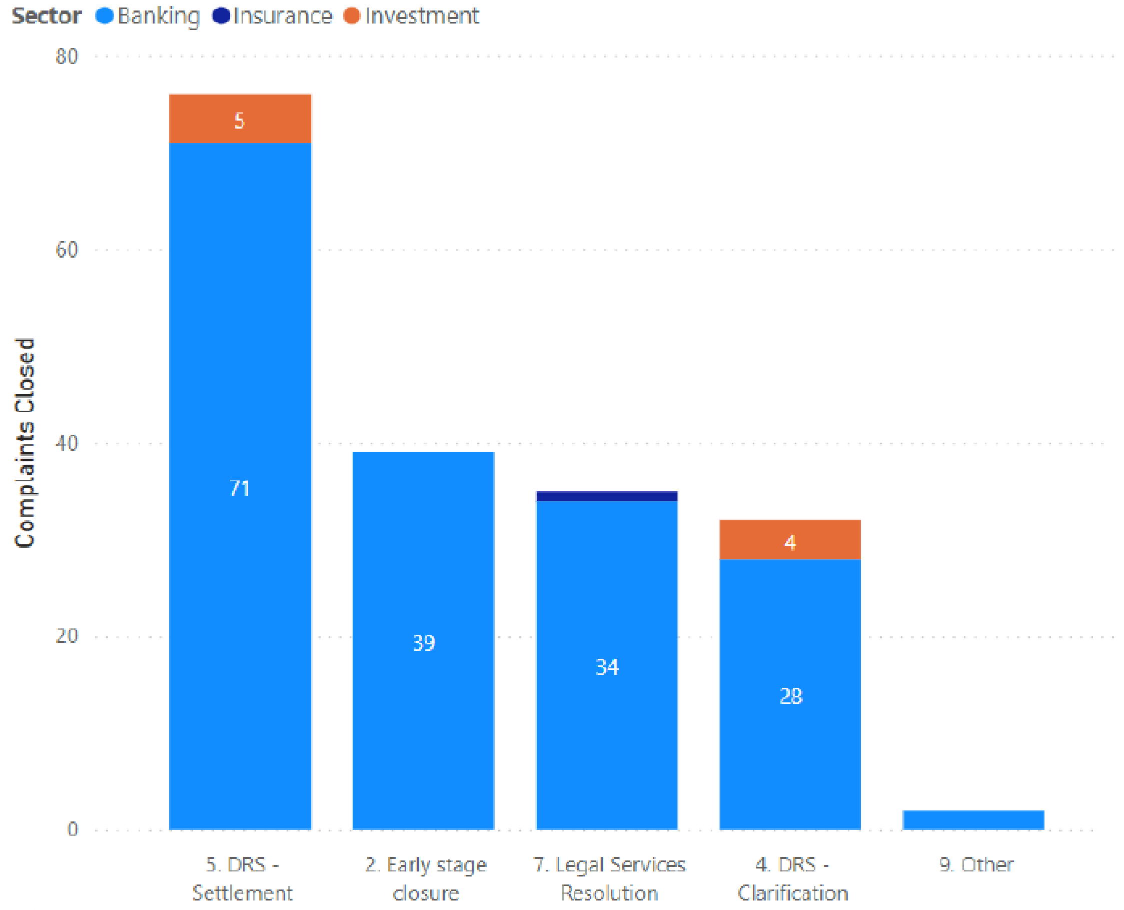
Last Owner Dept: All

Banking	Insurance	Investment	Non-Reg.	Not Applicable	Pension Scheme

Active



Closed Reason by Sector



Banking Complaints % Share of Total Complaints Received

