



**Report for the financial year**  
01 July 2021 to 30 June 2022



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## LETTER OF TRANSMITTAL

9 September 2022

Honourable Mahen Kumar Seeruttun  
Minister of Financial Services and Good Governance  
Ministry of Financial Services and Good Governance  
SICOM Tower  
Ebene

Honourable Minister,

### **Annual Report for the financial year 1 July 2021 – 30 June 2022**

In accordance with section 17 (2) of the Ombudsperson for Financial Services Act (the "Act"), I transmit herewith the Annual Report of the Office Ombudsperson for Financial Services for the financial year 1 July 2021 - 30 June 2022.

A copy of the Annual Report is to be laid before the National Assembly by virtue of section 17 (3) of the Act.

Yours sincerely,

Dr. M. D Maraya FCCA  
Ombudsperson for Financial Services

## STATEMENT OF THE OMBUDSPERSON FOR FINANCIAL SERVICES



*“Discipline cultivates excellence in an enabling environment where ethics, transparency and accountability prevail”*

In our report for the period ended 30 June 2021, it was made clear that “specific duties attached to different posts in the Public Service are not compatible to the Office of Ombudsman for Financial Services”. Consequently, a meeting was held at the Prime Minister’s Office on 29 July 2021 “to find solutions for the recruitment of appropriate staff for the Office”.

Our proposed estimates for the financial year 2021/22 amounted to Rs 32M, however, only an amount of Rs 21M was approved, i.e., a shortfall of 34.38%. Furthermore, our proposed estimates for the financial year 2022/23 which amounted to Rs 25.31M has been drastically shaved off to a mere Rs 12.9M, i.e., a shortfall of 49%. The above changes to our estimates have been made unilaterally and without any consultation with my Office.

It is clear that with such unrealistic budgetary amputations, unless more rational decisions are taken in the provision of resources to our Office, the number of outstanding complaints will keep increasing to the detriment of consumers of the banking and financial sectors.

As of date, not a single officer has been recruited for the Office since its inception in 2019, as shown in Figure 1 on page 8.

Statistics for the year 01 July 2021 to 30 June 2022 is depicted in table 1 on page 13. During the year under review, we received 682 additional complaints added to the 888 outstanding complaints at 01 July 2021. In spite of all

constraints imposed through lack of resources, we managed to resolve/close 746 cases leaving 824 outstanding complaints at 30 June 2022.

In line with the adopted policy of transparency and accountability of my Office, I once again reiterate the recommendation made in our last Annual Report to the effect that the Ombudsman for Financial Services should be made accountable to a Select Committee of the National Assembly.

The success of the Office of Ombudsman for Financial Services rests on the speed that complaints are resolved. The commitment of the skeleton staff of the Office where we have developed a consensus-oriented culture, is challenged everyday by the tension between speed as opposed to commitment in decision making resting in other quarters.

The Office is committed to achieve higher levels of productivity and “status quo” cannot be an option.

I would like to conclude on a positive note in favour of the existing skeleton staff who have demonstrated their commitment to the service of the Office, bearing in mind that even patience has its limits.

**Dr. M. D Maraye FCCA**  
**Ombudsman for Financial Services**  
**9 September 2022**

# THE OFFICE

## Creation and History

The Office of Ombudsperson for Financial Services (the “OFS”) was created under the Ombudsperson for Financial Services Act (the “Act”) in 2018 and came into operation on 1 March 2019. The OFS is a governmental institution and is administered and managed by the Ombudsperson for Financial Services.

The first Ombudsperson for Financial Services was appointed on 1 March 2019 and remained in post until 24 February 2020.

The post of Ombudsperson for Financial Services remained vacant from 24 February 2020 to 25 February 2021.

Dr. Mitrajeet Dhaneshwar Maraye was appointed Ombudsperson for Financial Services on 26 February 2021.

## Functions and powers

The OFS is Mauritius’ financial services ombudsman service that provides free, fair and independent solutions to financial services disputes.

The OFS’ service is offered as an alternative forum to courts to resolve complaints that consumers of financial services have against regulated financial institutions.

Our mandate also requires us to inform and educate the general public on investments in financial services offered by financial institutions.

In the exercise of its powers of investigation, the OFS may call for the production of any relevant information, summon relevant persons and examine witnesses under oath.

In cases of financial loss, an Award may be made ordering the financial institution to pay to the complainant a compensation. The Ombudsperson may also give such directives as he may determine to the financial institution.

In addition to the above, the Ombudsperson may issue instructions and guidelines or impose such requirements as he may determine on financial institutions.

Where, in the discharge of his functions and exercise of his powers, the Ombudsperson for Financial Services becomes aware of improper practices or financial fraud in relation to any activity in the financial services sector, he shall immediately refer the matter to the relevant Regulator.



# OUR TEAM

*There are no problems we cannot solve together, and very few that we can solve by ourselves*  
- Lyndon Johnson



# OUR VALUES

## TRANSPARENCY

*We do what we say  
and what is right  
and we explain the  
reasons for our  
actions*

## INTEGRITY

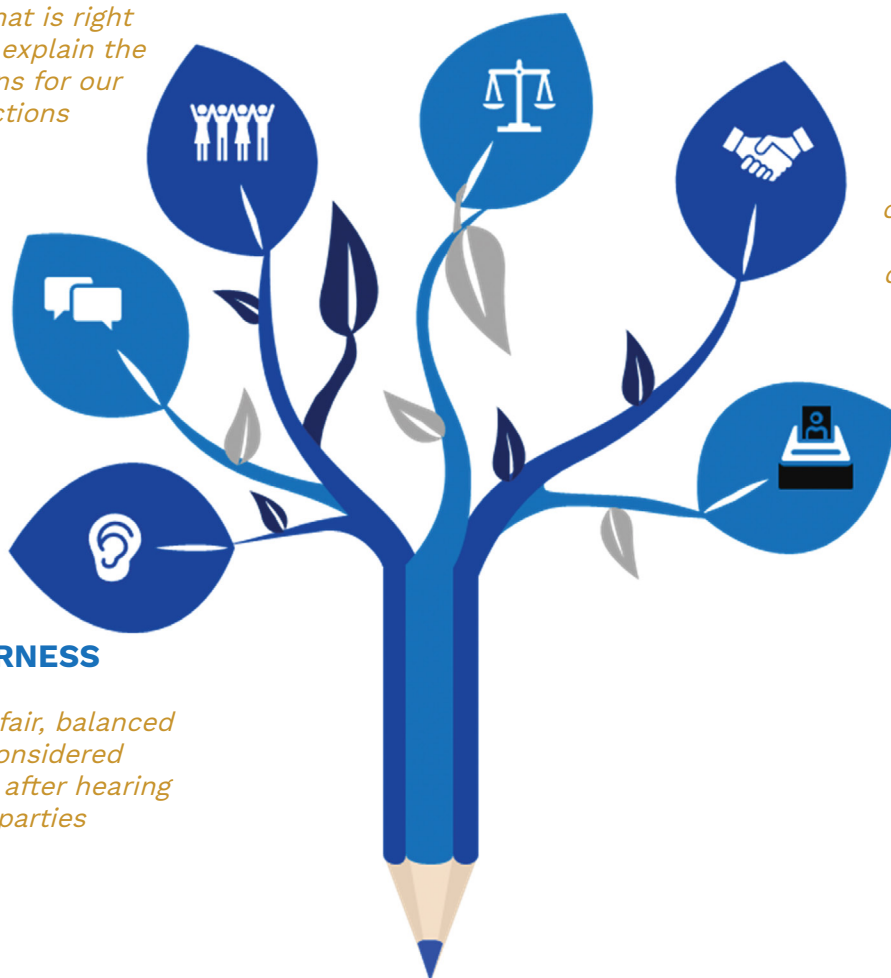
*We show a consistent and  
uncompromising adherence to  
moral and ethical principles*

## INDEPENDENCE

*We act without fear  
or favour and we are  
not subject to the  
directions or control  
of any person or  
Authority*

## FAIRNESS

*We make fair, balanced  
and considered  
decisions after hearing  
all parties*



# OUR MISSION AND VISION



## OUR MISSION

Our mission is to ensure that consumers and providers of regulated financial services are being treated fairly in terms of quality of service both pecuniarily and without undue delay whilst contributing towards the enhancement of the reputation of the Mauritius International Financial Centre.



