

INTERNAL COMPLAINTS RESOLUTION POLICY

INSTRUCTIONS:

- In terms of Section 17(a) of the General Code of Conduct “a provider, other than a representative, must maintain an internal complaint resolution system and procedures”
- A nominated Key Individual must acknowledge the FSP’s ownership of the policy, by completing the FSP’s name on the first page, and signing the policy
- All Key Individuals and persons associated with the governing body of the FSP must confirm the adoption of this policy, by signing the document below (print additional copies of this page should the need arise)
- All employees must read and confirm that they understand the contents of the policy, by signing the personnel acknowledgement page (print additional copies of this page should the need arise)
- After implementing the policy, retain a hardcopy of this document as part of your compliance file
- The policy must be accessible for public inspection purposes
- Refer back to the policy whenever a client lodges a complaint relating to a financial service rendered by the FSP
- This policy must be read and understood in conjunction with the FAIS Act and the General Code of Conduct
- This policy must be reviewed annually

DEFINITIONS:

Complaint: means a specific complaint relating to a financial service rendered by the FSP or Representative to the complainant in which it is alleged that the FSP or Representative:

- a) has contravened or failed to comply with a provision of the FAIS Act and that as a result thereof
the complainant has suffered or is likely to suffer financial prejudice or damage; or
- b) has wilfully or negligently rendered a financial service to the complainant which has caused
prejudice or damage to the complainant or which is likely to result in such prejudice or damage;
or
- c) has treated the complainant unfairly

Internal complaint resolution system and procedures: means the system and procedures established and maintained by the FSP in accordance with the General Code of Conduct for the resolution of complaints by clients

Ombud: means the Ombud for Financial Services Providers referred to in section 20(2) of the FAIS Act

Resolution or Internal Resolution: in relation to a complaint and a FSP, means the process of the resolving of a complaint through and in accordance with the internal complaint resolution system and procedures of the FSP



Rules: means the Rules on Proceedings of the Office of the Ombud for Financial Services Providers, as published in the Gazette

1 INTRODUCTION

In terms of the Financial Advisory and Intermediary Services Act (FAIS, Act 37 of 2002) every Financial Services Provider (FSP) who is authorised to provide financial advice and/or intermediary services to clients, have the duty to offer clients a formal process to resolve complaints. The complaint resolution process must offer the client the opportunity to lodge a complaint and have the complaint resolved within 6 weeks. In the event of the complaint not being resolved within 6 weeks the client can escalate the complaint to the FAIS Ombud for a final ruling. Such complaint must be lodged within six months after the determination that the complaint could not be resolved by the FSP.

2 COMPLAINTS MANAGEMENT MISSION

As an authorised FSP in terms of the Financial Advisory and Intermediary Services Act (Act 37 of 2002) we are committed to providing our clients with quality service and undertake to manage the affairs of our clients in such a way that it would not be necessary to have a complaint about our service, integrity and commitment. However should it happen that a client does have a complaint, we undertake to:

- Resolve client complaints in such a way that is fair to our clients, our FSP and our staff
- We undertake to inform all our clients of the procedures established for the internal resolution of their complaints, details of which will be given to them in writing
- We undertake to ensure easy access to our complaints resolution process at our offices, or by way of post, e-mail or telephone
- Empower and properly train the people in our FSP to deal with complaints, as well as with the escalation of non-routine serious complaints
- If necessary, appoint an independent mediator to resolve the complaint to the benefit of both the client and our FSP



- Deal with complaints in a timely and fair manner, with every complaint receiving proper consideration in a process that is managed appropriately and effectively by the responsible staff member
- Offer appropriate remedy in all cases where a complaint is resolved in favour of a client
- Inform clients of their right to refer their complaints to the FAIS Ombud, should a complaint not be resolved to their satisfaction within six weeks from the date on which the complaint is received
- Maintain records of all complaints received for a period of 5 years, which will specify the outcome of all the complaints lodged
- **Implement disciplinary action for non- compliance with the policy by FSP employees and representatives.**
- Implement follow-up procedures to:
 - × Implement remedial actions to prevent similar complaints from occurring
 - × Improve services and procedures where necessary within the FSP