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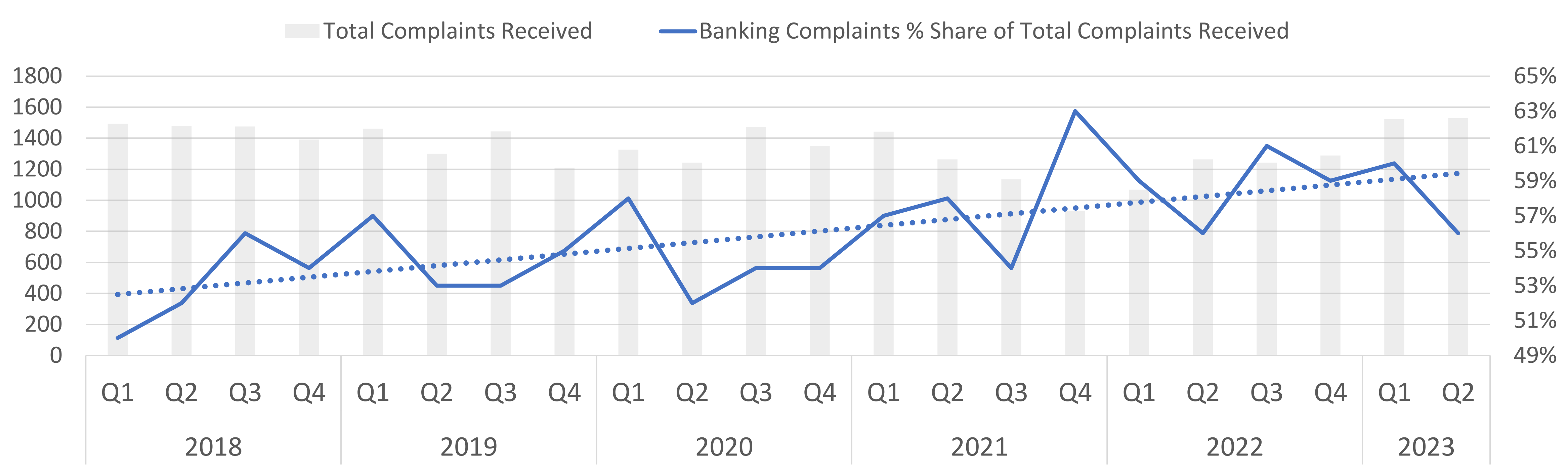
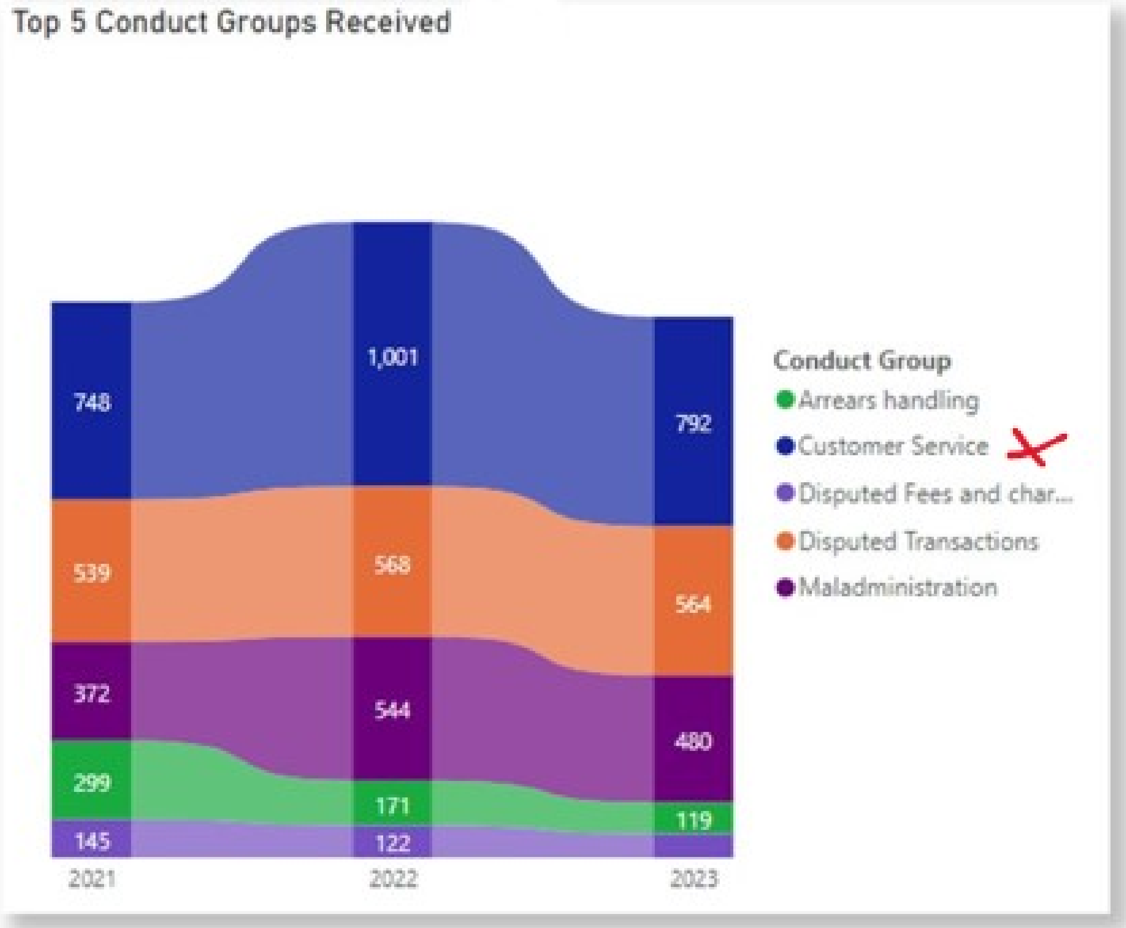
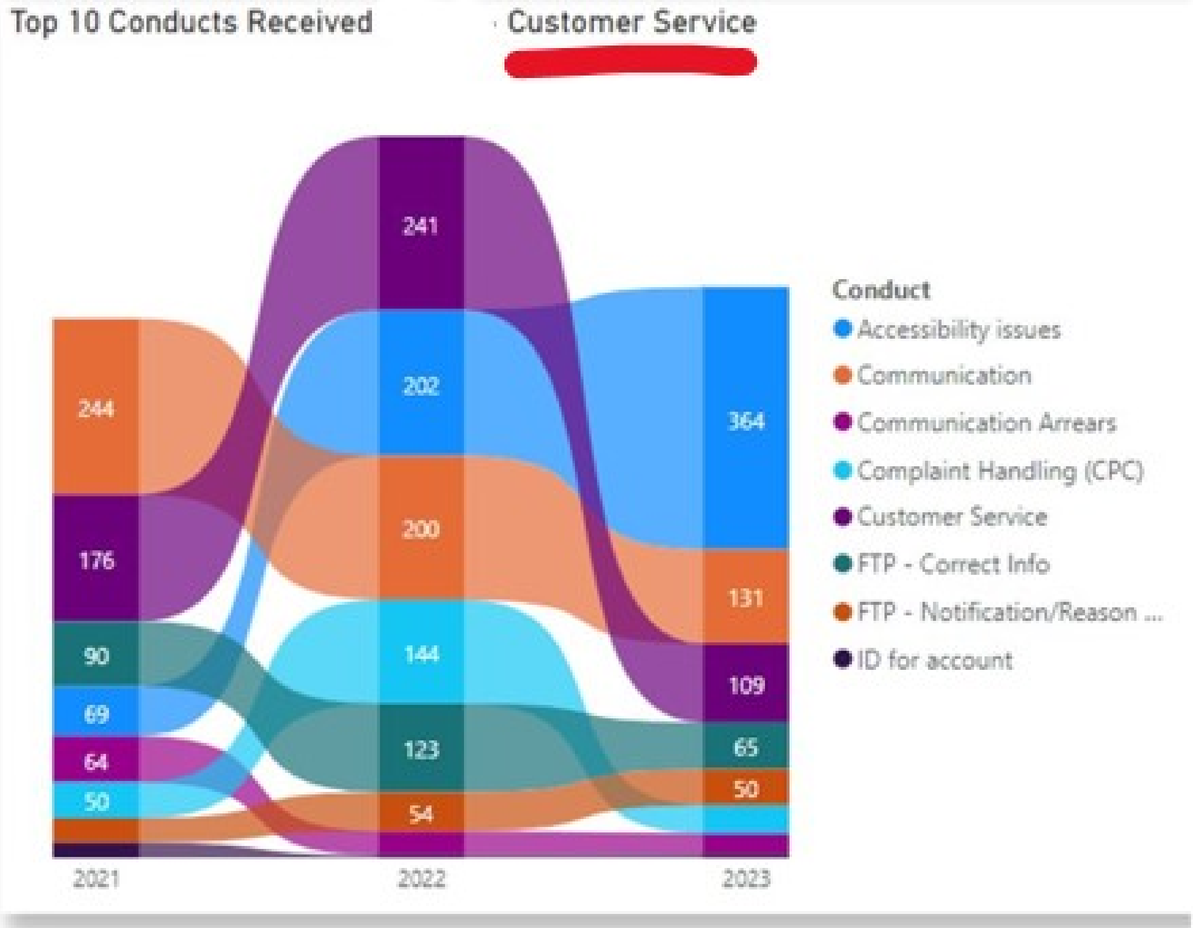