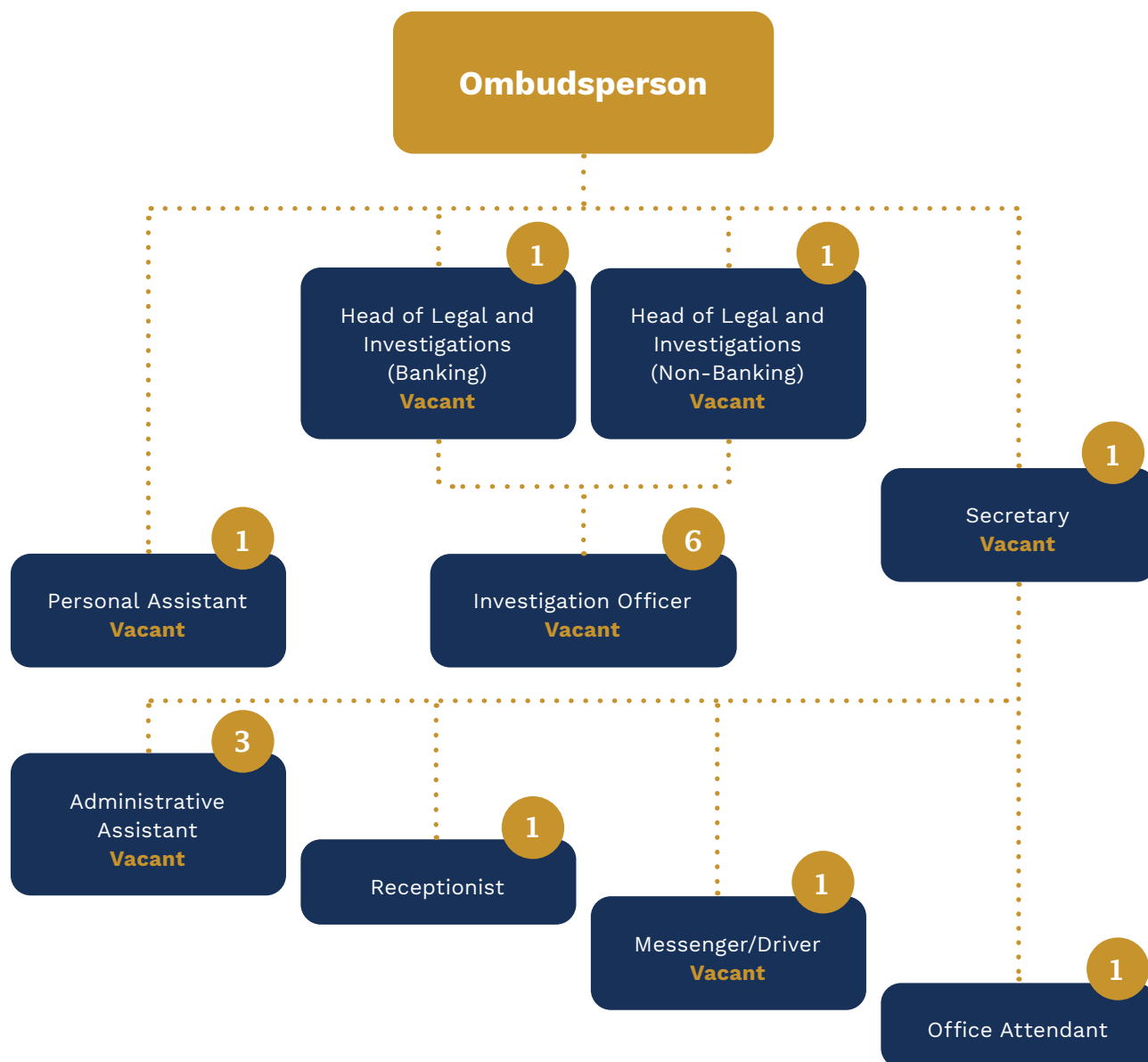
## OUR VISION

The Office of Ombudsperson for Financial Services is a dedicated independent institution driven by integrity and transparency while giving due consideration to the views and opinions of stakeholders so as to ensure fairness in the financial services sector within the parameters of regulations, issued guidelines and statutory objectives.





## PROPOSED ORGANISATIONAL STRUCTURE



**Figure 1: Proposed organisational structure**

### Staff current situation:

- 3 Management Support Officers, 1 Receptionist and 1 Office Auxiliary are in post.
- 2 Analysts on loan from the Financial Services Commission are currently performing the tasks of investigations officers, while the actual posts remain vacant.
- 1 Assistant Manager on loan from the Financial Services Commission is currently performing the tasks of Head of Legal and Investigations, while the post remains vacant.
- All other posts have never been filled.

# OUR APPROACH AND STRATEGY

*Change will not come if we wait for some other person or some other time.*

*We are the ones we've been waiting for.*

*We are the change that we seek.*

*-Barack Obama*

## We aim to:

01

develop a modern, efficient, accessible alternative dispute resolution system

02

be a value-based organisation

03

strengthen our team with diverse capabilities

04

use our insight to shape regulation and influence business and consumer behaviour

05

develop guidelines to enforce industry discipline while balancing underlying incentives of businesses with fair outcomes for consumers

06

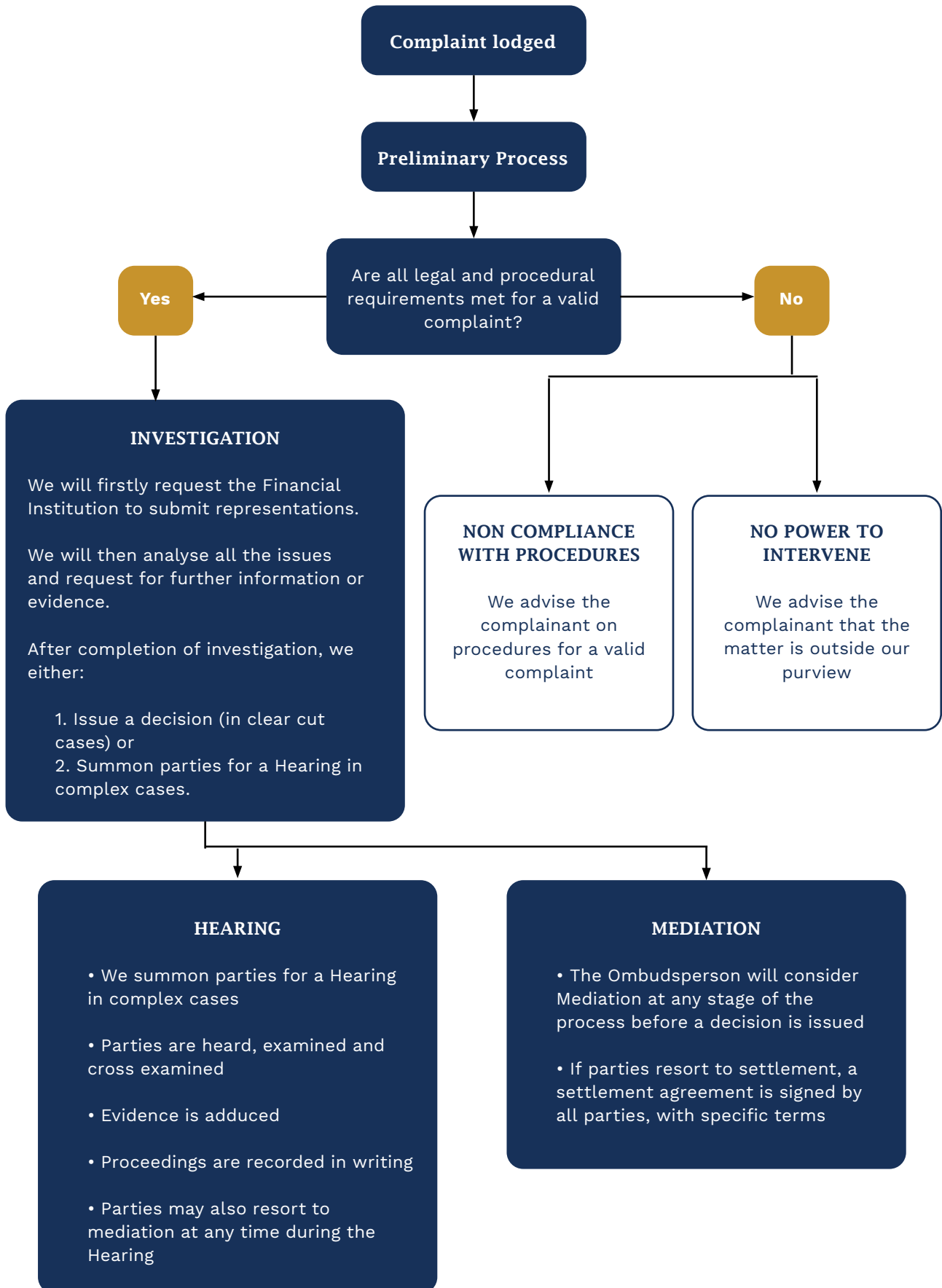
influence the way in which consumers are informed and equipped to make the right choices

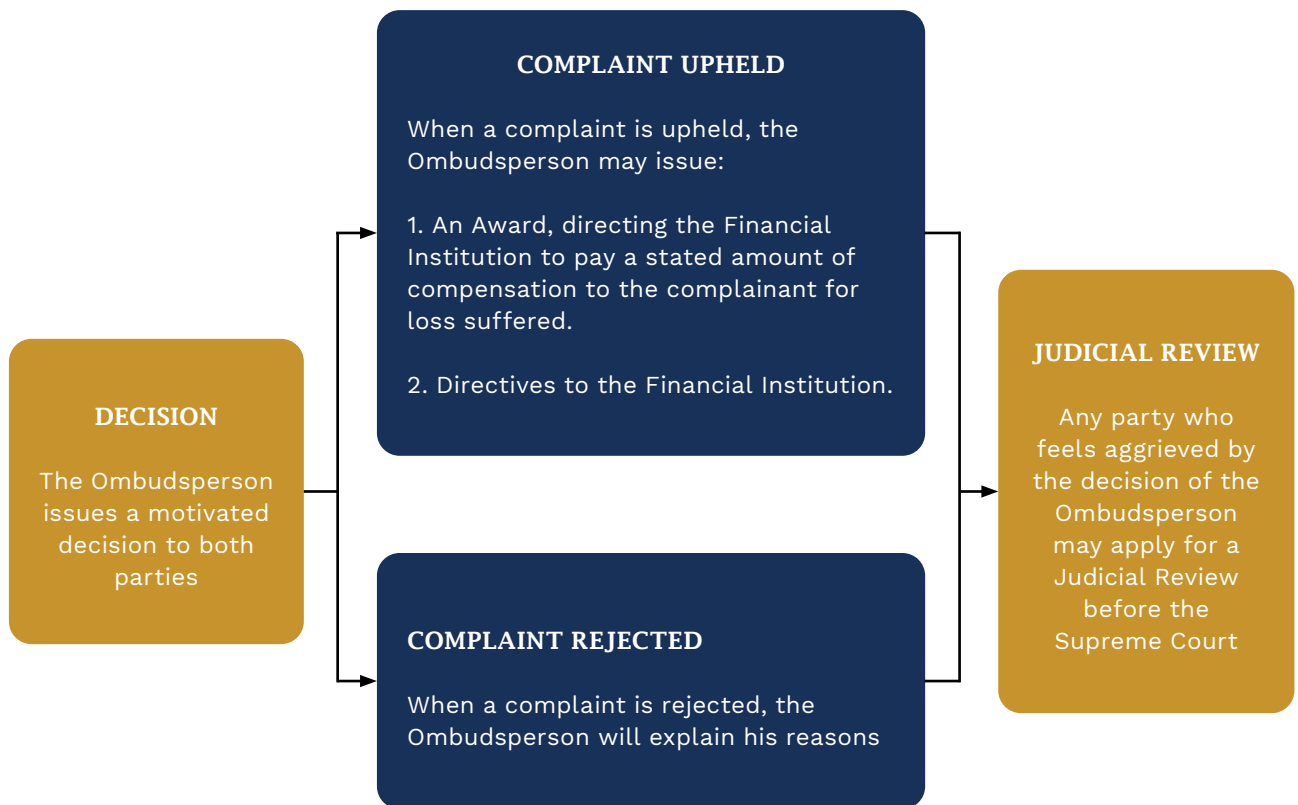
07

leverage on international standards to meet the ever evolving consumer expectations




