

BFSO has continued to focus on systemic issues during the year in review. Significant emphasis has been placed on identifying problems that have affected or have the potential to affect a large number of consumers in addition to those who have complained to BFSO.

A total of 18 systemic problems were identified and investigated during the year and all were rectified to the Ombudsman's satisfaction by the year's end.

The following are examples of some systemic problems BFSO has considered over the past year.



## Case Studies

### Technical problem with bank's credit card payment facility

We received one dispute about a facility offered to a member bank's customers to enable regular automatic payments to be made to their credit card accounts. The facility is designed to deduct a set amount each month from the customer's savings account and to credit that amount to the cardholder's credit card account. In the event that the required minimum monthly payment exceeds the set monthly amount, the system should allow for the required minimum monthly payment to be deducted.

However, in early 2002, there was a problem with the system and the amount withdrawn from cardholders' savings accounts was not increased when the required minimum payment exceeded the set minimum monthly amount.

The member advised that 174 customers were adversely affected by the problem and the matter was resolved with the member agreeing to refund the late payment fees charged to the 174 customers, with an interest component.

### Charging of fees not provided for in Terms & Conditions

We received one dispute which illustrated that a member bank had been charging annual fees, rewards points fees and additional cardholder fees to credit card accounts that were exempt from these fees because they were linked to a particular home loan package.

The problem occurred because the member only placed the fee waivers on credit cards that were opened after customers took out the home loan package. The member failed to place waivers on credit card accounts that had been in existence before customers took out the package.

Approximately 4,000 customers were incorrectly charged and the matter was resolved with the member agreeing to make refunds of the fee, together with interest, to all affected customers.

The total amount refunded to customers exceeded \$600,000.

### Delay in processing deposits to accounts

We identified a systemic problem with a member bank's 'Express Deposit Facility'. The terms and conditions for the facility indicated that funds should be credited to the account on the same day as the deposit was made, however, this did not always occur.

The member advised us that there had been 53 other complaints about this matter in a four month period. It appeared that the problem stemmed from the fact that the member was using external agents to process the express deposits and if there was any type of discrepancy with the deposit, the agents would have to refer the matter back to the member which caused delays.

The member agreed to rectify the problem by changing its procedures for processing express deposits and no longer using external agents. The member also agreed to compensate those who complained to the member about the matter, and who incurred a financial loss.

### Overdrawn account fees charged to high reliability customers

At one member bank, customers who were considered to be of high reliability status had an indicator placed on their accounts allowing them to draw on uncleared funds. As a result, when a cheque was deposited to the account, the ATM receipt showed that the funds were available and could be drawn on. If the funds were withdrawn, however, and the account became overdrawn, an overdrawn account fee of \$25 was charged.

The member advised that this was a systems error and it had not been intended for the overdrawn account fee to be charged in these circumstances. The bank agreed to change its systems so that the fee was not charged.

### Misleading credit card statements

One dispute indicated that the format of a member bank's credit card statement was causing confusion amongst its customers. The section of the statement that advised of the 'minimum payment due' did not include any arrears owed to the member bank. Information regarding the arrears was included elsewhere on the credit card statement.

We formed the view that the format of these statements could cause customers to be confused about the amount that was required to be paid.

The matter was rectified by the member agreeing to change the format of its credit card statements and to reimburse any customers who claimed that they had been misled by the format of the statements.