- The % share of Banking complaints received has risen from 50% in 2018-Q1 to 56% in Q2-2023

Trend Analysis: Received - Top 5 Conducts Complained of - Banking





Complaints Received - Conducts

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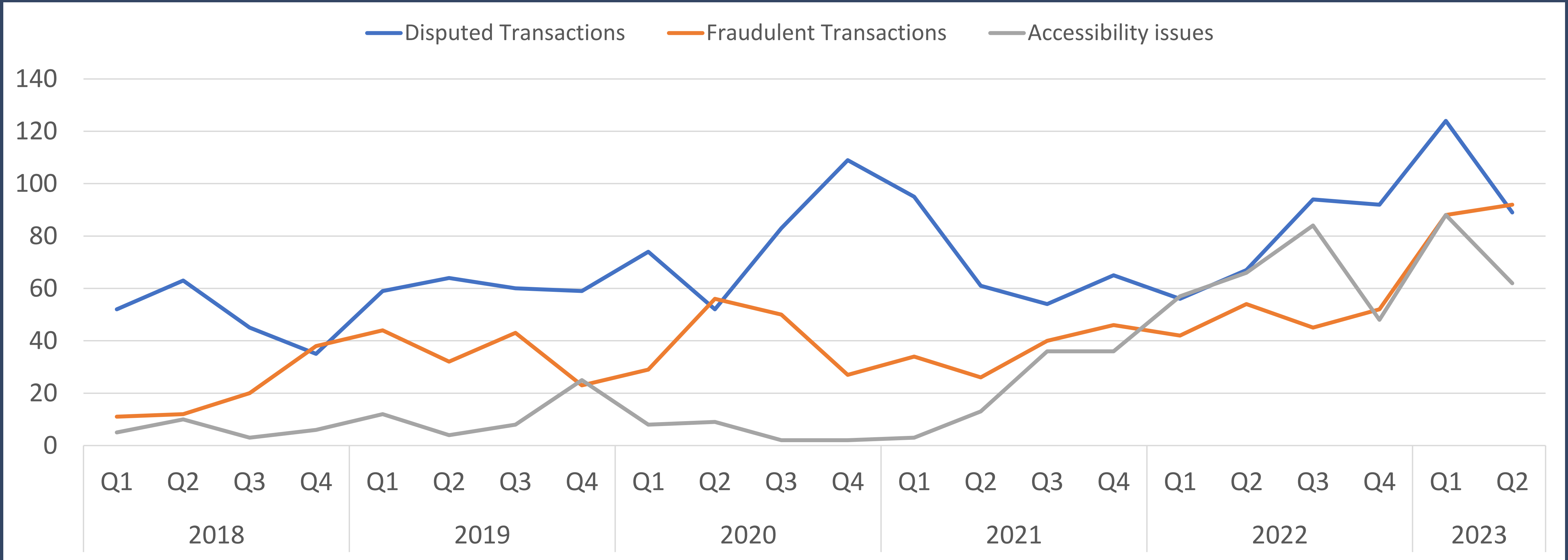

Disputed Transactions Complaints Received % Share

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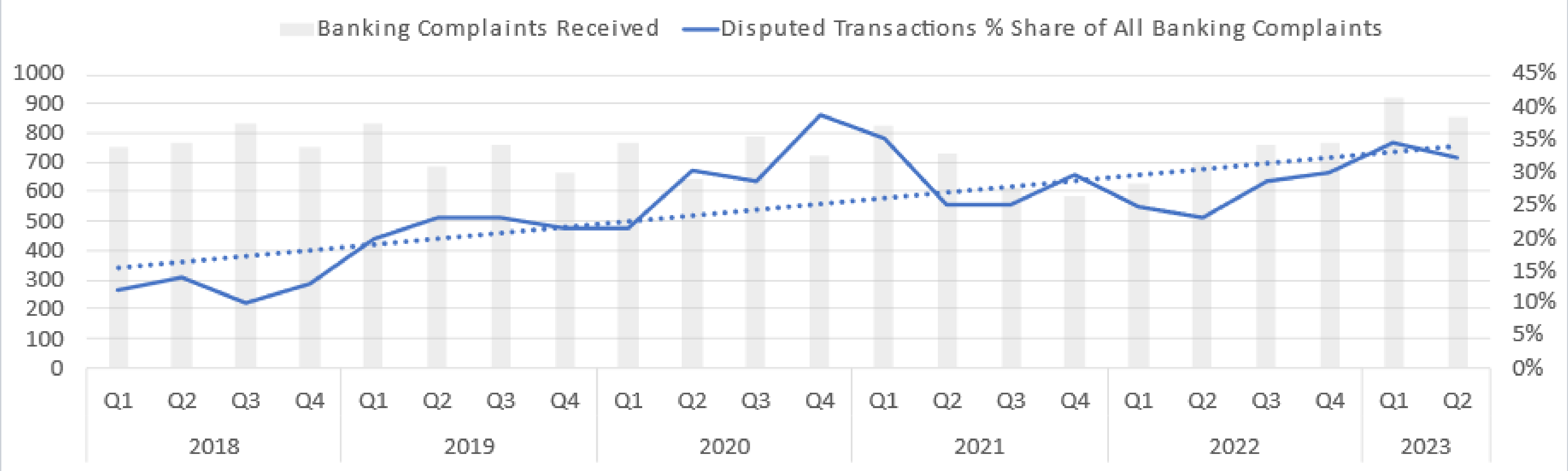

- The % share of Disputed Transactions of Banking complaints in the FSPO has risen from 12% in 2018-Q1 to 32% in Q2-2023