# COMPLAINTS RESOLUTION PROCESS





## FINANCIAL INSTITUTIONS AGAINST WHICH COMPLAINTS MAY BE LODGED

**BANKING**




Complaints pertaining to Banking institutions licensed by the Bank of Mauritius

Includes the following licensees of the BOM:

- Banks
- Non-bank deposit taking institutions
- Cash Dealers

**NON-BANKING**



Complaints pertaining to non-banking institutions licensed by the Financial Services Commission

Includes the following licensees of the FSC:

- Insurance Companies
- Insurance Intermediaries
- Private Pension Schemes
- Leasing Companies (for finance leases)
- Other Persons and Businesses licensed under the relevant Acts of the FSC.

But excludes holders of a Category 1 Global Business licence.

# COMPLAINTS DATA



**682**

New complaints received during the year 2021-2022



**824**

Complaints in process/under investigation as at 30 June 2022



**746**

Complaints resolved/closed during the year 2021/2022



**1726**

Verbal guidance given to complainants



**8**

Settlements reached



**4**

Award



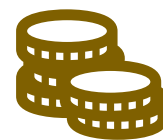
**4**

Applications for Judicial Review



**21**

Hearings conducted



**Rs 3,709,503.16**

Total amount of compensation awarded to consumers

## Statistics for the period 1 July 2021 to 30 June 2022

Numbers of Complaints	Bank	Non Bank	Total
Outstanding cases as at 1 July 2021	210	678	888
New cases received during the year 2021/2022	130	552	682
Total no of cases in process	340	1230	1570
Less total no of cases resolved/closed during the year 2021/2022			<b>746</b>
Total No. of complaints in process as at 30 June 2022			<b>824</b>

Table 1: Status of complaints for the period 01 July 2021 to 30 June 2022

## Number of complaints received during the period 1 July to 30 June 2022

BANKS	Number of complaints
Mauritius Commercial Bank	56
State Bank of Mauritius	25
Bank One Ltd	9
Banque des Mascareignes - BCP Bank	8
MauBank	7
Barclays Bank - ABSA Bank	6
Development Bank of Mauritius	6
State Bank of India (Mauritius) Ltd	5
Afrasia Bank	2
Bank of Baroda	2
Hong Kong and Shanghai Banking Corporation (HSBC)	2
ABC Banking Corporation	1
Habib Bank	1
<b>TOTAL</b>	<b>130</b>



## Details of complaints received during the period 1 July 2021 to 30 June 2022

<b>INSURANCE</b>	<b>Number of complaints</b>
Lamco International Insurance Ltd	75
Phoenix Insurance (Mauritius) Ltd	51
National Insurance Company (NIC) General Insurance Co Ltd	45
Mauritius Union Assurance Company Ltd (MUA)	43
Jubilee Insurance (Mauritius) Ltd	40
Swan General Ltd	37
The New India Assurance Company Ltd	22
State Insurance Company of Mauritius Ltd (SICOM)	22
G.F.A Insurance Ltd	16
Sun Insurance Co Ltd/ Sanlam General Insurance Ltd	12
Mauritius Eagle Insurance	9
Quantum Insurance Ltd	7
IOGA Insurance	4
Life Insurance Corporation of India (LIC)	2
Afrilife Insurance	5
Rainbow Insurance Co Ltd	1
Expacare Insurance	1
International Assurance Ltd	1
<b>TOTAL</b>	<b>393</b>

<b>OTHER COMPLAINTS</b>	<b>Number of complaints</b>
Complaints against other financial institutions	159

# OUR ACHIEVEMENTS

## THE HIGHLIGHTS

Legislative amendments and policies	Revocation of Guidelines	Outreach	Industry Initiatives	Accessibility
Capacity Building	Government Chatbot	ICT infrastructure	Decision	Collaboration

### LEGISLATIVE AMENDMENTS

The Office proposed a series of amendments to the Ombudsperson for Financial Services Act (the “Act”) for the forthcoming Finance (Miscellaneous Provisions) Act 2022 and the following proposals were retained:

#### a) Amendment to section 5 (3) (a)

The amendment will enable the Office to share information, on an anonymised basis with another institute or association, in the field of financial services, for the purpose of development of educational programmes for consumers and financial institutions.

One of the main functions of the Office is to give better protection to consumers of financial services by informing and educating the general public on investments in financial services offered by financial institutions (section 4 of the Ombudsperson for Financial Services Act).

The intertwined aims of consumer protection and the promotion of consumer confidence in the integrity of the financial services industry are

at the heart of our Office. Consumer education is a key strategy for enhancing consumer protection, promoting confidence and fostering consumer engagement in financial planning and decision-making. It is complementary to the traditional tools of regulation, supervision and enforcement.

Consumer education and financial literacy programs have the potential to help improve financial outcomes for retail investors. Some key benefits include more informed savings and investment decision-making, better financial and retirement planning, greater confidence and higher participation in the industry, greater wealth accumulation, and increased awareness of investor rights and responsibilities.

In order to meet our statutory objectives, we intend to collaborate with institutions and associations such as the Financial Services Institute, the Mauritius Bankers Association, the Insurers Association, the Mauritius Broadcasting Corporation and others for the development of appropriate consumer education programmes.



### **b) Repeal of section 6 (1)**

As initially drafted, section 6 (1) conferred the power to appoint officers on the Ombudsperson, with the approval of the Supervising Officer, which is the Permanent Secretary of the Ministry of Financial Services and Good Governance.

Following an advice from the Solicitor General, it was decided that section 6 (1) is contrary to section 89 of the Constitution which vests in the Public Service Commission (PSC) the exclusive power to appoint persons to hold any office in the public service.

### **c) Repeal of section 7 (1) (b)**

Section 7 (1) (b) is repealed as it creates another procedure for a “participant” without exempting it from the procedures under section 7 (1) (a).

A “participant” is already included in the definition of financial institutions and therefore the procedure described under section 7 (1) (a) is also applicable to a participant.

We believe that all financial institutions must be subject to the same procedures and treatment under the law. Financial institutions are given the opportunity to remedy a complaint within 30 days before it comes to our Office, under section 7 (1) (a).

However, as matters stand, a participant which is also a financial institution is not being afforded the same opportunity, which is against the rules of due process.

With the proposed amendment, all financial institutions will be given the same opportunity for redress before our intervention.

### **d) Amendment to section 7 (3) (g)**

The issue is that all matters may become the subject of proceedings at any time.

It was proposed that the words “may be” be deleted as they give an unreasonable leeway to financial institutions, which tend to make an abuse of this section and prevent our intervention.

In cases of accidents, the mere fact that an accident is reported to a police station, the matter may be the subject of proceedings. The police usually takes a long time to inquire and in the end there may be no prosecution and no proceedings. There is, most of the time, no

response from the Police in relation to requests for confirmation on status of cases or inquiries. It has therefore been proposed that the Ombudsperson will intervene as long as there is or there has been no proceedings.

### **e) Amendment to section 9 (5) (b) (iii)**

An amendment was proposed to enable the Ombudsperson to take into account instructions and requirements issued under section 5 (3) (a) (ii), during an investigation. The amendment is essentially proposed to be in alignment with section 5 (3) (a) (ii), which provides that the Ombudsperson may issue instructions and requirements.

## **REVOCATION OF GUIDELINES**

After considering representations from the industry, we decided to revoke:

- a) Guidelines on Complaints Handling Policy and Procedures issued on 4 October 2019; and
- b) Instructions issued on 19 November 2019 to adhere to the Insurance Code of Practice.

A set of new Guidelines, aiming at meeting the industry and consumer objectives are currently under preparation in consultation with the Mauritius Bankers Association and the Insurers' Association of Mauritius.

## **UNACCEPTABLE BEHAVIOUR POLICY**

On 20 October 2021, we issued our “Unacceptable Behaviour Policy” setting out the acts and behaviour which constitute an abuse of our process and/or our staff.

While we are fully committed in providing a fair and accessible service, we must ensure the efficient operation of our service. We believe that complainants who use our service have the right to be heard and treated with respect but at the same time we also believe that our staff has the same rights and therefore we must provide a safe environment for them.

Occasionally, the behaviour or actions of certain individuals using our service make it very difficult for us to deal with their complaints. At times, the actions of complainants are unacceptable and impact negatively on the morale of our staff.

This Policy explains how we approach these situations. It describes the actions and behaviour that may have a negative effect and

what we do in these circumstances.

## OUTREACH

The procedures for making a valid complaint are set under the Act, which can be complex for consumers. As we aim to meet diverse community expectations, our staff members proactively developed flyers for several sectors of financial services, which are distributed to prospective complainants.

