



HELLENIC OMBUDSMAN FOR
BANKING-INVESTMENT SERVICES

2008

Annual report

TABLE OF CONTENTS

Introduction		5
ACTIVITIES		
1. CONSUMER COMPLAINTS		9-16
1.1. Overall activity	9	
1.2. Phone calls	10	
1.3. Written complaints	11	
1.4. Closed cases	11	
1.5. Findings	11	
1.6. Selected cases	13	
1.7. Cross-border complaints	15	
2. COMPLAINTS BY PROFESSIONALS AND SMALL BUSINESSES		17-19
2.1. Overall activity	17	
2.2. Phone calls	18	
2.3. Written complaints	18	
2.4. Closed cases	19	
2.5. Findings	19	
2.6. Selected cases	19	
3. COMPLAINTS BY INVESTORS		20-23
3.1. Overall activity	20	
3.2. Phone calls	21	
3.3. Written complaints	21	
3.4. Closed cases	22	
3.5. Findings	22	
3.6. Selected cases	22	

HOBIS ORGANISATION CHART

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Introduction

Last year the Hellenic Ombudsman for Banking-Investment Services (HOBIS) celebrated its tenth birthday. During the years, it dealt with a total of 61,061 telephone inquiries and visits to its offices, as well as a total of 9,688 written complaints.

We work on the principles of independence, transparency, impartiality, effectiveness, legality, liberty and representation (as per EU legislation on the establishment of such bodies 98/257/EC). The experience of the institution is now plain to see, both as regards our ability to adapt to the changing conditions in the markets and the legislative framework, and as regards the cases considered and the speed with which we identify the dispute, inform and advise both sides, and suggest ways in which to achieve an amicable, out-of-court settlement.

The institution of Ombudsman represents, by definition, the best intentions either of the government, when it is a public Ombudsman, or of the businesses of a sector, when it has been set up on their own initiative. With regard to HOBIS, it was set up within the framework of the corporate social responsibility actions taken by the banking services providers that make up the core of the country's economy, which have adopted on a voluntary basis, and beyond their legal obligations, various rules of conduct. As a manifestation of banks' social responsibility with respect to their customer relations, resorting to the Ombudsman promotes their good image while enabling consumers to use an independent, experienced and trusted body to resolve disputes in a simple, fast and cost-free manner.

The same principles of conduct on which the philosophy of the Ombudsman is founded govern to a large extent the way in which the Ombudsman forms its proposals regarding the resolution of the disputes referred to it. In reaching its conclusions, besides taking into consideration current legislation, the Ombudsman seeks to ensure that the principles of fair treatment, equity, mutuality and consistent conduct by banking service providers are upheld, respecting the general principle of good will, as well as the welfare and protection of consumers and the response they anticipate to the trust they have placed in its mediation.

In other words, the Ombudsman endeavours to find practical ways to implement and affirm, in practical terms, the said principles in the conduct of banking transactions: regarding, for example, the criteria for granting credit, information to customers, measures for forced execution, and the provision of assistance in cases where borrowers – whether households or businesses – encounter unforeseen difficulties in paying their debt obligations.

The Ombudsman endeavours to find solutions that serve the wider interests of the parties involved and avoid the hassle of judicial proceedings. This process is more likely to lead to consensus that will be observed willingly by both sides and secure an amicable and stronger relationship between them. It is also more likely to keep the dispute out of the public arena. A further advantage, on a wider social level, is that

the Ombudsman's mediation helps reduce congestion at courts and leads to savings thanks to the fact that legal costs are avoided.

In 2008, HOBIS posted an increase in its operations of around 23%. We received a total of 10,949 phone calls and visits to our offices, 10,276 of which concerned transactions by individuals and small businesses, and 673 transactions by investors. We also received 1,962 written complaints. Of these, 1,753 concerned banking transactions by individuals/consumers, professionals and small businesses, and 209 investment transactions. In total, last year we processed 1,438 written cases. In addition, a total of 16,163 visits to the HOBIS website were recorded (*www.bank-invest-omb.gr*).