Disputed Transactions % Share & Outcome before Investigation

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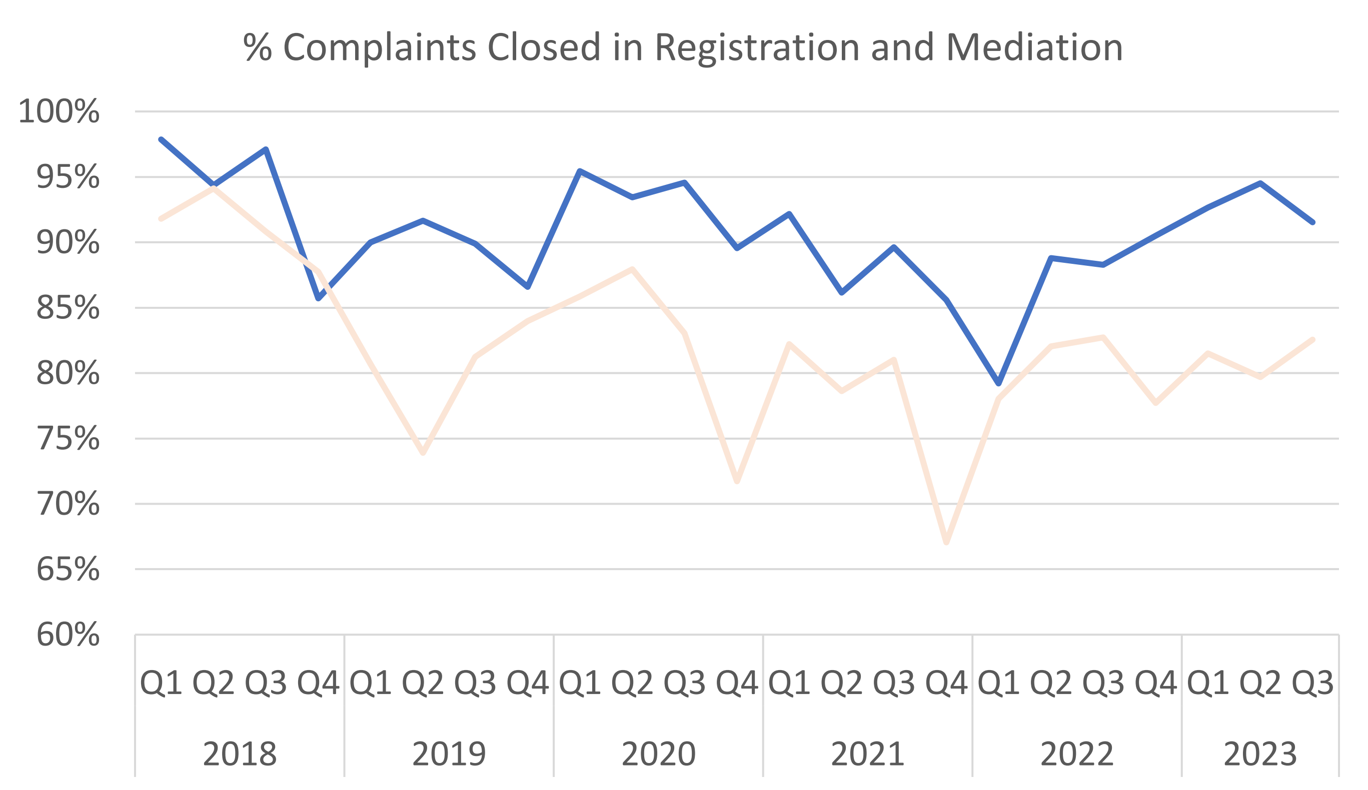

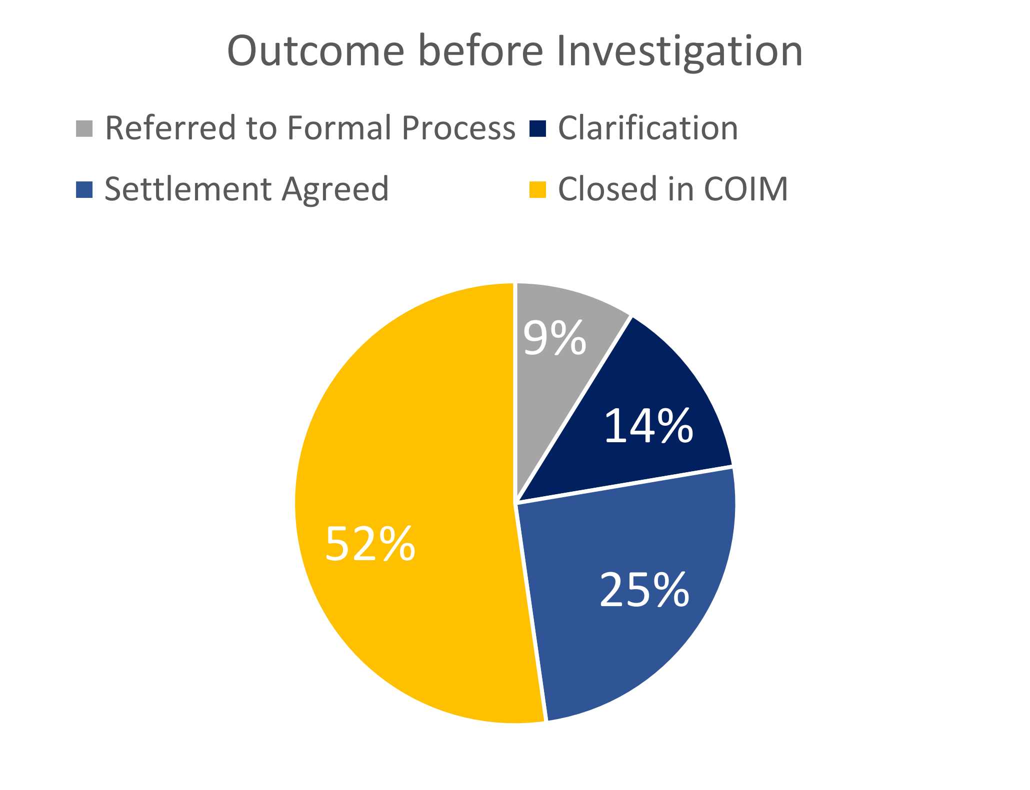

- Disputed Transaction complaints have a higher % of closures in the Informal Process (before Investigation) than Other Banking complaints

"You may think it's only the vulnerable and the foolish who fall for fraud. But you'd be wrong. Any one of us can fall victim to these scams – it takes just a moment to be caught off-guard, unawares, and to make a simple but life-changing mistake."

Dame Vera Baird, Victims' Commissioner for England and Wales – August 2022

Fraudulent Transactions

Central Bank issues scam warning

Emer Walsh

The Central Bank of Ireland has launched an information campaign to raise awareness of personal finance scams, with a new "Safe" test offering consumers practical steps when considering buying online.