The flyers provide a simple summary of all procedures. This initiative has helped us to save time for both our employees and consumers.

In March 2022, the Ombudsperson for Financial Services delivered a speech explaining the role of the Office at the Rotary Club of Beau Bassin – Rose Hill.



## ACCESSIBILITY

During the year 2021-2022, we focussed on awareness and accessibility of our service. We therefore worked with the Government Online Centre for the design of a website, as well as complaint forms. Our platform will concentrate on ensuring there are accessible and flexible ways to submit a complaint, and to obtain relevant information in formats and mediums suitable for the appropriate audience.

As an organisation, we are committed to ensuring that all service users have an equal opportunity to access our services. We promote equality of opportunity for all. As such, it is important that we identify and take into account equality and diversity considerations when designing our processes and undertaking casework. We therefore make reasonable adjustments for complainants for whom communication may be a barrier by allowing a representative to explain things on their behalf. Where complainants require support in articulating and progressing their complaints, we assist them at our premises.

## CAPACITY BUILDING

In response to the development needs identified as part of individual personal development plans and as learning opportunities, we provide training opportunities to our employees.

In addition to external trainings, we give recommendations for ongoing improvement in alignment with our values, organisational objectives and performance indicators.

## INDUSTRY INITIATIVES

The Office of Ombudsperson for Financial Services and the Financial Services Institute developed a two-day programme on Dispute Resolution in the banking sector.

The programme was based on real cases and offered a unique opportunity to participants to gain an insight on the reasoning applied in cases, the approach used and the different avenues available during a dispute.

The aim of this programme was to guide the banking sector towards a more constructive approach to complaints.



## GOVERNMENT CHATBOT

We participated in Government's project to create a chatbot for issues relating to financial services.

A chatbot can enhance and engage customer interactions with less human intervention, which considerably reduce costs and other resources.

The success of the chatbot is specifically relevant for us as it removes the barriers to customer support that can occur when demand outpaces resources.

## ICT INFRASTRUCTURE

In 2021-2022, we undertook major improvements to our ICT infrastructure to ensure we continue to operate in an efficient and secure IT environment. We moved to a new electronic record system and document management system, which includes functionality for secure sharing of electronic information with staff members. We also moved our file management system to a secure cloud platform, which brings additional flexibility and resilience.

## DECISION

We made a significant departure from the way we frame our decisions. As ambassadors of fairness and transparency, we provide detailed and motivated decisions, explaining the facts, the evidence that we considered, the circumstances that we examine and how we reach conclusions, supported by relevant extracts of the law and case law.

## COLLABORATION

A Memorandum of Understanding (MOU) was signed between the Office of Ombudsperson for Financial Services and the Competition Commission on 25 May 2022 by Dr. Mitrajeet Dhaneshwar Maraye, Ombudsperson for Financial Services and Mr. Deshmuk Kowlessur, Executive Director, Competition Commission.

The MoU establishes a formal basis of cooperation between the two organisations, with the ultimate aim of protecting the financial services industry.



The Office believes in the necessity of building meaningful collaboration with some relevant organisations and it has already extended its willingness to improve bilateral discussions. Some collaborations are critical to the operations of the Office.

A proposal/draft MoU have been submitted to some organisations and the status is given below:

Date of submission	Organisation	Status
1 July 2021	Financial Services Commission	Reminder sent on 14 February 2022. No response received.
1 July 2021	Bank of Mauritius	The Bank of Mauritius informed that the draft was under discussion at their level.
15 February 2022	Financial Services Fund	No response received.
24 March 2022	Mauritius Police Force	No response received.
14 April 2022	Financial Services Institute	No response received.



# OUR CONSTRAINTS

*We strive to have the capacity, finance, human and infrastructure, to implement and deliver our statutory functions – Our continuous struggles.*

## **BACKLOG**

Since its creation in 2019, the Office is operating with employees of an administrative cadre only.

Officers from the Financial Services Commission and the Bank of Mauritius were sent on secondment to assist the technical operations of the Office since 2019.

During the period 1 March 2020 to 25 February 2021, there was no appointed Ombudsperson and therefore the operations of the Office were idle, resulting in a massive backlog of 841 cases as at 26 February 2021.

As at 30 June 2022, we have a backlog of more than 800 cases. Our key risk was, and remains, availability of resources. We have more work coming in than we have staff to handle it to the timescales, quality and standards to which we aspire.

## **HUMAN RESOURCES**

### **Administration**

The Administration Department, which represents the backbone of an organisation is currently managed by 3 Management Support Officers (“MSOs”).

A usual Administration Department of any public office or organisation consists of Registry, Human Resources, Finance, Procurement, IT and General Administration amongst others. At our Office, all these functions are handled by the 3 MSOs, who are overloaded with work and are conferred with higher responsibilities, without the possibility of segregation wherever required.

This situation has been explained to all Ministries concerned and we have requested for 2 additional MSOs to ensure proper internal control and division of duties. However, our request was not approved in the Budget 2022-2023.

### **Technical**

The nature of the work of this Office requires cadres who are well versed in the complexities of financial services, which comprise of banking and non-banking sectors. The non-banking sector includes major industries such as Insurance, Pensions, Trusts, Global Business, Capital Markets, Investment Funds, Virtual Assets amongst others.

We have no employees for our Technical Department. Assistance was therefore sought and obtained from the Financial Services Commission, for the secondment of 3 Officers, who have been entrusted with a backlog of more than 800 cases.



In order to meet minimum targets, the two Analysts have to work for long hours on a daily basis. They also give a helping hand in other projects of the Office, although these may not be part of their responsibilities.

The lack of human resources inevitably leads to massive delays in processing, investigating, hearing and providing a decision. Officers are subject to abusive behaviour and anger from members of the public on a daily basis. The public is unaware of our serious constraints.

The combined effect is considerable strain on the present Officers of both departments. The considerable delay caused also negatively impacts on the reputation of the Office.

## **Our proposals for new posts**

As we currently have no Head of Administration, we proposed the creation of the post of “Secretary”. The Secretary will act as the Head of Administration and will therefore supervise all administrative functions such as Finance, Procurement, Human Resources, IT, Statistics, Transport, Inventories amongst others. This post combines the tasks of an Office Management Assistant, Office Management Executive, Assistant Permanent Secretary and Deputy Permanent Secretary in the public sector, therefore saving considerably on salaries which would have been otherwise paid, had distinct positions been created.

In view of the functions of the Office, we proposed the creation of two posts for Head of Legal and Investigations to perform the following tasks:

- a) conduct of Hearings presided by the Ombudsperson for Financial Services and examine/cross examine parties;
- b) participate in Mediation sessions and negotiations and advise the Ombudsperson for Financial Services on settlement /draft settlement arrangements;
- c) assist the Ombudsperson for Financial Services in deliberations by making appropriate judgments based on legal research, evidence and sound analysis;
- d) supervise investigations, analyse evidence and provide legal advice;
- e) identify risk trends, patterns and matters of high regulatory risk and proactively engage with stakeholders and address weaknesses;
- f) draft and implement guidelines, legislation and policies in line with the strategic objectives of the Office;
- g) develop appropriate collaboration mechanisms with other law enforcement agencies by drafting Memoranda of Understanding;
- h) prepare and assist in Court cases, including drafting of pleadings and submissions;
- i) participate in consumer and industry education programmes and speak at events;
- j) initiate membership with international organisations and maintain collaboration;
- k) supervise employees of the Administration and Technical departments, monitor effectiveness, ensure capacity development and appropriate training;
- l) supervise all administrative functions;
- m) lead all projects of the Office, including the creation of a website; the implementation of software; the publication of Annual Reports amongst others.

The current Assistant Manager (on secondment from the Financial Services Commission) is assuming the role of the Secretary and the Head of Legal and Investigations, which carry heavy and strenuous responsibilities.

We submitted our proposals and made numerous exchanges with the Prime Minister's Office, the Ministry of Finance and the Pay Research Bureau since April 2021. As at date, the posts are not yet created and funds are not provided, as illustrated in the tables below:

Post	Requested	Approved
Head of Legal and Investigations	2	1
Secretary	1	1
Investigation Officers	6	3
Management Support Officers	5	3
Receptionist/Telephone Operator	1	1
Office Auxiliary/Senior Office Auxiliary	2	1
Driver/General Assistant	1	0
Total	18	10

Funded positions for 2021-2022	Funds allocated for 2021-2022
1 Ombudsperson for Financial Services	<b>9,530,000</b>
2 Management Support Officers	
1 Receptionist/Telephone Operator	
1 Office Auxiliary/Senior Office Auxiliary	
1 Office Management Assistant	
1 Word Processing Operator	

Approved positions for 2022-2023	Funds allocated for 2022-2023
1 Ombudsperson for Financial Services	<b>7,155,000</b>
3 Management Support Officers	
1 Receptionist/Telephone Operator	
1 Office Auxiliary/Senior Office Auxiliary	
1 Head of Legal and Investigations	
1 Secretary	
3 Investigation Officers	
1 Office Management Assistant	
1 Word Processing Operator	

Remarks:

Budget 2021-2022 – For **7** posts, a higher budget (**Rs 9, 530, 000**) was granted.

Budget 2022-2023 – For **13** posts, a lower budget (**Rs 7, 155, 000**) has been granted.

Requested funds	Approved funds 2022-2023
14,290,000	<b>7,155,000</b>

Moreover, we fail to understand the reasons for which funds were provided for the following 2 posts when we specifically removed them from our proposals:

Posts	Reasons for foregoing these positions
1 Office Management Assistant	The duties would have been absorbed by the Secretary.
1 Word Processing Operator	A WPO would be redundant in our Office as all officers are fully IT conversant and carry out their own word processing.

