

Review of the British Columbia Financial Institutions Act and Credit Union Incorporation Act

Submission to the Ministry of Finance of BC

June 19, 2018

Submitted electronically to: fiareview@gov.bc.ca



CARP is the national advocate for older Canadians with 300,000 members in Canada, including 40,000 in B.C.. CARP advocates for improved health care, financial security and freedom from ageism for older Canadians.

CARP supports the Ministry of Finance of B.C. in its efforts to strengthen protections for Credit Union consumers.

Our comments in this submission focus on recommendations 21 and 32 of the second consultation paper, *Financial Institutions Act & Credit Union Incorporation Act Review: Preliminary Recommendations*. We have also included recommendations we have previously made elsewhere that are not specifically addressed in the second consultation paper but which we feel would further strengthen protection for credit union consumers in B.C.

Re: Recommendation 21

Increase the maximum fines for offences under the FIA and CUIA

CARP is a strong believer in the use of significant fines as a deterrent to wrongdoing. We note the magnitude of difference in fines levied between the banking sectors in the U.S. and Canada.

When employees of U.S. bank Wells Fargo were found to have signed up customers for products without their permission, the bank was fined US\$185 million. This is 370 times the \$500,000 maximum that Canada's regulator, the FCAC, can levy.

Re: Recommendation 32

Require credit unions to have in place internal complaint resolution procedures; any complaints not resolved could be taken by the consumer to an ombudservice administered by Stabilization Central.

CARP believes that all consumers of financial services should have access to an independent, fair and impartial ombuds office.

CARP believes that such an office already exists in Canada: the Ombudsman for Banking Services and Insurance (OBSI).

CARP believes Canadians and B.C. residents are not well served by a proliferation of dispute resolution alternatives and that the Ministry should strongly consider empowering OBSI to address and resolve consumer complaints.

Out of Scope Recommendations

While not covered in the consultation paper, CARP would like to include recommendations made elsewhere on the subject of financial regulation and consumer protection.



1. Financial institutions (whether banks or credit unions) should not be allowed to call internal dispute resolvers ombudspersons. In our experience, the use of this title misleads consumers and can prevent them from accessing independent, fair and impartial dispute resolution services.
2. Independent consumer and investor dispute resolution services should be empowered to make binding recommendations. We have found that other measures, such as powers to name and shame firms or institutions that don't accept recommendations, are not sufficient to protect consumers.

Thank you for providing CARP with the opportunity to comment on this consultation paper.

We would be pleased to provide further information or answer any questions the Ministry may have on our submission.

Sincerely,

Wanda Morris
V.P. Advocacy

Surrey, B.C.
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