The Central Bank has warned that fraudsters are targeting more, with social media, false websites, and cloning being increasingly used in fraudulent schemes.

Scams take many different forms, such as advance fee fraud, fake loan providers, "clones" of well-known personal finance service providers, fake investment businesses, and many more, with the Central Bank just last week warning consumers to beware of any reputed firms looking for an upfront fee.

"Unfortunately nobody is immune to the threat posed by financial fraud," said Central Bank deputy governor Derville Rowland.

"The proliferation of activity by fraudsters in the online world, and the move into social media in particular, means that every generation is at risk."

The new "Safe" test consists of four steps, and stands for "Stop, Assess, Fact-check, and Expose" before reporting, with consumers urged to contact the Central Bank if they suspect suspicious activity.

"Always take your time when buying investment products or applying for a loan," Ms Rowland continued.

"Never act on the spot — especially if a provider puts you under pressure for a 'deal' — this is always an indicator you are not dealing with a legitimate service provider.

"Remember that if something seems too good to be true — it probably is."

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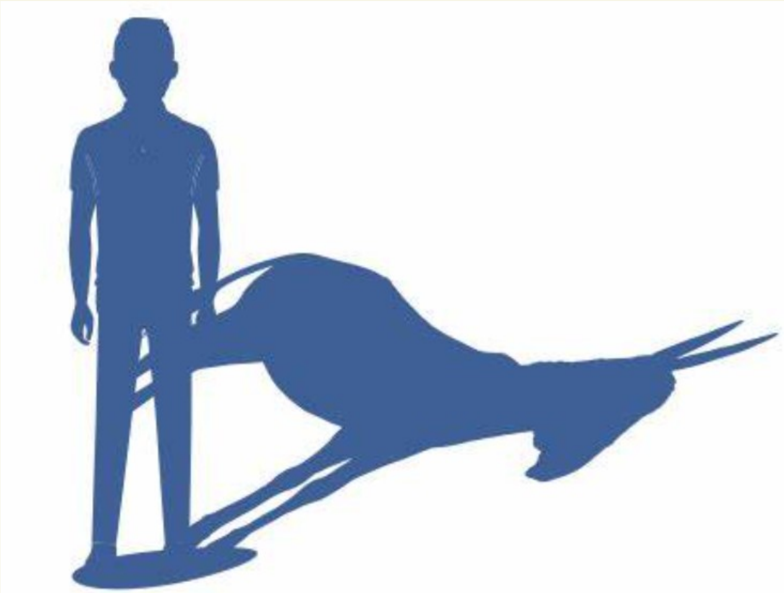
Criminals or Victims?

Ex-2FM DJ Nikki Hayes was at 'rock bottom' when she became money mule in €15,000 scam, court told

The Irish Times · 1d

'Money mule' convictions soar as young people targeted by criminal gangs



PSD 3

Third Payment Services Directive (PSD3) &
a Payment Services Regulation (PSR) - directly applicable

Proposals include

- Merger of the payment and the e-money frameworks into one.
- More extensive Strong Customer Authentication (SCA) regulations.
- Extension of compulsory IBAN/name checking service to regular credit transfers.

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Opening of redress rights to consumers in fraudulent payments – including some **authorised** payments

‘SPOOFING’

Fraud based on the impersonation of the bank – an increasingly serious problem for consumers and PSPs

