

11 December, 2021

Mr. Frank Lofranco  
Deputy Commissioner, Supervision and Enforcement  
Financial Consumer Agency of Canada  
Supervision and Promotion Branch  
427 Laurier Avenue West, 6th floor  
Ottawa, ON K1R 1B9

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**Re: CAFII Feedback On FCAC Proposed Guideline on Complaint Handling Procedures for Banks and Authorized Foreign Banks**

Dear Mr. Lofranco:

CAFII thanks the FCAC for the opportunity to provide feedback comments on its *Proposed Guideline on Complaint-Handling Procedures for Banks and Authorized Foreign Banks*. Our Association strongly supports a fair, convenient, and transparent complaints handling and dispute resolution process, one which ensures that customers have readily accessible and responsive avenues available to them to address and resolve concerns, complaints, and disputes.

**General Comments and Observations**

CAFII supports the Proposed Guideline's purpose and intent. We agree with the key principles set out therein; and, in particular, that policies and procedures should be guided by effectiveness, timeliness, and accessibility.

We find the Proposed Guideline to be largely principles-based and not prescriptive, which we believe leads to better regulatory outcomes. CAFII member companies are financial institutions and insurers which have long had robust and comprehensive complaints and dispute resolution processes in place. From that perspective, our Association believes that regulators should communicate their expectations through broad principles, and leave to individual regulated entities the mechanics and details of how the consumer outcomes associated with those principles will be achieved. Such a principles-based approach is, in our view, more efficient and effective than a prescriptive approach because it avoids a situation in which a regulator is dictating to businesses how to manage the details of their operations.

CAFII particularly appreciates the FCAC's principles-based recognition that financial institutions differ in size, complexity, and approach; and different organizations may have different ways of meeting the FCAC's expectations. In that regard, we strongly support Clause 6 in the Proposed Guideline, as follows:

*FCAC recognizes that banks may tailor their complaint-handling policies and procedures to align with the nature, size and complexity of their business, distribution channels, and products and services.*

On a separate very important matter, CAFII strongly believes that the insurance and financial services ecosystem in Canada is best served by a regulatory system that is harmonized to the maximum degree possible across provincial/territorial and federal jurisdictions.

As you may be aware, CAFII's members -- which comprise federally regulated financial institutions (FRFIs) that distribute credit protection insurance (CPI) and travel insurance across the country as Authorized Insurance Products, along with their insurer underwriter partners -- are subject to both federal and provincial regulatory frameworks that govern the offering of CPI and travel insurance.

Given that dual regulatory framework reality, it is our strong belief that major benefits would be achieved for both consumer protection and industry efficiency and effectiveness throughout Canada if the FCAC's Guideline on Complaints Handling could be as consistent and harmonized as possible with corresponding provincial/territorial guidance.

We therefore encourage the FCAC to engage with, and possibly become an observer participant at the meetings of, the Canadian Council of Insurance Regulators (CCIR), the national co-ordinating body of provincial/territorial insurance supervisory authorities.

Having a patchwork of different regulations and guidelines in federal and provincial/territorial jurisdictions across the country results in inefficiencies, and causes financial institutions to have to focus on exception management rather than dedicating the optimal level of resources to meeting both consumers' needs and wants and regulators' objectives around fair treatment of customers.

In that connection, we note the current timeliness of reaching out to CCIR for harmonization purposes with respect to complaints handling procedures, as the AMF in Quebec, a leader at the CCIR table, is now consulting with the industry on its Draft Regulation on Complaint Processing and Dispute Resolution in the Financial Sector.

By way of a small example to illustrate why harmonization is not just desirable but imperative: with respect to the reporting of certain complaints to the FCAC (Clause 30 in the Proposed Guideline), we note that provincial/territorial regulations also mandate situations where complaints need to be reported to the regulatory authority. Therefore, for CAFII members, many of which are the insurance arms of federally regulated banks, there will be situations where a complaint in Quebec, for example, will need to be reported to both the AMF and the FCAC, each of which may have different expectations in terms of the timing, form, and content of that reporting. Those sorts of regulatory inconsistencies do nothing to enhance consumer protection, yet they can have a significant impact upon FRFIs by forcing them to allocate resources to deal with the inefficiencies; and by imposing additional costs, which ultimately can divert resources away from being used to serve consumers.

### Specific Points of Feedback

On a point of future-oriented feedback, we view the requirement found in Clause 30 that “If an employee who is not designated to deal with complaints requires input or assistance from a designated employee to do so, the complaint should be considered to have been referred to a designated employee. Therefore, the bank must report it to FCAC” as one that will give rise to unintended consequences because it will force the reporting of many inconsequential, irritant only-type complaints, which is beyond the scope of what we believe the FCAC intended, is expecting, or would find to be of ‘informational value.’

We recognize that this is a requirement set out in legislation, and as such our members will comply, but we recommend that the FCAC review the benefits of this all-encompassing requirement and consider having it adjusted via a future amendment to the underlying legislation.

In addition, our Association is concerned that Clause 43 seems to indicate that a substantive written response must be provided to *all* complainants, even when the complaint is addressed and resolved immediately, at first point of contact when the matter is brought to the bank’s attention. If that interpretation is correct, Clause 43 would impose a very burdensome requirement by being overly broad and sweeping. As drafted, this clause would seemingly capture even very minor issues that a customer does not actually intend to bring forward as a “complaint.” In some instances, a customer verbally mentions, typically on the phone or in-person, a minor point of irritation -- which he/she/they just wants the company to be aware of -- and the customer expressly states that he/she/they is not filing an official complaint about the issue, nor does he/she/they expect to receive any follow-up or response about it (e.g. “I was kept waiting on hold for a very long time to speak to a customer service representative”).

In conclusion, CAFII, as a key industry Association stakeholder, thanks the FCAC for the opportunity to provide feedback comments on the *Proposed Guideline on Complaint Handling Procedures For Banks and Authorized Foreign Banks*. Should you require further information from CAFII or wish to meet with representatives from our Association on this or any other matter at any time, please contact Keith Martin, CAFII Co-Executive Director, at [keith.martin@cafii.com](mailto:keith.martin@cafii.com) or 647-460-7725.

Sincerely,



Rob Dobbins  
Board Secretary and Chair, Executive Operations Committee

### **About CAFII**

CAFII is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. Our Association was established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels. Our members provide insurance through client contact centres, agents and brokers, travel agents, direct mail, branches of financial institutions, and the internet.

CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services. Our members offer credit protection, travel, life, health, and property and casualty insurance across Canada. In particular, credit protection insurance and travel insurance are the product lines of primary focus for CAFII as our members' common ground.

CAFII's diverse membership enables our Association to take a broad view of the regulatory regime governing the insurance marketplace. We work with government and regulators (primarily provincial/territorial) to develop a legislative and regulatory framework for the insurance sector which helps ensure that Canadian consumers have access to insurance products that suit their needs. Our aim is to ensure that appropriate standards are in place for the distribution and marketing of all insurance products and services.

CAFII's members include the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Insurance; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players Assurant; Canada Life Assurance; Canadian Premier Life Insurance Company; Canadian Tire Bank; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Sun Life; and Valeyo.