In 2008, the main issues that brought transacting parties into dispute were the following:

- Lack of information at the time banking and investment products were promoted. Failure to be totally transparent and sincere can lead to a climate of distrust and does not promote the efficient operation of markets.
- Setting-off of deposit account balances, which also include salary and pension deposits, with dues in arrears from loans and credit cards.
- Account debits arising from ATM cash withdrawals, for which the cardholders claim that they had not lost their card or made their PIN known to anyone else (e.g., cases of skimming, or PIN theft during ATM transaction combined with distracting the attention of the cardholder so as to steal the card). These admittedly difficult cases, given that correct use of the PIN by a third party is normally considered as gross negligence on the part of the cardholder as regards commitment not to divulge the number, have to be treated on a case by case basis while also posing questions of a technical nature to the banks.
- Harassment of borrowers as well as parties not directly linked to the transaction (e.g., relatives of the borrowers) by collection agencies.
- Unilateral – and injurious toward the borrowers – change in the terms of a loan agreement (e.g., interest rate level) by invoking the adverse economic climate and asking the borrowers to accept the change, offering them a grace period and extension on the duration of repayment, or even termination of the agreement.
- Charges and fees to customers (on deposits, loans and credit card transactions), the contractual terms of which have been deemed – though not necessarily irrevocably – abusive.
- Debits to loan accounts for expenses (standing charges and fees) related to the registration of rights in rem in the Hellenic Cadastre.
- Loss of funds through participation by investors in international investment products, as a result of the difficulties encountered by issuers of such products due to the global crisis in the markets.

In examining the complaints brought before us, we are committed to treating both consumer and provider equitably, approaching the essence of the issues involved and adhering to the principles of fairness and leniency in resolving individual disputes, in the light of the particular circumstances of each case. Our procedures are executed in writing and in confidence, and are an informal alternative to judicial proceedings. Our recommendations are accompanied by supporting rationale. And our services are provided free of charge to consumers. Overall, they are marked by frankness, speed and transparency.

We seek to deploy as flexible and practical approaches as possible to the process of resolving disputes, using the tools that seem most appropriate to each case (mediation, amicable settlement, proposal for a compromise settlement, recommendation). Our ability to resolve disputes – chiefly through mediation and amicable settlement rather than through recommendations – has enhanced our efficiency, so that most disputes are resolved on an informal basis. Note that 67.34% of disputes were resolved in favour of consumers.

The Ombudsman inspires confidence in those that use its services and has gained recognition from consumers and consumer organizations, the banking sector, government agencies and regulatory authorities (with whom we foster close cooperation), and the media. In 2008, the institution was once again elected to the 9-member board of the Cross-Border Out-of-Court Complaints Network for Financial Services (FIN-NET) set up by the European Commission and composed of 48 members from 21 countries.

I particularly wish to thank the staff working in customer services at banks and investment companies for their significant contribution to and cooperation in our efforts, as well as the staff of the Ombudsman who have enabled us to record such success in achieving the qualitative targets we set and in handling the growing volume of work.

February 2009

Antonios Foskolos
Ombudsman

ACTIVITIES

The Hellenic Ombudsman's Office addresses complaints filed by consumers and SMEs, as well as by investors.

In 2008, the scheme received a total of 10,949 phone calls, including 924 visits to its offices, as well as 1,962 written complaints, 1,753 of which concerned banking transactions by individuals and small businesses, and 105 investment transactions.

In 2008, HOBIS actually processed a total of 1,438 written cases.

Also, our website (www.bank-invest-omb.gr) was visited 16,163 times.

It should be noted, of course, that the cases brought before HOBIS represent only a small fraction of total banking and investment transactions, and this should be borne in mind when drawing conclusions.

1. Consumer complaints

1.1. Overall activity

The HOBIS Office is comprised of two departments (the Communications Department, which receives phone calls and visits, and the Cases Investigation Department, which processes written complaints), a Legal Office and a Secretariat.

In 2008, HOBIS received 9,349 phone calls and 704 visits by bank customers. In both cases the problems were discussed and clarifications given. The majority of the complainants deemed the clarifications adequate and did not file a written complaint. In other cases consumers were provided with instructions about how to further handle their cases, or their complaints were forwarded to the relevant bank's customer services department. Also, many problems were settled through our direct communication by phone with the banks' customer services.