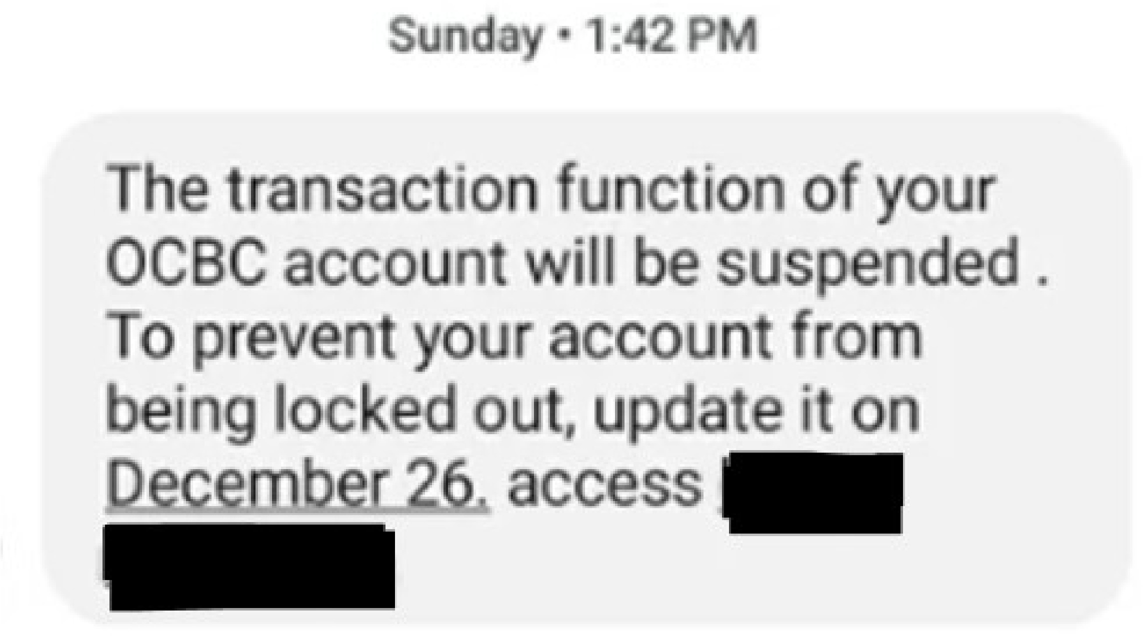
International Case Study

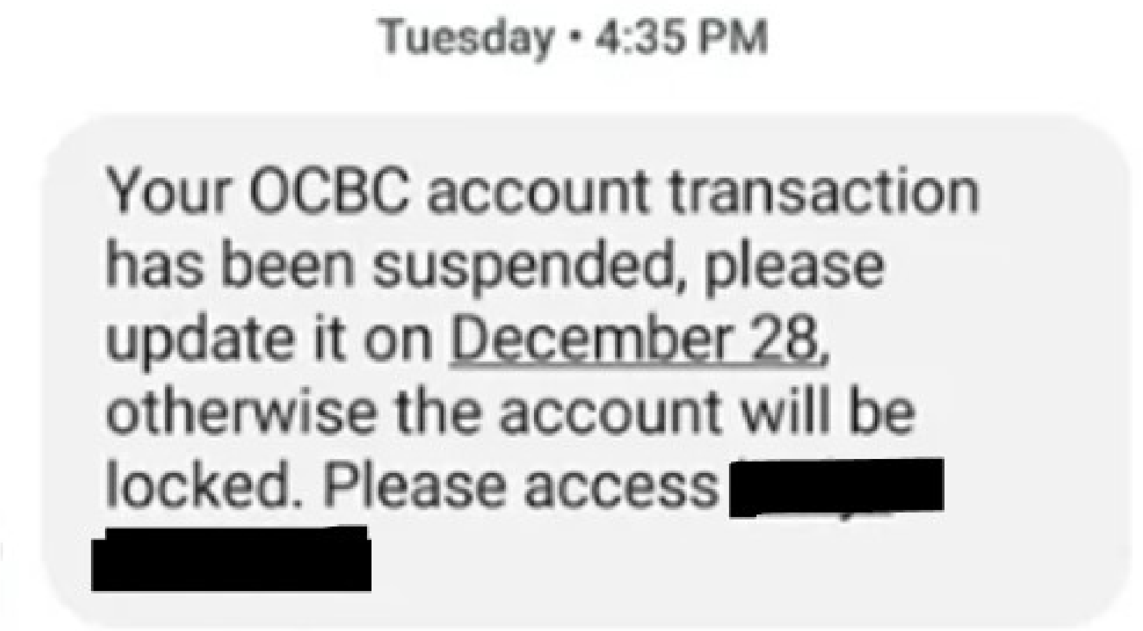
SMS Phishing Scam Singapore

December 2021

800

customers





Victims received an unsolicited SMS causing concern regarding suspension of access to banking.

SMS offered a link to resolve the issue, which brought them to fake website that mirrored website of OCBC

Customer was asked to key in their online banking account login details.

Scammers moved very fast to withdraw monies.

17 January 2022

The Regulator, MAS, said it was taking a serious view of incident and would consider supervisory actions against OCBC - it was following up with OCBC on **this and broader issues** relating to the scam.

MAS noted that OCBC started making "goodwill payments" to customers hit by the SMS phishing scam and said it expected all affected customers to be treated fairly.

From **8 January**, customers had started receiving goodwill payouts By **17 January**, more than **30** customers had received reimbursements.

Ultimate Loss to OCBC

Finance Minister, Lawrence Wong –

OCBC should have *"responded faster and more robustly"*

S$13.7 M

€9.47 M

Measures to Protect Customers

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Protecting the Bank, by protecting the customer from online fraud

Kill Switch

December 2022

OCBC Bank

April 2023

Maybank

Can be **manually activated** by the customer if they realise their account is being used for unauthorised or suspicious transactions.
Serves as a **last-minute defence mechanism**, to stop the outflow of money.

It's a PANIC button

Once activated, NO outgoing transactions - whether digitally, ATM or at branches – can be made, even recurring charges.
It will not stop the fraud from happening, but once discovered, <u>it can minimise the loss</u>.

This works best when **banks offer** and **consumers allow** real-time notifications or alerts from the banking app, when there are **red flags**, or suspicious transactions.

Potential enhancements to raise a flag on a customer’s account

Maybank2u

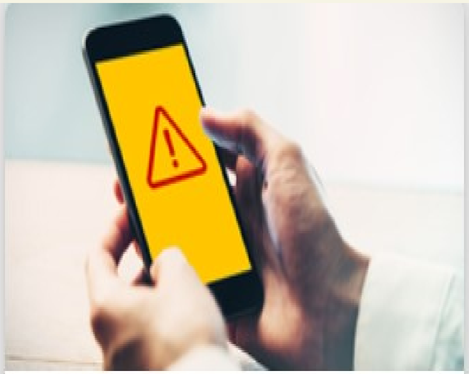
Security Awareness

QR Fraud Awareness

Apart from phishing or scams via e-mails and SMS, QRishing or QR Code Scam is another form of Phishing, using QR (Quick Response) codes.

Money Mules

Protect your banking account from illegal schemes and fund transfers.

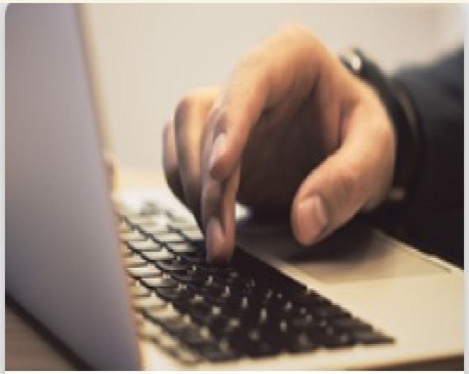


SIM Card Replacement Scam

Scammers are able to hijack your mobile phone number and steal from you.

Browser Redirection Advertisement Scam

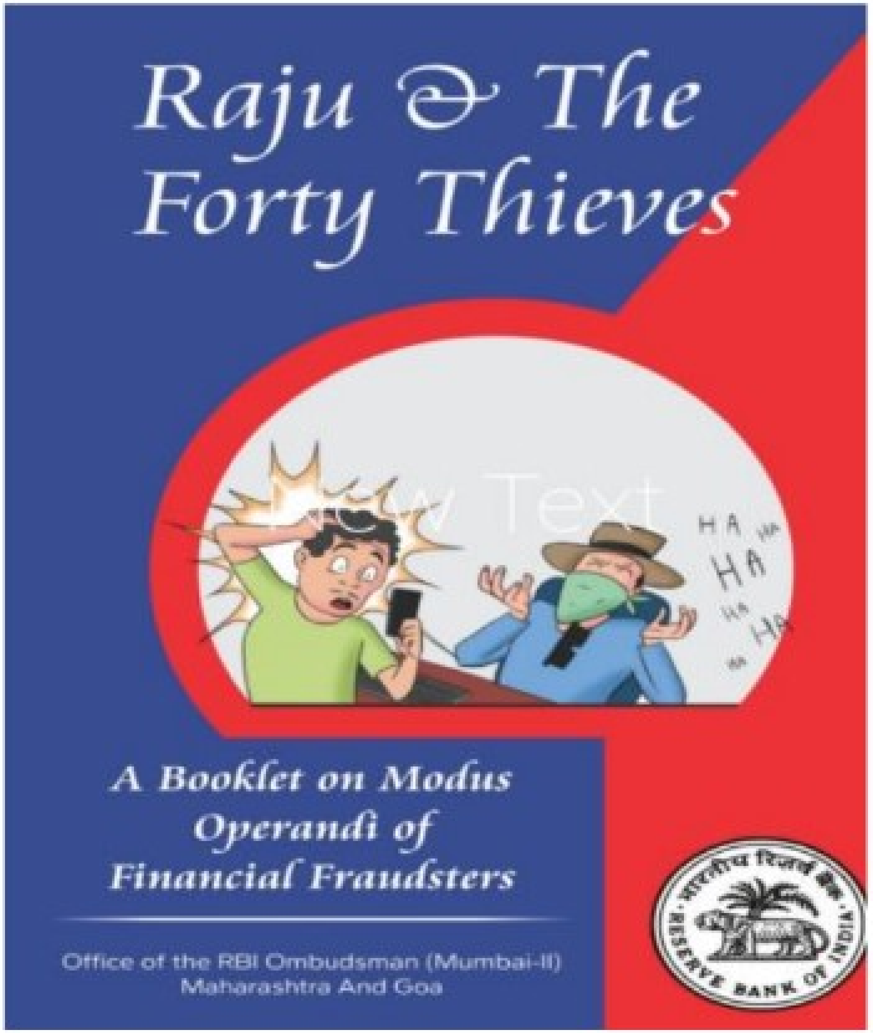
Beware of clicking on suspicious ads that lead to fake online banking websites