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DEFINITION OF A COMPLAINT

Complaint means a specific complaint relating to a financial service rendered to the client on or after the 30th of September 2004, being the commencement of FAIS, alleging that the FSP:

- Contravened or failed to comply with a provision of FAIS and that, as a result, the client has suffered or is likely to suffer financial prejudice or damage;
- Wilfully or negligently rendered a financial service to the client which has caused prejudice or damage to the client or which is likely to result in such prejudice or damage; or
- Treated the client unfairly

The complaint must not be about the investment performance of the product unless the financial performance was guaranteed or the financial performance was so deficient that it creates the presumption that there has been misrepresentation, negligence or mal-administration.



CONDITIONS APPLICABLE TO COMPLAINTS

For a complaint to be valid, the following conditions have to be met:

- Where appropriate, a complainant refers to the client and also includes the complainant's lawful successor in title or the nominated beneficiary of the financial product which is the subject of the relevant complaint
- The act or omission complained of must have been done on or after 30 September 2004
- The complaint must be received by the Ombud within 3 years of the act or omission that resulted in the complaint – if the complainant was not aware of the act or omission, the 3 years starts running from the date on which the complainant became aware, or from the date on which the reasonable person in his circumstances would have become aware, whichever date is the earliest
- If the complainant already instituted action in a court of law relating to the matter forming the subject of the complaint submitted to the Ombud, the Ombud will not consider the complaint.
- The FSP must have been given the opportunity to resolve the complaint first. Only if the FSP failed to resolve the complaint to the satisfaction of the complainant within 6 weeks of receipt, may the complainant take the matter to the Ombud
- The complainant has 6 months after he received a final response from the person complained against, to go to the Ombud
- Complaints must be in writing and must be accompanied by relevant documentation
- The Ombud may refuse to consider a complaint if he believes that the complaint should be dealt with in court

5 COMPLAINTS PROCEDURE

To ensure a quick and appropriate response to complaints, the following process should be used at all times by all relevant staff:

- Log the date and contents of the complaint in the Complaints Register
- If a complaint is not in writing, ask the client to lodge the complaint in writing
- Send the external complaints resolution system document to the client
- Appoint a staff member responsible for the resolution of the complaint
- Acknowledge receipt of the complaint in writing within 5 days of receipt, and give the client the name(s) and contact details of the staff responsible for the resolution of the complaint



- Investigate the complaint to ascertain whether the complaint is legitimate and/or can be resolved immediately
- If the complaint can be resolved immediately, take the necessary action and inform the client accordingly
- If the complaint cannot be resolved immediately, request supporting documentation (if any) from the client that may be necessary to resolve the matter and indicate the expected date of resolution
- If unable to resolve the complaint within 6 weeks of logging the complaint in the Complaints Register, notify the client accordingly and advise the client of his/her right to:
 - × proceed in terms of Rule 6(a) and 6(b) of the Rules on Proceedings of the Office of the Ombud for Financial Services Providers (see below); or
 - × Seek legal redress in another forum.
- Update the register with all developments/activities

6 THE FSP's RIGHTS AND DUTIES

In terms of the Rules on Proceedings of the Office of the Ombud for Financial Services Providers, 2002, the FSP has the following rights and duties:

- (a) Where a complaint cannot be addressed within three weeks by the FSP, the FSP must as soon as reasonably possible after receipt of the complaint send to the complainant a written acknowledgment of the complaint with contact references of the respondent
- (b) If within six weeks of receipt of a complaint the FSP has been unable to resolve the complaint to the satisfaction of the complainant, the FSP must inform the complainant that:
 - (i) the complaint may be referred to the Office of the Ombud if the complainant wishes to pursue the matter; and
 - (ii) the complainant should do so within six months of receipt of such notification.