## Salary compensation

A decrease in provision for salary compensation was proposed for 2022/2023 despite an increase in number of officers based on an estimated amount of Rs 600 as compensation for year 2023. An amount of Rs 200,000 was therefore proposed under the item Salary Compensation, in case the actual amount for compensation is fixed above Rs 600 for the year 2023.

The table below approximately provides for the amount of compensation needed for existing and new posts:

No. of Funded Posts	Compensation 2022 (July 22 – Dec 22)	Compensation 2023 (Jan 23-June 23)	Total
19	19 x 400 x 6	19 x (400+600) x 6	159,600
	<b>45600</b>	<b>114000</b>	

For 2021-2022, the amount of Rs 440,000 was approved for 7 employees. For 2022-2023, the much lower amount of Rs 70, 000 is approved for a higher number of employees (13 employees). On the basis of posts approved and funds provided, the Office will not be able to pay compensation to all its proposed employees for the year 2022-2023.

## ALLOWANCE

An ad hoc allowance was paid to all officers on secondment with effect from 1 March 2019, with the approval of the Pay Research Bureau (“PRB”).

A Circular Note No.67 of 2021 dated 21 December 2021 was issued to the effect that all previous authority for the payment of allowance lapsed as at the date of publication of the 2021 PRB Report. On 5 January 2022, the Office wrote to the PRB seeking the relevant authorisation for payment of allowance to be made to Officers on secondment. On 10 May 2022, the PRB provided the quantum and effective date of ad hoc allowance.

The quantum for the Analyst grade was revised to reflect a reduction of 57.6%, with effect from 17 May 2021, causing a situation where the Analysts have to reimburse the allowance already paid to them until the Circular was issued.

A comparative exercise was made and brought to the attention of PRB. Since 1 March 2019, the quantum approved by PRB for the same grade was 57.6% higher than the quantum approved in 2022. It is also noted that the ad hoc allowance was being paid, on a monthly basis, to an Analyst despite the fact that the Office was not operating during the period 1 March 2020 to 25 February 2021. The present Officers have inherited a massive backlog in addition to current workload and are carrying out combined functions. The unfairness of these circumstances were brought to the attention of the PRB. However, as at date, we have the same response from the PRB. Hence, no allowance has been paid to these Officers since December 2021.

## **OFFICE PREMISES**

The Office of Ombudsperson for Financial Services is currently occupying office space on the 8th floor of the SICOM Tower at Ebene. SICOM Ltd rents around 2,625 m<sup>2</sup> of Office space to the Ministry of Financial Services and Good Governance on the 8th, 9th, 13th and 14th floors; out of which, 388.89 m<sup>2</sup> on the 8th floor is being used by the offices of the Insurance Industry Compensation Fund (IICF) and the Office of Ombudsperson for Financial Services.

The Office of Ombudsperson for Financial Services is currently paying a monthly rent of Rs 118,711.24 for 293.77 m<sup>2</sup> on the 8th floor. The Ministry of Financial Services and Good Governance has on several occasions reminded us that they urgently need the space occupied by our Office.

Several areas of the office are overcrowded due to lack of space making it difficult to practice social distancing as recommended by sanitary authorities. Due to the absence of a reception area, it is difficult to manage and properly welcome members of the public to complete formalities in respect of their complaints/grievances. There is also no possibility to install additional furniture to accommodate a reasonable number of members of the public or sufficient space to maintain social distancing amongst them.

The 8th floor of the SICOM Tower is also occupied jointly with other organisations. This has given rise to difficulties in maintaining confidentiality of the Office's sensitive activities.

### **Attempts at relocation**

The Office initially considered moving to the 5th floor of the Bramer House at Ebene since October 2019, which is owned by the National Property Fund Ltd. However, the Valuation Department informed us on 03 March 2020 that the proposed rent of Rs 210,000 at Bramer House, excluding VAT, syndic fee, electricity and water charges, was on the high side. The monthly rent for 468m<sup>2</sup> was assessed at Rs 151,000, excluding VAT and service charge. In September 2020, the National Property Fund Ltd informed us that the space was no longer available for rent.

In March 2021, Landscape Mauritius and Altima were approached for proposals about prospective office space of 450 m<sup>2</sup> in Ebene for rent. No further action was taken after a site visit as the proposed offices were not appropriate for our Office.

The 8th floor of the Ebene Heights building (South Wing) was considered for rent in June 2021. The monthly rent proposed for 515.89 m<sup>2</sup> was Rs 217,677.35, including service charge and excluding VAT. Parking fees were Rs 3000 plus VAT. However, the Valuation Department found the rent to be on the high side and assessed the usable space at a total monthly rent of Rs 216,489 including service charge and excluding VAT. Moreover, the fit out works amounting to Rs 2,713,000 plus VAT, which excluded telephone networking and data points, were found to be on the high side by this office.

### **Open Advertised Bidding Process**

After several unsuccessful attempts at relocation, the Office then proceeded with an Open Advertised Bidding process for renting of office space of about 500 m<sup>2</sup> in Ebene as from August 2021. The bidding exercise started as from 01 September 2021.

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A Bid Evaluation Committee (BEC) was set up for the project: “Renting of Office Space with amenities for the Office of Ombudsperson for Financial Services” on 30 September 2021. The Office proceeded with the recommendations of BEC and the views of the Valuation Department were sought on 05 November 2021 with regards to the financial proposals. The Valuation Department informed us, on 17 January 2022, that the submitted proposal was on the high side.

The Ministry of Social Integration, Social Security and National Solidarity (MSISSNS) was consulted, and they informed that the office space of 558m<sup>2</sup> was available on 8th floor of Ebene Heights Building in Ebene at a monthly rental fee of Rs 241,902.50 (VAT inclusive) and service charges of Rs 29,028.30 (VAT inclusive). The Lessor is the National Pensions Fund, administered by the MSISSNS. In view of aligning the rent with the recommendations of the Valuation Department, negotiations were undertaken with the MSISSNS.

Following successful negotiations, the MSISSNS has agreed to review to align the figures with the recommendations of the Valuation Department. The terms of contract have been discussed and agreed amongst parties.

A budget of Rs 4,000,000 was allocated to this Office for the item ‘Rent’ for Financial Year 2021-2022. We requested for a reduced amount of Rs 3,160,000 for 2022-2023 estimates, with complete details on the proposed relocation and the costs. However, an amount of only Rs 2,525,000 was approved. The approved funds will not be sufficient to cover rental charges as per the terms and conditions of the Lease Agreement.

## **UPGRADING OF OFFICE BUILDING**

As we have to relocate premises, we requested for the amount of Rs 3 million based on estimated cost of fit-out works provided by the MSISSNS, for the purposes of relocation to the 8th floor, Ebene Heights. The MSISSNS has already started works on the 8th floor, Ebene Heights and it has been agreed that they will be paid a lump sum for the fit out works upon completion, which will considerably reduce the rental charges.

We noted that another Public Office, currently relocating to the same premises of the space area, has been granted the sum of Rs 6 million for upgrading.

No funds were approved for our Office under the item “Upgrading of Office Building”.

## **ACQUISITION OF IT EQUIPMENT**

IT Equipment means computer hardware, software, servers and ancillary equipment, telephones and other telecommunications products, office products such as photocopiers and fax machines, or other technology or equipment that is used in the creation, conversion, or duplication of data or information.

IT equipment are essential tools in the operation of any office, especially in light of recent times when Mauritius has shown a commitment towards digitalisation by embracing and promoting FinTech, Virtual Assets, Blockchain, Artificial Intelligence, Robo-Advisory Services and so on.

In 2021-2022, a budget of Rs 1,000,000 was granted for the purchase of IT equipment. Zero funds were approved for the year 2022-2023.

## **ACQUISITION OF SOFTWARE**

The rise of the digital economy is one of the defining features of the 21st century. Governments and regulators must play a major role in encouraging digital innovation and in incentivising the development of these technologies for the benefit of society.

We have embarked on a digitalisation path, by investing in a software for our internal operations and by developing electronic means for submission of complaints. In view of the pandemic situation, we focussed on moving all our staff onto a technical platform that enabled remote working.

We have already signed an agreement with a supplier for our software, which is renewed on an annual basis. For the preceding financial year, we were granted a budget of Rs 200, 000. However, for the year 2022-2023, zero funds were approved.

### **LACK OF COLLABORATION FROM THE POLICE**

The law provides that we may not entertain a complaint which may be the subject of proceedings. In other words, we need confirmation as to whether there is a Police inquiry or any intent of a prosecution in many cases. In the absence of such confirmation, we are unable to proceed with the next steps in a case.

During the investigation of insurance related complaints, very often, we need a report, a brief or a confirmation of facts from the Police. We are unable to proceed with our investigation without information from the Police in a majority of these cases.

It is worrying to note that most of our requests for information to the Police have remained unanswered. We have attempted to find another solution, which we felt might be more practical and have therefore reached out to the Commissioner of Police for a formal collaborative mechanism, which has also remained without any response.

The lack of collaboration from the Police is heavily impacting on our investigations and decisions. The consequences are felt by complainants who are awaiting a response for their complaints.





# OUR INSIGHT



As a fair, ethical and trusted service that influences reform in the financial services sector, we have started to look into key trends in complaints and aim to help raise standards in the financial services industry, minimise disputes and meet the needs of the financial community.

We have brought together some recurring and pertinent issues which need to be addressed.

## PROCEEDINGS

We have been surprised to note that financial institutions generally fail to understand our procedures, our powers and functions.

When we investigate, we have the power, and the duty as well, to ask for representations from financial institutions. Representations provide a golden opportunity for financial institutions to defend their stance. However, detailed representations, as required, are extremely rare.

We have noted empty representations, which do not address the issues and which do not contain any documentary support. In such cases, we usually go back to the financial institution, but we are not obligated to, resulting in a waste of time for both offices.