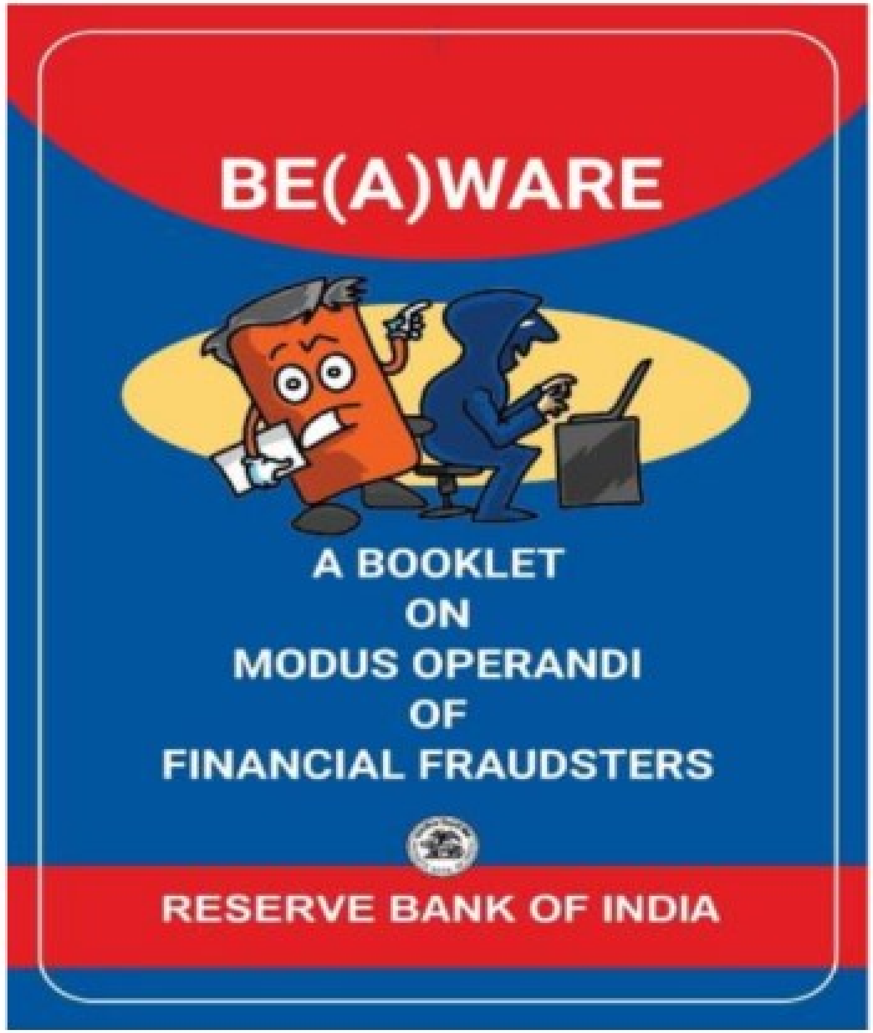


Malware

Malware, spyware and adware are harmful software that steal your money or your identity.

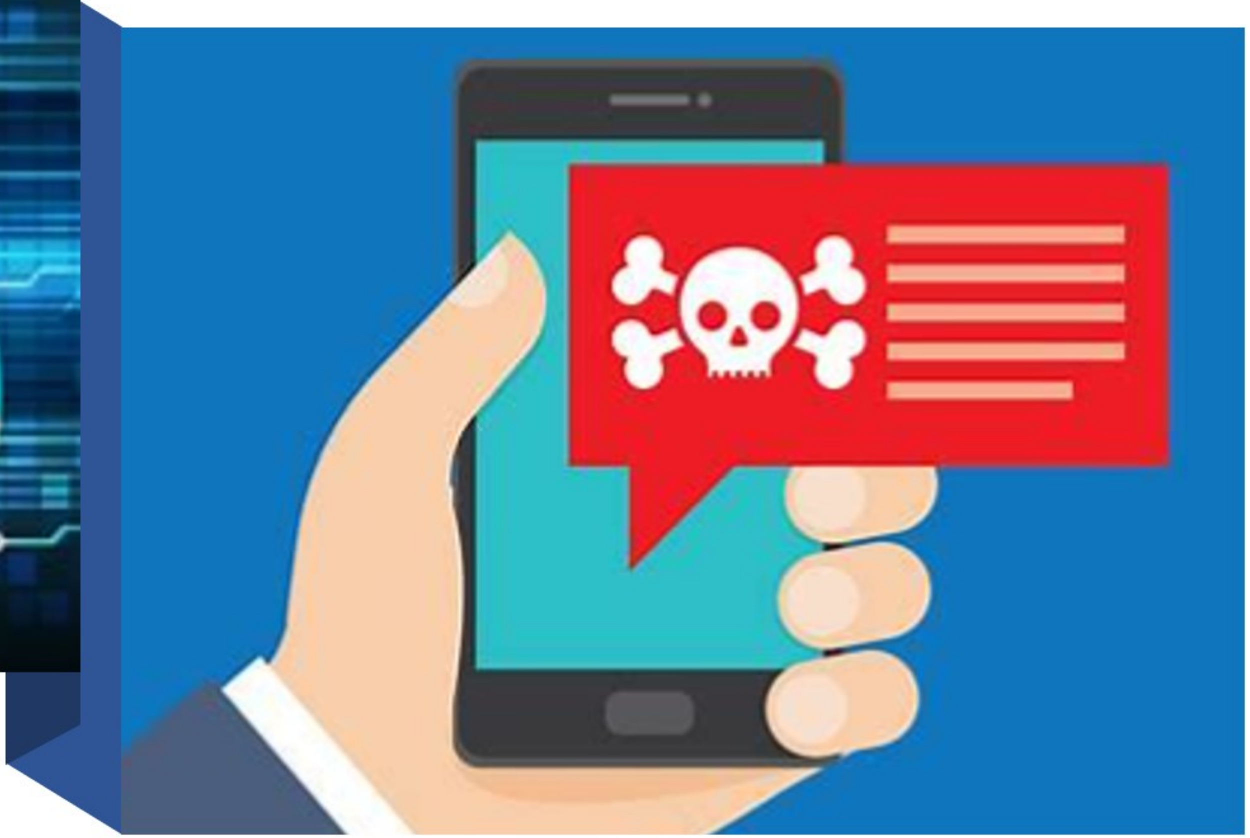
Public Awareness Initiative in other countries Reserve Bank of India





