

RESERVE BANK OF FIJI

COMPLAINTS MANAGEMENT BULLETIN

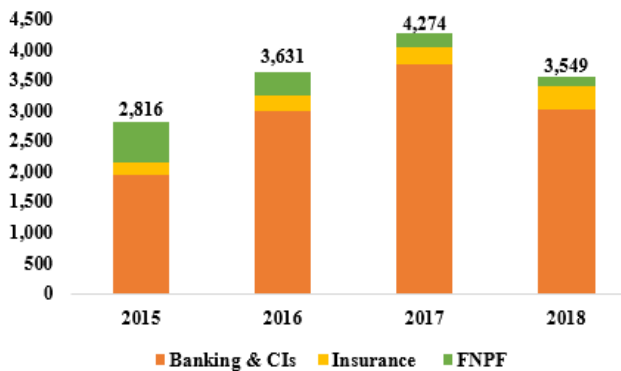
December Quarter 2018



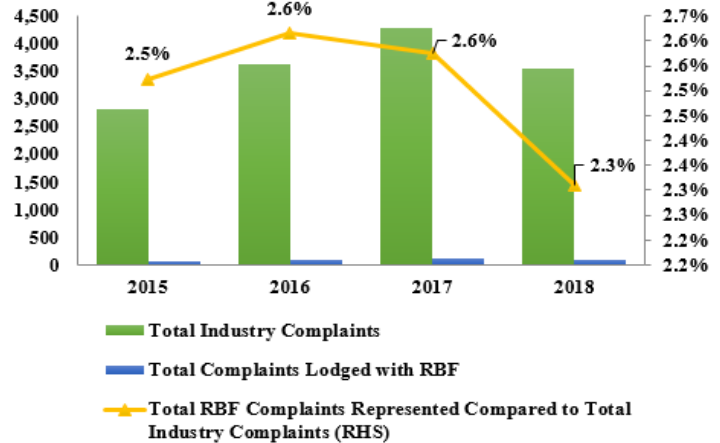
Increase in Complaints by 6.9% QOQ

A total of 933 complaints were registered by licensed financial institutions (LFIs) during the review quarter. This represents an increase of 6.9 percent from the September 2018 quarter. On an annual basis, total LFI complaints declined by 20.3 percent. 25 inquiries and complaints were appealed to the RBF in the review period which was 78.6 percent higher than Q3 2018 and 19.4 percent lower than what was received in the same period in 2017.

Graph 1: Complaints Received by Industry



Graph 2: Complaints Received by RBF & Industry



Summary of Complaints over the quarter



Received by LFIs



Escalated to RBF



By RBF



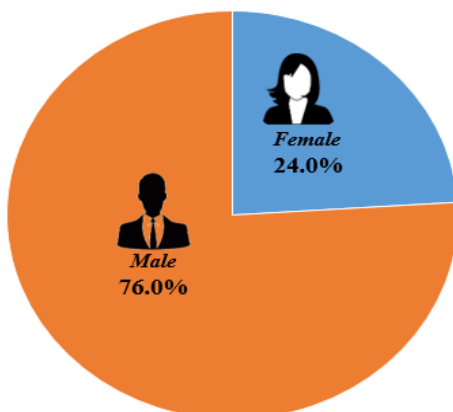
Meetings held



As at Q4

Summary of Complaints received by RBF

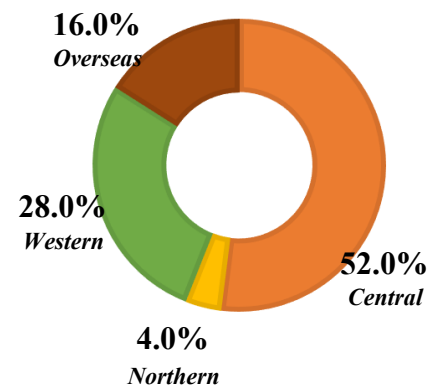
Gender



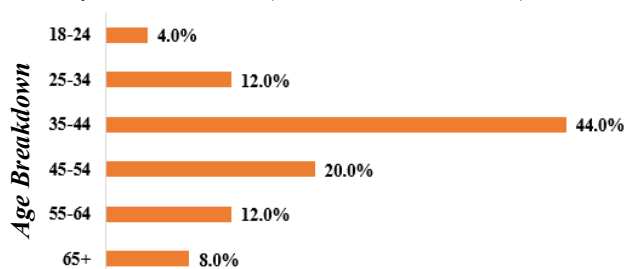
Mode of Communication



Location of Complainants



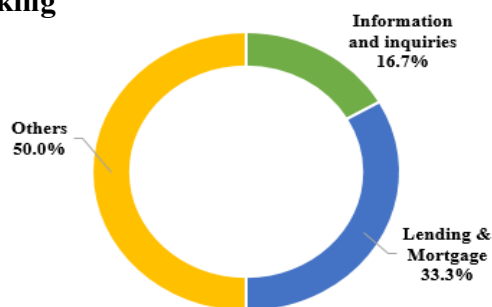
The trend is that the majority of complaints received were from males and from complainants aged between 35-44 years continued (both men and women) in Q4.



In the reporting period, more than half (52.0%) of the complainants made initial lodgements of their complaint via email. The remainder of complainants (48.0%) attended personally at the Reserve Bank. In previous quarters majority of the complaints were lodged from people living in the urban Central division. This trend continued in the reporting period. The Bank received one (1) complaint from the Northern division and four (4) complainants sent in their complaints from overseas. The RBF receives complaints from people of various backgrounds and usually from those who do not fully understand the processes or the implications of what they've agreed to. During this quarter however, 76.0 percent of the complainants were professionals from a variety of fields and disciplines - education, finance and business management. These complaints were filed on behalf of companies.