When we summon financial institutions for a Hearing, this is a second opportunity for them to defend themselves and make their case. Sadly, financial institutions do not always delegate appropriate officers to attend Hearings and some representatives do not have answers to our queries.

Financial institutions are requested to be conversant with the Ombudsperson for Financial Services Act. Attention is specifically drawn to the powers of Mediation exercised during Hearings, which require a representative who has sufficient capacity and authority to take decisions on behalf of the financial institution.

## PRE-COMPLAINT PHASE

Under the Ombudsperson for Financial Services Act, it is compulsory for a consumer to make a complaint to a financial institution before resorting to our services. During this phase, our Office does not and cannot interfere.

The consumer, who is probably not well versant with the procedures under the law, tends to copy us in all correspondence during this phase. The financial institutions, in their replies, also tend to copy us. This situation has become extremely problematic for us. Firstly, we have no jurisdiction at this stage and it is irrelevant for us to know the negotiations between the consumer and the financial institution. Secondly, the law specifically provides the financial institution an opportunity to redress matters before escalating to us, so that we cannot intervene at this stage. There is also a possibility that the matter is solved and there is no complaint before us.

We are however inundated with a considerable number of correspondence during the pre-complaint phase and it has become extremely difficult for us to manage this in view of the serious lack of resources. Another difficulty is when the consumer, in such cases, is under the understanding that he should not submit anything as we will be handling the matter automatically.

In these circumstances, we expect the financial institution to understand the procedures set under the law and to explain to their clients the different stages of a complaint process. We find it reckless on behalf of financial institutions to merely follow what the consumer is doing without reflecting on the consequences.

## REVOCATION OF GUIDELINES

After considering representations from the industry, we decided to revoke:

- a) Guidelines on Complaints Handling Policy and Procedures issued on 4 October 2019; and

b) Instructions issued on 19 November 2019 to adhere to the Insurance Code of Practice.

We issued communiques to inform financial institutions and relevant associations. Nevertheless, we continue to receive returns from certain financial institutions when those are no longer needed.

We were also flooded with calls from financial institutions asking for the meaning of the revocation. The meaning of the revocation is simply revocation and we feel that it is not our mandate to deal with these types of requests from financial institutions.

## **COMPLAINTS MANAGEMENT**

We have explained our massive backlog of cases, as well as the reasons behind them. Adding to this, is the delay created by the pandemic. While the pandemic is unlike anything that businesses and consumers have been through before, it is clear that the fundamentals of customer service matter more than ever.

Ensuring that complaints do not reach us unnecessarily is an important part of the picture. Firstly, many complaints could have been avoided with better communication. We understand that many times consumers can be over demanding or unreasonable in their demands. However, the management of customer service is the responsibility of financial institutions. Managing customer expectations effectively can generate goodwill and pragmatism rather than distrust and frustration.

Attention to individual circumstances is also essential. Very often, we have seen that consumers are given advice based on standard circumstances which may not be appropriate for their specific situation.

We have also observed that at the slightest misunderstanding or argument with the customer, the financial institution will refer the consumer to our Office, without attempting to find an amicable solution first or without explaining the procedures to the consumer.

We are committed to playing our part in preventing complaints and unfairness and we expect the industry to play their part as well.

## **ADVICE TO CONSUMERS BY FRONT LINERS**

Financial institutions, in Mauritius, are expected to have help desks to assist consumers. Having these facilities are unfortunately not sufficient. We have seen that some front liners are not trained or versed in some areas so as to give the correct advice to the consumer. The consequences may be quite drastic in some cases. We have specifically noted such situation in cases of credit facilities. A wrong advice may lead to a non-compliance with a credit facility agreement and accumulation of interests.

We certainly understand that it will be impractical for a financial institution to service customers through front liners who are experts in all products. However, it is recommended that these front liners are monitored and that they consider referring the consumers to another colleague from a relevant department who may be able to assist constructively.

If an issue must be escalated to our services, the front liner of the financial institution must be able to explain the procedures to the consumer. Most of the time, we notice that consumers are referred to us directly when the law demands that complaints should be made to the financial institution first. This lack of proper communication results in a wastage of time and resources for the complainant, the financial institution and our Office.

## **USE OF INDIRECT THREATS**

In some more frequent instances than expected, we have noticed that financial institutions employ indirect threat mechanisms in order to compel the complainant to withdraw his/her complaint before us.

For example, the consumer is told that he may only benefit from some specific services if he agrees to withdraw the complaint. While it is appreciated that financial institutions attempt to make efforts to resolve some cases amicably, some choice of words may be perceived as wrong as they represent a sort of threat and interference with our jurisdiction.

Financial institutions should consider appropriate phrasing and wordings when attempting to settle a matter. They have to bear in mind that once a complaint is before us, they lose the free will to settle the matter on their terms without our involvement.

## TERMS AND CONDITIONS OF A CONTRACT

The terms and conditions of any contract for financial services are usually filled with complex wordings, which are not suitable for a certain category of consumers. Very often, people are committing themselves without knowing what exactly they are doing, simply because the financial institution makes use of complex terms and fails to explain these terms before selling the product.

We believe that the use of long sentences, Archaic English, legal terms, technical complexities may be validly avoided.

Very often the onus is placed on the consumer and a clause is even added to state that the consumer has sought legal advice before committing to the document. The consumer shares some responsibility in ensuring that he understands the commitment. However, the question is the degree to which the practice of placing unduly harsh obligations on the consumer is fair.

The end results of the complexities created in contracts and in communications relating to contracts are the possibilities of sale by levy, breaches of contract, litigation, referral of the matter to us and unwarranted frustration for the consumer.

## TRANSPARENCY

In addition to the number and level of charges and fees which are more recurrent for banking products, these fees and charges are not properly disclosed and at times are not disclosed at all.

In the insurance industry, non-disclosure is particularly noticeable in cases of rejection of a claim. No reasons are provided to the consumer or if a reason is provided the details are not given.

Failure to disclose clearly does not put the financial services sector in the best light – and it takes a long time to put things right. The customer develops a sense of mistrust and justifiably feels that there was an intention of misleading him/her.

Proper disclosure will enable the consumer to make informed decisions and will considerably help in reducing the number of complaints, as well as avoiding an adverse decision against the financial institution.

## OPTIMISING THE ABSORPTION OF INFORMATION

In many jurisdictions, individuals are increasingly called upon to take a central role in making financial choices to secure their own financial futures. Individuals' choices as to investment advice providers and investment products are seemingly endless, given the growing complexity of the global financial system and the number and ranges of choices available. Even if choices were limited, selecting from among competing investment products and advice providers involves complicated judgments about expected future returns and risk, as well as review of often complex and opaque fee structures.

These circumstances raise significant challenges for individuals who are already inundated with information and choices every day—not just in their financial lives, but in their lives more broadly. Rarely someone has the time or resources to fully analyse all of this information, let alone take full advantage of it. The only way the human mind can cope with this complexity is by filtering out much of the information received and making choices based on only a few criteria.

Our recommendation to the industry is to find creative ways to optimise retail investors' absorption of essential information.

## INVESTMENT PRODUCTS

Evaluating different investment products requires significant numeracy skills, including the evaluation of percentages and fractions, as well as large rupee values. It also requires that individuals read and understand unfamiliar, technical language and consider complicated risks.

We have an array of investment linked products across the financial services industry. The reasons disclosed to consumers for the returns are somewhat similar, despite the difference in products: Returns are negative or substantially low because of repo rates, events which never occurred, constant decline in interests on investment for over 20 years. Sadly, we note that in many cases, these reasons do not have any bases and are very often deprived of any logic, but are merely repeated to consumers.

## **LIFE INSURANCE AND PRIVATE PENSIONS**

We have observed a similar trend in the understanding of consumers for both life insurance and private pension products. Consumers fail to understand the difference between the marketed expected sum at maturity or pensionable age and the actual sum.

Owing to the number of complaints that we looked into on this issue, we feel that financial institutions should clearly disclose and explain actuarial projections.

Consumers often do not understand that their pension value is continuously fluctuating because it relates to underlying assets. Financial institutions could do more to explain this. For example, when requesting to take benefits at the pensionable age, switch schemes or transfer their pensions, consumers should be clearly informed that the value they will get might be higher or lower than when they make their request. Explanations of how a particular product or process works should be easily understandable for the lay person.

We have also noticed that consumers tend to think that life insurance policies operate in the same way as a savings account at the bank. Financial institutions should make an effort to mitigate the considerable number of complaints on this issue. It is important to clearly explain to consumers that certain life insurance policies guarantee a payment in case of death or disability most of the time. These types of policies do not guarantee a payment upon survival and end of term of the policy and this needs to be made clear to consumers. Such simple disclosures will considerably reduce the likelihood of disputes.

## **EXPECTATIONS OF INSURERS FROM CONSUMERS**

The most common reason for a claim to be rejected is “non-disclosure of material fact at the time of subscription”. While we agree that the consumer has a duty to make a true disclosure of all the facts contained in the application for a subscription, we have noted that in certain cases the consumer is also expected to respond to questions which were never asked. Insurers often rely on unrealistic extrapolations to conclude that a disclosure was not made. In some cases, agents wrongly fill the forms for the less educated consumers and the trend led us to reflect upon whether these acts are deliberate.

## **CUSTOMER SERVICE**

Customer service issues have become a serious concern for the insurance industry. The major reason remains inordinate delay in concluding on a claim.

We have had a consequential number of complaints on the behaviour of employees of insurance companies who are unable to manage the anger and frustration of the consumers.

Insurance companies are businesses and consumers are key to the success of these businesses. When team members consistently create an environment of amazing customer service, it generates more business, more profit as well as referral business. When a customer feels valued, he will provide the business with a positive review which is important for building a reputation.

Insurance companies have to bear in mind that their conduct impacts on the whole of the financial services industry and it is important that they enhance customer service standards.