Further Measures - 5 August 2023

OCBC rolled out App anti-malware security



Fraud Prevention of more than S$2 million (€1.3M)
for more than **30** customer accounts, during very first month

5 August - 5 September 2023

OCBC received reports from <u>more than 30 customers</u> about their mobile phones having been compromised by sideloaded apps – apps from sources outside of official app stores – that contained malware.

The anti-malware security feature in the OCBC Digital app, blocks access, essentially preventing the scammers who have control of a customer's mobile phone, from making fund transfers through the OCBC Digital app.

available in versions 18.1 and above, of the OCBC Digital app

12 October 2023 - Developments in Ireland

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SMISHING Fraudulent texts contain malicious links aimed at compelling people to hand over sensitive personal data

New anti-smishing software unveiled by PTSB, and its global engineering technology and consulting partner

A solution installed directly on the end-user mobile phone, that informs the customer when it has detected a fraudulent SMS, and it takes appropriate countermeasures.

The software uses AI and intelligent systems, to determine when a customer has received a text message containing a fraudulent link. Customers must consent to the software checking their text messages, however, no information is captured or shared

ptsb

Case Study - Australia

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afca
Australian Financial Complaints Authority

Customer's Digital Card details uploaded to Fraudster's device

A recent lead decision of AFCA: Complainant clicked on a link to pay a toll – typed her credit card details into a fake website – also entered a passcode to permit the "toll" payment.

Scammer harvested the credit card details and loaded them to the scammer's own digital wallet. Then **16** transactions of **AUS$1,000**, were made at two well-known retailers.

Bank said that the transactions were **authorised**, because an Online Activation Code (OAC) sent by SMS to the customer's phone, had been used to permit the credit card to be loaded to the new digital wallet.

AFCA found that the transactions were **unauthorised**. The OAC was not a pass code needed to authenticate a transaction. No OTPs had been used for any of the individual transactions.

Caller pretending to be from Amazon said he needed to refund approximately **£80** to Tom for an unwanted Amazon Prime subscription. The fraudster sent Tom an email asking him to confirm the refund amount, after which Tom received another call from the fraudster saying that 'Amazon' had refunded approximately **£8,000** in error.

The fraudster asked Tom to log on to his online banking to check, and he saw a large credit on his current account. Assuming this to have been the 'Amazon' refund, he agreed to return the overpayment to a named individual at 'Amazon'. He made an initial payment of £5,000 but then his computer screen went blank.

At that point, the fraudster had taken control of his online banking. The fraudster transferred funds from Tom's savings account, to his current account, then made two further payments out of £4,000 and then another £5,000.

Tom became concerned when his computer screen stayed blank - he telephoned the police - who telephoned the bank – which then blocked the account, preventing any further payments from being made. Tom accepted that he had authorised the first payment, but he did not believe he had authorised the second and third payments, totalling £9,000.
The bank refused a refund - said Tom had been negligent in disclosing his online login details, which gave the fraudster access to his accounts, although it was unable to clearly establish how the fraudster had gained remote access.
Ombudsman noted that **the bank had not identified the change in account activity before being contacted by the police**.
CIFO said that when the third payment was being made **the bank should reasonably have identified the unusual pattern of transactions and alerted Tom to the potential fraud.**
CIFO concluded that had the bank done so, the third payment would not have been made. Directed compensation of **£5,000**

Ireland – FSPO Decision 2022 0162

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I accept that Clause 6.1 of the **Personal Account Terms & Conditions** makes clear that "*we do not check whether any of the information is correct*." I also accept that Clause 6.1 of the **Online Account Terms & Conditions** provides that "*you permit us to act on any instruction you give us, …. you cannot withdraw this permission*", whilst 6.4 says "*once an instruction is received with the correct security credentials, you agree that we can act on it. You understand we do not make any more security checks*."

Unfortunately, the Complainant was the innocent victim of a sophisticated fraud. It is important to bear in mind however, that the Provider was also an innocent player in the context of that fraud, when it correctly effected the transfer of funds instructed by the Complainant, to the account which he had identified on Friday 27 July 2018, and it did so in accordance with its policies and **Terms & Conditions**. However, I take the view that the Provider failed to instigate a recall of the transfer in a timely manner, in breach of its obligations to the Complainant.

"In those circumstances, it is clear from the evidence that after the Provider was placed on notice of the potential fraud on Monday 30 July 2018, some three to four days elapsed, before the recall of funds was put into effect."

Partially Upheld
€1,500

Return to Mediation – Pilot commencing

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Opportunity to re-engage

1. The complaint was **referred to formal Investigation prior to 01/06/2023**
2. The file remains "awaiting assignment to an Investigation Officer"
3. The provider believes that there is real potential of reaching a mutually agreeable resolution through mediation
4. The Complainant is of the view that their complaint is suitable to re-enter mediation
5. The mediation takes place with **real focus** on resolving matters within a period of **4-6 weeks**

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Ceisteanna

Any Questions?