

BMO Office of the Ombudsman

Annual Report 2011



Our Mandate

The mandate of the BMO Ombudsman is to promote open communication between customers and BMO Financial Group's Canadian based Operating Groups to facilitate the resolution of problems by conducting an objective review of customer concerns and addressing them in an unbiased and impartial manner.

The Role of the BMO Office of the Ombudsman

In any large organization, breakdowns in communication and differences of opinion may occur. Recognizing this potential, BMO Financial Group (BMO) has established processes to allow customers to raise a concern with local staff and, if necessary, escalate it to a BMO Senior Officer*. Our experience is that an overwhelming majority of customer issues are resolved through these processes and we encourage customers to take advantage of them before contacting the BMO Office of the Ombudsman.

The role of the BMO Office of the Ombudsman is to assist BMO's Canadian customers in settling any issues which have not been resolved. The BMO Office of the Ombudsman provides an impartial forum for an objective review of such concerns. The staff of the BMO Office of the Ombudsman has been carefully chosen for their broad experience in financial services and is dedicated solely to resolving customer complaints.

Our reviews focus on ascertaining the facts and reviewing them in an unbiased and impartial manner.

We listen to both parties, review available records, and consider applicable good financial services industry practices, including any applicable industry codes of conduct and any applicable legislation and regulations.

We do not act as an advocate for either party. We attempt to facilitate a resolution by promoting open communication between customers and BMO. Upon completion of our review, we advise each party of our recommendation for a fair resolution of the complaint. Neither party is bound by our recommendation and the parties are free to pursue any available remedy.

Our Review Process



The Ombudsman Review Process

Upon receiving a request for a review of an issue, we will promptly acknowledge receipt and inform you of the next steps. If your concern has not been reviewed by a BMO Senior Officer*, we will refer it directly to the appropriate person at BMO and inform you. However, if your concern has already been reviewed by a BMO Senior Officer* and remains unresolved, then we will advise you of the terms of the BMO Ombudsman's mandate and, if your complaint appears to fall within that mandate, the review process we follow and the confidentiality requirements applicable to both you and BMO. We will ask you to sign a letter acknowledging that you understand the review process and agree to the confidentiality requirements. Once we have received the signed letter back from you, we will open a review file.

During the course of our review we will normally communicate with you by mail or telephone. We will not communicate confidential personal or account details by email to ensure confidentiality.

The time required to complete a review can vary, and although we make every effort to complete all reviews within 90 days, more complex cases may take longer to complete. Our experience indicates that taking the necessary time to ensure we have fully reviewed your concern facilitates an acceptable resolution. Once we have finished our review, we advise you in writing of our findings and recommendation for a fair resolution of the complaint.

If you are not satisfied with the results of our review, options available to you include escalating your complaint to the Ombudsman for Banking Services and Investments (OBSI) or OmbudService for Life & Health Insurance (OLHI) within 180 days. You may also contact OBSI or OLHI if you have waited more than 90 days for a resolution after escalating your concern to a BMO Senior Officer*. Additional information is set out in BMO's "We Can Help – Resolving Customer Complaints" brochure available in all BMO Bank of Montreal branches and online at bmo.com.

The Year in Review



Volume and the Nature of Complaints

During BMO's fiscal year 2011, which ended October 31, 2011, the BMO Office of the Ombudsman received 2,925 contacts, down 12 or 0.4% from 2,937 contacts received in fiscal 2010. A review of 122 complaints was conducted, up 16 or 15% from reviews conducted in fiscal 2010. The total volume of contacts and complaints received in fiscal 2011 remained higher than longer term historical levels at year end.

Banking related complaints accounted for 60% of reviews conducted in fiscal 2011, up slightly from 57% in fiscal 2010. Wealth management related complaints accounted for 40% of the reviews conducted, down slightly from 43% in fiscal 2010. Consistent with previous years, most banking complaints related to credit cards, debit cards and personal lending (including fees or service issues), and most wealth management complaints related to investment performance, suitability, and service fees. Based on publicly available information, the nature of the complaints reviewed by the BMO Ombudsman Office appears to be generally consistent with that of complaints reviewed by other financial institutions.

The Year in Review

Results of Reviews

During fiscal 2011, the BMO Office of the Ombudsman made recommendations to resolve customers' complaints in 16 cases, compared with 21 cases in fiscal 2010. Of these recommendations 88% were accepted, compared with 100% in fiscal 2010.

Consistent with previous years, unresolved complaints often involved inadequately safeguarding debit and credit card PINs or the failure to notify BMO promptly that the card had been stolen. Many of the unresolved wealth management complaints related to the suitability or performance of securities held in portfolios.

	Fiscal Year (ended October 31)		Percentage of Total	
Contacts with the Office	2011	2010	2011	2010
Managed by BMO's Ombudsman	1814	1636	62%	56%
Referred to BMO	1111	1301	38%	44%
	2925	2937	100%	100%
Reviews Conducted by the Office				
Banking services	73	60	60%	57%
Wealth management services	49	46	40%	43%
	122	106	100%	100%
Source of Complaints Reviewed				
Personal customers	108	98	89%	92%
Commercial customers	14	8	11%	8%
	122	106	100%	100%
Issues Raised in Reviews				
Accounts	41	41	34%	39%
Mastercard and personal lending	26	9	21%	8%
Mortgage	3	7	3%	7%
Insurance	5	3	4%	3%
Wealth management	44	43	35%	41%
Other	3	3	3%	2%
	122	106	100%	100%
Results of Reviews				
Offer of compensation	16	21	13%	20%
Accepted	14	21	88%	100%
Not accepted	2	0		
No compensation offered	106	85	87%	80%
	122	106	100%	100%

The Dispute Resolution Process

“Clients are encouraged to resolve their concern with the Bank where it originated, prior to our involvement.”

While most problems are resolved at the branch level, some do require further evaluation to achieve a satisfactory outcome. For this reason, BMO offers you a comprehensive dispute resolution process.

If you have a dispute that cannot be resolved either by the staff you normally deal with or through executive levels within BMO’s dispute resolution processes, there are several steps you are encouraged to take. Keep in mind that the BMO Office of the Ombudsman is an important part of the dispute resolution process, but not a substitute for the regular channels.

This process has been designed to put you in touch with the people who can get problems resolved – and to ensure that all avenues for dispute resolution are explored. In all, you have up to four steps that can lead to the successful resolution of your concerns.

Four steps toward resolution

- 1 **Talk to us** - Talk to a representative at the branch or office where your complaint originated, or where you normally conduct business. If your concerns are not resolved, please involve the Manager/Supervisor.
- 2 **Escalate to a Senior Officer** - If your complaint is unresolved after following Step 1, you may escalate to the appropriate business group Senior Officer.*
- 3 **Escalate to BMO’s Ombudsman** - If your complaint is unresolved following Steps 1 and 2, you may escalate to BMO Financial Group’s Ombudsman. The Ombudsman will conduct a review of your complaint based on fairness, integrity, and respect and make a non-binding recommendation in a timely fashion.
- 4 **Contact an Ombuds Service** - If you are not satisfied with the BMO Ombudsman’s review, you also have the option of escalating your complaint by contacting the appropriate industry sponsored external dispute resolution service (Ombudsman for Banking Services and Investments or OmbudService for Life & Health Insurance) within 180 days and requesting a further review.

* For additional information and business group contact information, please see our **“We Can Help - Resolving Customer Complaints”** brochure available in all BMO Bank of Montreal branches or online at bmo.com.