



Welcome, to the Public Awareness column provided by the Reserve Bank of Fiji (RBF). This month's article focuses on recurrent issues identified from complaints received by the RBF from the public and consumers of financial services.

Financial Complaints Issues

Consumer related issues and complaints are an important part of the financial services sector and responsibilities of regulated financial institutions. In this regard, the RBF has established a complaints management policy framework, where consumer issues are addressed effectively and efficiently and given a priority by the regulated financial institutions. The RBF continues to inform the public of the existence of this framework. Consumers are to firstly raise their complaints with the financial institutions. Thereafter, complaints may then be lodged with the RBF, where consumers are not satisfied with the outcome provided by the financial institution.

The majority of complaints received by the RBF involve cases where consumers have not read and understood the contract terms/conditions of the financial product or service that they have signed and legally committed themselves to.

This article highlights general and recurring issues identified from complaints received by the RBF so that the public are mindful when using financial services provided by regulated financial institutions.

BANKING ISSUES IDENTIFIED

Failure to read the terms and conditions of a contract carefully

For most banking services and products, an agreement or contract is required, which sets out the rights and obligations of the bank and the customer. The contract is the most important document and therefore, it is advisable to know and understand the terms and conditions of the contract. Customers must read and understand the terms of the contract prior to signing and legally committing themselves to the contract. Banks have a responsibility to explain the terms of their contract to their customers and customers should seek further advice if they are uncertain about the terms and conditions.

Exercising caution when disclosing financial information

Do not disclose your financial information such as bank account number, credit card number, password and other personal particulars to unknown third parties either via telephone, e-mails or any links on websites. Any information that you give through these means to an unknown person can be used to withdraw funds from your account.

Failure to exercise caution when using Automated Teller Machines

Do not disclose your PIN numbers to third parties or allow third parties to make transactions at ATM machines on your behalf, even to those whom you know such as your spouse or children. If your ATM card gets stolen or missing, report it to the banks immediately and give instructions for your bank to block or cancel the ATM card.

Failure to verify credit card transactions

Credit cards should be used as a payment instrument and used within your means. Please verify the amount swiped after each credit card transaction and make sure that your card is returned. Always verify your credit card statements with your own records and if there is any difference, check with the credit card provider.

Exercising caution when using internet banking facilities or sending money

Do not be deceived into opening an internet banking account or sending money overseas in order to win prizes or inheritance from an unknown party. This could be a scam. If you have already done so, contact and report it to the police immediately for their further action, also keep the RBF informed as the Financial Intelligence Unit of the RBF may be able to assist you.

INSURANCE ISSUES IDENTIFIED

Failure to read the insurance policy contract carefully

Firstly, you must review the policy contract from the insurance company. You should read and understand the terms and conditions of the policy upon receiving it. You are given certain dates from the date of receipt to examine the terms of the policy. Use this opportunity to verify the information and evaluate whether the policy suits your requirement(s). Understand the limitations or the exclusion clauses. Contact the insurance company or its agents for further explanation, if necessary or where the policy does not align to your requirements.

Exercising caution when disclosing material information

You must completely disclose all material facts in your insurance application form. For instance for medical insurances you must include any pre-existing medical conditions. If the insurance agent fills up/out the application form on your behalf, you must read and understand the requirements in the form prior to signing it. Failure to do so could cause your insurance policy to be terminated or the insurance company might reject your claims.

For Motor vehicle third party policies, it is important to advise the Insurance Company as soon as the vehicle is involved in an accident. Most claims have to be reported within 30 days of the accident otherwise the Insurance Company may not process your claim.

Purchasing an insurance policy

You can purchase an insurance policy either directly from the insurance company, a broker or through a licensed agent. If you are buying the insurance policy from an agent, you should ensure that the agent is a licensed agent of the insurance company. If you are in doubt, request for proof such as registration/ authorisation card of the agent or contact the insurance company or the RBF

directly to confirm that the agency is licensed. All agents must be licensed under the Insurance Act 1998.

Insurance Premium payment

You have the choice to either pay the premium directly to the insurance company, a broker or through agents. You must ensure payment is made under the insurance company's name and also ensure that you receive the original receipt from the insurance company. Avoid making cash payment to the agents, if possible.

CAPITAL MARKETS ISSUES IDENTIFIED

Failure to fully understand shareholders rights

Shareholders are part owners of the listed companies by virtue of their investments in those companies and there are certain rights which shareholders may exercise and should be aware of. Complaints received by the RBF mostly involve alleged breaches of shareholders rights which shareholders should understand:

- (a) The right to appoint directors of the company. Directors are usually appointed by election at the Company's Annual General Meeting. Persons elected as directors will usually be those with large shareholdings in the company. They command a large number of votes in the decision making process of the company. As persons with large investments in the company, they can be expected to take their duties seriously, so small investors are likely to support them and should exercise their voting rights wisely;
- (b) The right to receive an Annual Report regarding the company's operations. The annual report will include reports by the Chairman of the Board, Directors of the company and company's financial statements;
- (c) The right to attend Annual General Meetings and to appoint proxies. Shareholders have the right to raise matters of concern regarding the company at the meeting and to vote on issues raised.
- (d) Entitlement to a proportionate share of the company's profits each year if the company decides to pay dividends.
- (e) Entitlement to a proportionate share of the company's assets upon winding up.
- (f) The right to dispose of their shares. Shareholders are entitled to sell their shares privately in limited circumstances (with appropriate approvals from RBF and SPSE) as well as through Brokers and Dealers of the Stock exchange.

CREDIT PROVIDERS ISSUES IDENTIFIED

Failure to read the terms and conditions of the credit contract carefully

The credit agreement/ contract is the most important document because it contains provisions in the agreement that you must read and understand. Therefore, it is advisable that you read and understand the provisions in the agreement before signing the credit agreement/contract.

Failure to provide specific instructions to Credit Providers

It is important to advise your Credit provider immediately if you have difficulty repaying your credit. Further instructions on credit repayment arrangements should preferably be made in writing to your Credit Provider. This is to ensure that there is no dispute as to when payments are due and reduces the likelihood of repossession as a result of a default.

Complaints provide valuable information to the RBF about financial institutions. They also provide insights on the weaknesses and strengths in existing policies and practices. These also include products and services that require the public to be made aware of. While the RBF views complaints pertaining to regulated financial institutions as positive feedback where these complaints could be addressed to help both the institutions and the customers, customers are however, advised to exercise caution and due care in reading and/or understanding contracts, products and services provided by financial institutions before making any decisions.

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