Clear communication can make the difference in preventing complaints. Often, we felt that businesses could have done more in the first instance to explain why a figure might change – and had then missed further chances in responding to customers’ complaints to explain why something had taken longer than expected, and to provide a timeline of what had happened.

## **AN INCORRECT USE OF THE PROVISIONS OF THE LAW**

In a handful of cases, it has been observed that the provisions of the law are incorrectly used and applied. Some provisions of the civil code are thrown in sentences where they have no relevance. We were surprised to even note that certain insurers tend to copy part of a provision only, which is then used to fit their requirements. In a few cases, the provisions of the law were even altered. We consider this to be extremely serious and damaging to the reputation of the industry. Insurers are called upon to seek legal advice whenever necessary before making use of the provisions of the law.

## **SURVEY REPORTS IN INSURANCE CASES**

We need to address some pertinent issues relating to surveys in the insurance industry. In 99% of cases (if not all), it is difficult for us to rely on survey reports for the following reasons:

- a) the language used by the surveyor reflects a very poor quality of English which is often incomprehensible;
- b) the reports are mostly based on facts and assessments which cannot be explained by the insurer;
- c) statements of facts surrounding an accident are taken from third parties, which were not involved in the accident;
- d) Surveys are often conducted in the absence of complainants and they are denied an opportunity to provide their explanations on observations made on the spot;
- e) Survey reports are sometimes not reports but a one liner in an email;
- f) Reports contain some facts which are blatantly untrue and unreasonable;
- g) Opinions are made by surveyors without an assessment of the issues raised.

We have also noted that in most of the survey reports and even during Hearings, it is the surveyor who states whether a particular claim must be rejected or not. We wish to specifically draw the attention of insurers that the role of a surveyor is to assess the damages and not to make decisions on the outcome of a claim. This decision rests solely with the insurer and cannot be substituted.

During Hearings, when some surveyors were confronted with their own reports, we have seen serious credibility issues, which we have addressed in our decisions.

While we will not interfere in the agreements between insurers and surveyors, it is highly recommended that insurers are able to explain the facts, bases and opinion stated in reports, on which they rely for an outcome, during an investigation before us.

## **LOANS**

We have to highlight the rising volumes of consumers complaining to us that they are having trouble after borrowing money. The reasons for living in debt are different for each and everyone. For some people, borrowing may be a necessity and for some a choice.

With the recent pandemic that led to a rise in unemployment, we have had many complaints, in the form of appeals, as some people are unable to meet ends and repay their loans.

We have seen that most banking institutions have been making real efforts to accommodate hardships faced by people. A loan restructuring is often proposed, with alternative solutions for repayment and waiving of some of the interests, which we find commendable.

We have been explaining to consumers that a writing off of the loan is not an option. We have highlighted the meaning of an agreement and the efforts carried out by the banks in accommodating their situation.

## **USE OF FORMALITIES**

There is a massive incorrect use of formalities, prevalent within the insurance industry. Forms are developed but not complied with by the insurers themselves. For example, we have seen the use of "discharge note", a practice adopted across the industry, wherein the name and signature of the consumer is stated but it is the employee of the insurer of the consumer who signs the note.

The note is not even signed on behalf of the consumer and the latter is often unaware that a third party is signing the note which contains his name, requiring his signature.

In representations before us, the insurer will very often say that the discharge note was signed by the consumer, which is not always true.

Once again, the wrong practices reflect on the industry's reputation. Insurers should make correct and diligent use of formalities and should be precise in their statements of facts, failing which adverse inferences will be drawn.



## REPORT FROM THE POLICE

A major handicap for the insurance industry and our Office is the reliance that has to be placed on police reports. Requests for such reports remain unanswered.

In accident cases, if an Agreed Statement of Facts is not filled in, insurers will request for a “police report”. Such requests are either met after a very long period of time or not responded to at all. In the meantime, the consumer keeps waiting for a solution that may never be available.

Our Office has also tried to obtain such reports to no avail. As we have no leverage on the Police, we may have to think about alternatives to this major issue. We have seen that Police Reports contain versions of the parties involved in the accident only. The Police does not give a statement of opinion on liability. In such cases, insurers need to think about reaching a conclusion based on facts reported by the parties as there is no helpful element in Police Reports.

## BEHAVIOUR OF THE CONSUMER

Interactions with consumers can be challenging for us. On a daily basis, we are faced with the following behaviour from members of the public:

- Aggressive behaviour - Use of threats, offensive language, abusive conduct;
- Unreasonable demands – constant requests for updates, insistence on speaking to a particular employee or supervisor, persistence in raising irrelevant issues;
- Harassment – repeated and lengthy telephone calls to inundate the employees with information that has already been provided or information which is irrelevant; seeking to influence employees through the threat of political interference; targeting and naming of employees on public media.

The procedures for making a valid complaint to our Office are set out under the Ombudsperson for Financial Services Act. The procedures are also displayed on our website in simple and lay terms. When the procedures are not complied with, we will write to the complainant and advise on the correct procedures so that we may validly process the complaint. However, we often face resistance from complainants to

comply with procedures.

During our investigation, we will require information from all parties. We make our requests or summon parties under the law. Sometimes we face a lack of cooperation in situations where a complainant does not possess the requested relevant information. In many cases, the complainant responds with aggressivity or refuses to respond to our requests. In such cases, we will have no other option than to consider a rejection of the complaint unless we have sufficient material to proceed.

We feel that there is much to do in terms of consumer education in Mauritius. Most of our complainants do not understand the purport of an Agreement for example and there is a steady expectation that terms of an Agreement may be overlooked. The most common reason put forward in case of non-compliance is: “We were not aware”. Consumers must be made aware that the law is for everyone and “not being aware” is not an excuse when a signature is affixed on a document.

We intend to give a helping hand in consumer education once we are provided with resources that we need.

## THE BIGGER PICTURE

Encouragingly, we have also continued to see examples where businesses have responded quickly and effectively to put in place plans to help their customers in the face of unexpected events. However, these efforts mostly happen at a time when we have already intervened. An earlier effort would have greatly helped in saving time and resources.

Either way, some situations require a joined up, bigger-picture approach to put things right and not a one-off effort.

We need to be able to organise our service in a way that means we can take that bigger picture approach – rather than risk people feeling that we are passing them from pillar to post as well. So, this year we have continued to invest in our people and their knowledge – to help them resolve not just the increasing range of problems we are seeing, but those problems that do not fit neatly into a single area.



# BUDGET FOR THE FINANCIAL YEAR 2022/2023

## VOTE 1-18: OFFICE OF OMBUDSPERSON FOR FINANCIAL SERVICES

### FINANCIAL RESOURCES

SUMMARY BY ECONOMIC CATEGORIES

Rs 000

Code	Economic Categories	2022/23 Proposed Estimates	2022/23 Approved Estimates
<b>VOTE 1-18: TOTAL EXPENDITURE</b>		<b>25,310</b>	<b>12,900</b>
<b>Recurrent Expenditure</b>		21,610	12,900
21	Compensation of Employees	15,590	7,945
22	Goods and Services	5,965	4,920
24	Interest	-	-
25	Subsidies	-	-
26	Grants	55	35
27	Social Benefits	-	-
<b>Capital Expenditure</b>		3,700	-
26	Grants	-	-
28	Other Expense	-	-
31	Acquisition of Non-Financial Assets	3,700	-
32	Acquisition of Financial Assets	-	-

### SUMMARY OF EXPENDITURE

Rs 000

Details	2022/23 Proposed Estimates	2022/23 Approved Estimates
<b>VOTE 1-18: TOTAL EXPENDITURE</b>	<b>25,310</b>	<b>12,900</b>
<i>of which</i>		
Recurrent	21,610	12,900
Capital	3,700	-

VOTE 1-18: OFFICE OF OMBUDSPERSON FOR FINANCIAL SERVICES

Sub-Head

011801

Rs 000

Item No.	Details	2022/23 Proposed Estimates	2022/23 Approved Estimates
<b>Recurrent Expenditure</b>		<b>21,610</b>	<b>12,900</b>
<b>21</b>	<b>Compensation of Employees</b>	<b>15,590</b>	<b>7,945</b>
21110	Personal Emoluments	14,290	7,155
.001	Basic Salary	11,420	5,035
.002	Salary Compensation	200	70
.004	Allowances	500	500
.005	Extra Assistance	1,000	1,000
.006	Cash in lieu of Leave	300	100
.009	End-of-year Bonus	870	450
21111	Other Staff Costs	1,190	690
.001	Wages	-	-
.002	Travelling and Transport	1,100	600
.100	Overtime	60	60
.200	Staff Welfare	30	30
21210	Social Contributions	110	100
.001	Contribution to the National Savings Fund	110	100
<b>22</b>	<b>Goods and Services</b>	<b>5,965</b>	<b>4,920</b>
22010	Cost of Utilities	725	475
.001	Electricity and Gas Charges	400	250
.002	Telephone	300	200
.003	Water Charges	25	25
22020	Fuel and Oil	-	-
.001	Vehicles	-	-
22030	Rent	3,160	2,525
.001	Rental of Building	3,000	2,365
.002	Rental of Parking Slots	160	160
22040	Office Equipment and Furniture	1,000	880
.001	Office Equipment	500	550
.002	Office Furniture	500	330
22050	Office Expenses	90	90
.001	Postage	40	40
.002	Cleaning Materials	15	15
.003	Office Sundries	35	35
22060	Maintenance	100	200
.003	Plant and Equipment	25	25
.004	Vehicles and Motorcycles	-	-
.005	IT Equipment	75	175
22070	Cleaning Services	60	55
.006	Cleaning of Office Premises	60	55
22100	Publications and Stationery	330	280
.001	Paper and Materials	75	75
.003	Printing and Stationery	100	100
.004	Books and Periodicals	30	30
.005	Public Notices	75	50
.006	Publications	50	25
22120	Fees	275	240
.002	Fees to Chairperson and Members of Boards and Committees	200	200
.007	Fees for Training	75	40
22900	Other Goods and Services	225	175
.001	Uniforms	25	10
.004	Catering	25	15
.014	Hospitality and Ceremonies	50	50
.099	Miscellaneous Expenses	-	-
.903	Awareness Campaigns	50	25
.922	Conferences/Seminars/Workshops	75	75
<b>26</b>	<b>Grants</b>	<b>55</b>	<b>35</b>
26210	Contribution to International Organisations	55	35
.016	Contribution to International Ombudsman Institute	-	-
.017	Contribution to Association des Ombudsmans et Mediateurs de la Francophonie	-	-
.018	Contribution to African Ombudsman Association	-	-
.177	International Network of Financial Services Ombudsman Schemes	55	35
<b>Recurrent Expenditure</b>		<b>3,700</b>	<b>-</b>
<b>31</b>	<b>Acquisition of Non-Financial Assets</b>	<b>3,700</b>	<b>-</b>
31112	Non-Residential Building	3,000	-
.401	Upgrading of Office Building	3,000	-
31121	Transport Equipment	-	-
.801	Acquisition of Vehicles	-	-
31122	Other Machinery and Equipment	500	-
.802	Acquisition of IT Equipment	500	-
31132	Intangible Fixed Assets	200	-
.801	Acquisition of Software	200	-
<b>TOTAL</b>		<b>25,310</b>	<b>12,900</b>