- (c) The FSP must be informed of the complaint submitted to the Office of the Ombud to the extent necessary to respond thereto fully
- (d) The FSP is entitled to submit any fact, information or documentation in relation to the complaint and must disclose relevant information or documentation to the Ombud.
- (e) If deemed necessary by the Ombud, the FSP must discuss the complaint with the Ombud and furnish such further relevant information as the Ombud may require.
- (f) The FSP is required to act professionally and reasonably and to cooperate with a view to ensuring the efficient resolution of the complaint

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DETERMINATIONS BY THE OMBUD AND ITS LEGALS STATUS

- The Ombud may, when accepting a complaint in terms of section 27(5) of the Act, require the FSP to pay a case fee to the Office not exceeding R1 000.00
- If the complaint was not resolved through conciliated settlement, the Ombud will make a determination which has the legal status of a civil judgement of court
- The determination can be a monetary award (not exceeding R800 000, unless the person complained against agrees to it), or any other order that can be made by a court
- An award of costs may be made against the person complained against
- An award of costs may be made against a complainant if the conduct of the complainant was improper or unreasonable, or if the complainant caused an unreasonable delay in the finalisation of the investigation.

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APPEALS TO BOARD OF APPEAL

- It is possible to appeal to the Board of Appeal, provided the Ombud grants leave to appeal. If the Ombud refuses, the chairperson of the Board of Appeal can be requested for permission to appeal
- Application for leave to appeal must be made to the Ombud within 1 month of the Ombud's determination
- If the Ombud refuses leave to appeal, application for leave to appeal may be made to the Chairperson of the Board of Appeal, within 1 month of the Ombud's refusal – the applicant must inform the Ombud of his application
- A determination by the Board of Appeal has the same status as a judgement of a civil court.



ANNEXURE A

COMPLAINTS PROCESS FLOW CHART

Client lodges complaint

If complaint is not in writing, ask for written complaint and send the complaints procedure policy document to the client

Complaint received, validated and logged as a new Complaint on Complaint register

Acknowledge receipt of complaint in writing within 5 days

Complaint assigned & investigated

Resolve the complaint immediately or take the necessary action and advise the client of steps taken and expected date of resolution

Update the complaints register with all developments/activities

Inform client in writing of the resolution of the complaint and the outcome

ANNEXURE B

Notify the client if complaint is not resolved within 6 weeks and advise client of further rights, e.g. refer the complaint to the Ombud or to seek legal redress

DESCRIPTION OF COMPLAINTS REGISTER



The complaints register must contain the following fields:

Date of Complaint Receipt: This field will reflect the date on which the written complaint was received. The receipt period will commence from this date

Complaint Received From: The name and designation of the person that submitted the complaint must be entered here. It may be the client or a representative of the client

Complaint Received by: The name and designation of the person that received the complaint on behalf of the FSP. It may be any person representing the FSP as long as the Key Individual is made aware of the complaint. The Key Individual will be responsible to ensure that the complaint is resolved.

Short Description of Complaint: Concise description to which the complaint relates (e.g. the suitability of advice furnished)

Complaint Resolved Internally: Indication of whether the complaint has been resolved internally (i.e. without the assistance of a third party such as the Ombud)

Outcome of Complaint: Indication of the final status of the complaint in as far the FSP's internal complaint resolution process

Outcome Communicated to Client on: Date on which the final outcome of the FSP's internal complaint resolution process was communicated to client



ANNEXURE C

FAIS OMBUD CONTACT DETAILS

Physical Address:

Eastwood Office Park
Baobab House
Ground Floor
Cnr Lynnwood Road & Jacobson
Drive,
Lynnwood Ridge,
0081

Contact details:

Telephone: +27 12 470 9080

Facsimile: +27 12 348 3447

E-mail Address:

info@faisombud.co.za

Website: www.faisombud.co.za

Postal Address:

P.O.Box 74571
Lynwood Ridge
0040

Approximate GPS coordinates:

25° 46' 2" S, 28° 17' 58" E.