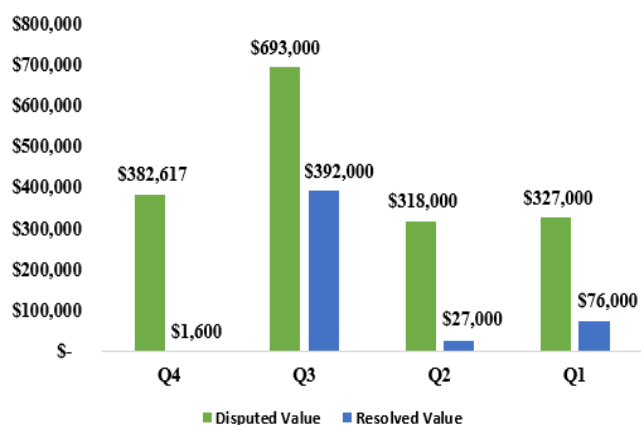
Types of Complaints

Banking



More than 50.0 percent of the complaints from the banking sector were about bank handling and decisions regarding customer complaints of unlawful withdrawals from bank accounts, system errors, delays in remittance and unpaid term deposit funds. One third of complaints related to lending and mortgage and included issues such as bank officers providing incorrect information or advice, failure of the bank to disclose key information in the contract, delays in processes and the unprofessional conduct of officers. Customer services related complaints continue to top the types of complaints registered by the LFIs and referred to the RBF. This has been the trend over the past number of years and does trigger an urgent need for LFIs to regularly train their officers in customer handling skills and must ensure that customers are directed to the right officers when they do raise their complaints. These key areas of concern are addressed through the Advocates and Complaints Management Forum for which RBF is the Secretariat.

Value of Complaints



The total value of disputed complaints reported over the quarter was \$0.4 million. Out of the 25 complaints received by RBF during the quarter, 36.0 percent of the resolved complaints had a combined value of \$1,600. Over the year, the total disputed value stands close to \$1.7 million. The RBF's role in enhancing efforts in consumer protection through the use of Alternative Dispute Resolution¹ has led to resolving majority of the complaints in 2017-2018 with a combined value of \$0.5 million.

¹ Alternative Dispute Resolution refers to the use of methods such as mediation or arbitration to resolve a dispute without resort to litigation.

Outcome of Complaints

36.0%

RESOLVED through Alternative Dispute Resolution¹

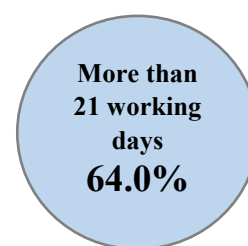
20.0%

UNRESOLVED - lack of substantial evidence with complainant, refusal by LFI to reconsider decision, lack /absence of relevant powers of the RBF.

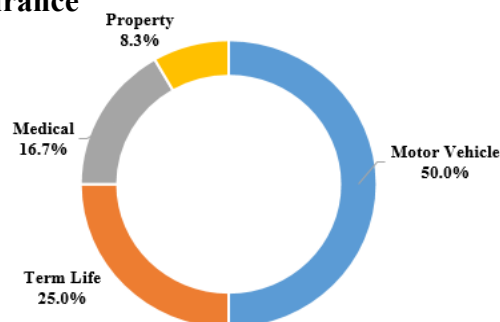
44.0%

IN PROGRESS Awaiting response from LFI or pending submission of documents from complainants.

Average days taken to resolve a complaint



Insurance



As has been the trend in the past quarters, 50.0 percent of the complaints appealed to the RBF related to insurance claims, mainly for vehicle insurance (50%) and in particular on delays in responding to the claims made. In our follow up on the causes, it was noted that this was due to insurers engaging investigators to substantiate some of the claims. With the increasing number of new and used vehicles on our roads, an increase in accidents and subsequently claims is expected. Accordingly, there has also been an increase in the uptake of insurance products and services.

Complaints relating to term life policies accounted for 25.0 percent of the complaints and 16.7 percent related to medical policies. The remaining 8.3 percent related to property insurance claims. Untimely claims handling and failure to provide required complaint claims, underwriting, and policyholder service disclosures formed the main compliance issues during the quarter.

Summary of Complaints received by Industry

BANK & CREDIT INSTITUTIONS



Top 3 Complaint Types

Q3 - Q4 Change



28.3%
Electronic Banking

↓ **6.4%**



20.2%
Customer Service

↑ **31.1%**



18.8%
Systems

↓ **11.6%**

Total complaints made directly to banks & credit institutions increased by 7.5 percent over the quarter from 717 to 771. On an annual basis however, a decline of 27.3 percent was noted. The increase in Electronic Banking complaints were mainly due to power and connectivity issues, damaged bank cards being captured at ATMs, accounts blocked due to risk alerts or in arrears and technical issues and transaction difficulties for online banking. Complaints relating to customer service also increased in the quarter.

INSURANCE



Top 3 Complaint Types

Q3 - Q4 Change



43.2%
Motor Vehicle Insurance

↑ **14.3%**



14.4%
Customer Service

↓ **15.8%**



10.8%
Policy Terms & Condition

↑ **100.0%**

Total insurance related complaints increased by 6.7 percent over the quarter and by 30.6 percent annually. Motor vehicle related complaints continued to register the highest number of complaints while customer services related complaints continues to rise. Complaints relating to policy terms and conditions noted a 100.0 percent increase over the quarter and is attributed to either a lack of understanding by consumers or shortage of key disclosures provided by the insurer. In addition, complaints on other insurance related services which comprises complaints against the systems, premiums and property registered an increase.

For more information on this Bulletin, please contact:

Financial System Development Group

Reserve Bank of Fiji