# LOOKING AHEAD

Looking ahead, we have significant strategic risks, major challenges and possible interruptions in our services owing to a serious lack of resources and funding.

As we play a key role in the wider financial services ecosystem by enhancing consumer confidence, we will thrive relentlessly to implement our projects.

## OUR PRIORITIES

Our external priorities target the most significant threats and harms in our redress environment. We will explore the use of all of our powers and tools to deliver on these priorities.

Our internal priorities aim to strengthen our operational capabilities so that we are able to carry out our work effectively and efficiently.

### EXTERNAL PRIORITIES

- Promoting economic recovery – including through better and more efficient regulation, facilitating innovation, and targeting redress to areas of greatest harm;
- Reducing risk of harm to consumers exposed to poor product governance and design, and increased investment scam activity in a low-yield environment;
- Driving industry readiness and compliance with standards set by international standard setters.

### INTERNAL PRIORITIES

- Enhancing communication and engagement with our stakeholders and other regulatory agencies, to ensure our actions and achievements have a real and tangible impact;
- Improving our infrastructure and systems to strengthen our key internal operations, processes and governance frameworks to effectively support our work;
- Enhancing and effectively utilising our data in fulfilling our mandate and organisational priorities;

- Continuing to nurture a workplace environment that promotes a culture of speaking up, challenge, accountability and underpinned by a sound system of risk management and compliance.

## OUR PROJECTS

### PERFORMANCE DEVELOPMENT

Performance and Development at the Office continues to evolve, with ongoing commitment to creating a more empowering experience for both leaders and employees. We place a strong focus on coaching and feedback and we intend to invest in personal development to further develop the capabilities of our employees.

### GUIDELINES FOR BANKING AND NON-BANKING SECTORS

Looking ahead, there is a need for further analytical work and guidance to help the industry navigate the domestic and international best practices and challenges and support them in their consideration of regulatory responses. This could be done through: the development of a typology of relevant approaches to leverage the opportunities and mitigate the challenges while focussing on the needed adaptations of existing regulatory policy approaches.

As we aim to protect and enhance the integrity of the financial services industry, we work to ensure that rules are efficient, effective and reliable.

Section 5 (3) of the Ombudsperson for Financial Services Act empowers the Ombudsperson to issue Guidelines and Instructions to financial institutions.

We will use our insight and analysis to develop appropriate Guidelines for the banking and non-banking sectors. These Guidelines will be enforceable and will be taken into consideration during investigations and deliberations.

We intend to use our powers of inspection to enter the premises of a financial institution to ensure that the instructions, guidelines or requirements issued or imposed by the Ombudsperson are being complied with.

## OUR MANUAL

Our Office recognises the need to bring transparency to the processes. In this endeavour, the Office will be developing a manual which will explain how it exercises its powers and the various procedures applied. At the same time, the manual will also contain the Office's expectations from both financial institutions and complainants. This engagement serves as an outline of the Ombudsperson's duties to be fair, independent and impartial.

The content of the manual will not be enforceable and is not tantamount to Guidelines issued under the Act. It will simply assist in making the roles, responsibilities and expectations of each party more explicit so that all parties have a shared understanding of good and ethical conduct.

Cooperation is key to the manual. All parties should engage in a way that is transparent, honest, fair, efficient and in good faith.

The manual will also set out how the Ombudsperson will respond to financial institutions and complainants who fail to comply with its expectations.

Our consultation with financial institutions and other stakeholders is a continuous process in our Office.

## PUBLICATION OF DECISIONS

Section 5 (3) (a) (iv) of the Ombudsperson for Financial Services Act has been amended to introduce the power to publish decisions.

We believe that publication of decisions acts as a deterrent to financial crimes and malpractices. In addition, publication of decisions will reinforce our commitment to transparency.

We will be publishing our publicity protocols in the near future, which will set out the factors

that we will consider, the form of publication and what information will be published amongst other considerations.

## CONSUMER EDUCATION

One of the main functions of the Office is to give better protection to consumers of financial services by informing and educating the general public on investments in financial services offered by financial institutions (section 4 of the Ombudsperson for Financial Services Act).

The need for consumer education and financial literacy has never been greater. As the financial environment continues to evolve in depth and breadth, investment products are becoming increasingly complex and financial services increasingly diverse. Greater understanding of key financial concepts is required on the part of consumers to understand and evaluate the choices available to them so as to avoid fraud.

The intertwined aims of consumer protection and the promotion of consumer confidence in the integrity of the financial services industry are at the heart of our Office. Consumer education is a key strategy for enhancing consumer protection, promoting confidence and fostering consumer engagement in financial planning and decision-making. It is complementary to the traditional tools of regulation, supervision and enforcement.

Consumer education and financial literacy programs have the potential to help improve financial outcomes for retail investors. Some key benefits include more informed savings and investment decision-making, better financial and retirement planning, greater confidence and higher participation in the industry, greater wealth accumulation, and increased awareness of investor rights and responsibilities.

Ideally, consumer education and financial literacy programs can help address any misalignment of investor and industry interests, particularly with respect to information asymmetry. For example, consumer education could potentially reduce both the propensity for consumers to mis-buy investment products and services, and for intermediaries to mis-sell products and services. This could lead to fewer complaints.

In addition, consumer education can also help investors better assess the appropriateness and suitability of investment advice, investment products and services.



It can also help consumers, detect and avoid suspected fraudulent activity, and distinguish between regulated and non-regulated activity, all of which could reduce investor losses and deception.

Our work enables us to gain behavioural insights which can aid in the design of programs and initiatives that reflect a more complete understanding of how consumers make decisions.

To this end, we will launch a series of “guidance” in various forms as soon as we obtain the necessary financial and human resources.

## **WEBSITE**

Our website has been designed and is in its final phase of security clearances. It will be launched some time during the year.

Our platform focusses on ensuring there are accessible and flexible ways to submit a complaint, and to obtain relevant information in formats and mediums suitable for the appropriate audience.

## **OFFICE PREMISES**

We expect to relocate to Ebene Heights in 2022.

Our new office premises will provide proper and decent facilities to members of the public and our employees.

## **INTERNATIONAL PRESENCE**

The Office is in the process of applying for memberships with relevant international organisations. Through these memberships, the Office will be able to get access and forge close ties with a number of Ombudsman Schemes across the world. As well as benefitting from training programmes, subsidies for projects and assistance in research, the Office will also be able to consolidate its standards and widen its perspectives.

## **FUNDING MODEL**

Prior to the setting up of the Office of Ombudsperson for Financial Services, complaints from customers of the financial services sector were being handled by the regulators namely the Bank of Mauritius and the Financial Services Commission. The duties and responsibilities for dealing with complaints from consumers of financial services have been

entrusted to the Office of Ombudsperson for Financial Services since its inception.

The Bank of Mauritius and the Financial Services Commission collect licence fees from entities operating under their purview as per relevant enactments. Both institutions have since dismantled their complaints divisions resulting normally in a decrease in operational expenditure.

In light of the above, we made proposals for the Office of Ombudsperson for Financial Services to charge fees to the Bank of Mauritius and the Financial Services Commission to finance its budget on an equally shared basis, thus releasing pressure on Government budget. However, we did not receive any feedback or response.

As explained earlier, we face a number of serious constraints which heavily impact on our effectiveness, one of them being a lack of funding from the Government.

Being a solutions-driven organisation, we reflected upon a proposal, which will be made to the Government. The main aims of the new funding model are to incentivise constructive behaviour by the industry, to resolve cases more quickly and to ensure the financial sustainability of the Office of Ombudsperson for Financial Services.

Our funding should more precisely reflect the actual cost of resolving complaints every year. The diversity of our cases has increased, with increasingly new products in the industry. Moving forward, we need a funding model that is more resilient to cope with unpredictable volumes of complaints.

Our funding model should support our three priorities to:

- a) enhance our service;
- b) prevent unnecessary complaints and unfairness;
- c) build a model organisation with the capabilities it needs;
- d) relieve the burden of the Government.



## SEVEN SOCIAL SINS

*Wealth without work*

*Pleasure without conscience*

*Knowledge without character*

*Business without morality*

*Science without humanity*

*Religion without sacrifice*

*Politics without principle*

*Mohandas Karamchand Gandhi*

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