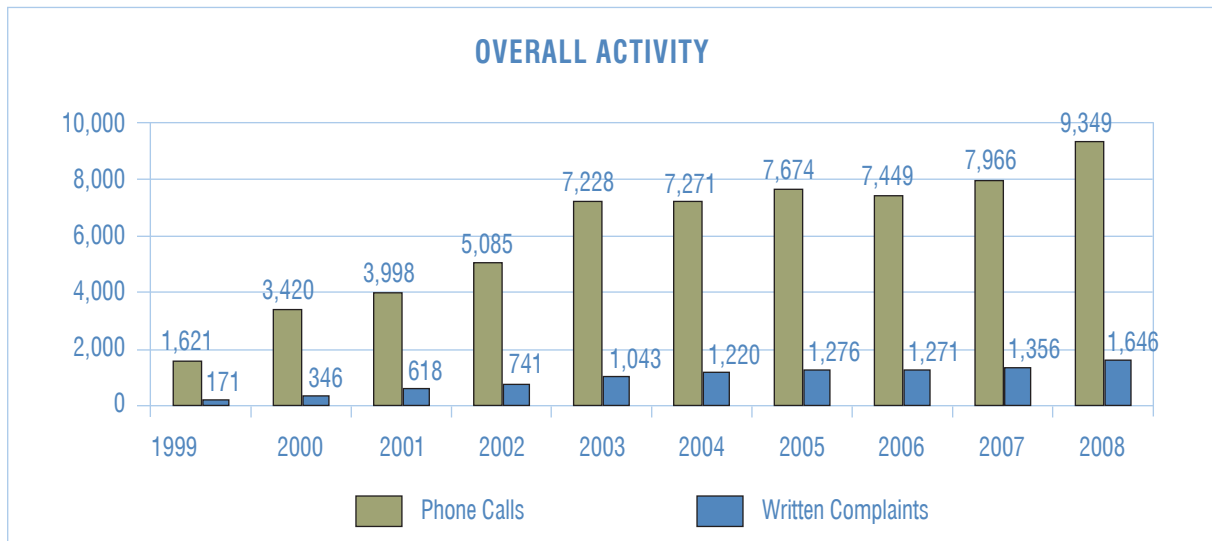
Over the same period 1,646 written complaints were filed with our Office, of which 1,204 were resolved. The accompanying table presents HOBIS's overall

YEAR	NUMBER	% CHANGE
Phone calls		
1999	1,621	-
2000	3,420	111.0
2001	3,998	16.9
2002	5,085	27.2
2003	7,228	42.1
2004	7,271	0.6
2005	7,674	5.5
2006	7,449	-2.9
2007	7,966	6.94
2008	9,349	17.36
TOTAL	61,061	

YEAR	NUMBER	% CHANGE
Written complaints		
1999	171	-
2000	346	102.3
2001	618	78.6
2002	741	19.9
2003	1,043	40.8
2004	1,220	17.0
2005	1,276	4.6
2006	1,271	-0.4
2007	1,356	6.69
2008	1,646	21.38
TOTAL	9,688	

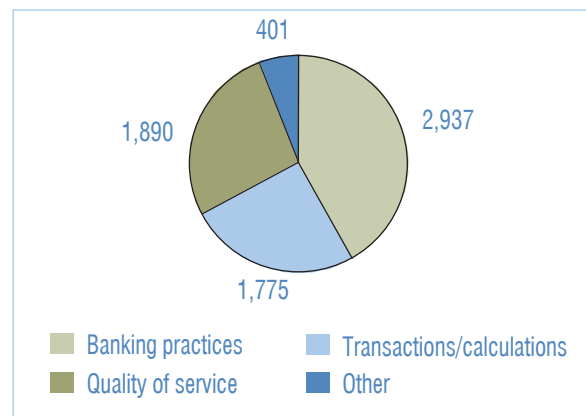
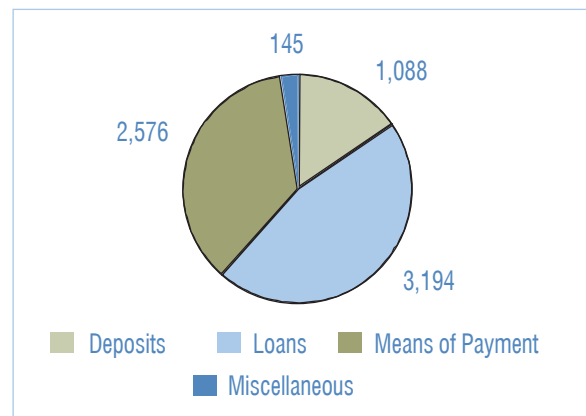
activity regarding consumers' disputes with banks from 1999 (the year the scheme was launched) to the end of 2008. This activity is also shown in the following chart.

As the table shows, there was a significant increase in the number of telephone calls as well as written complaints.



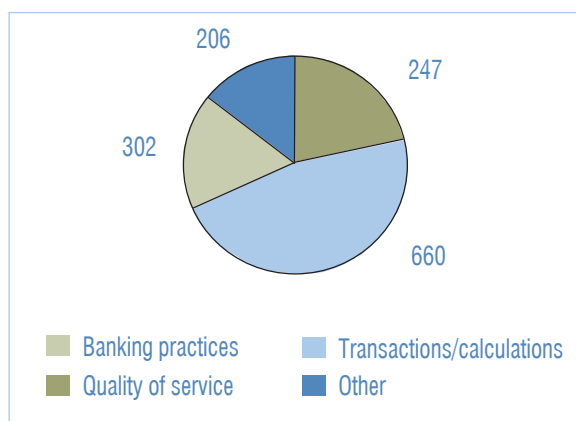
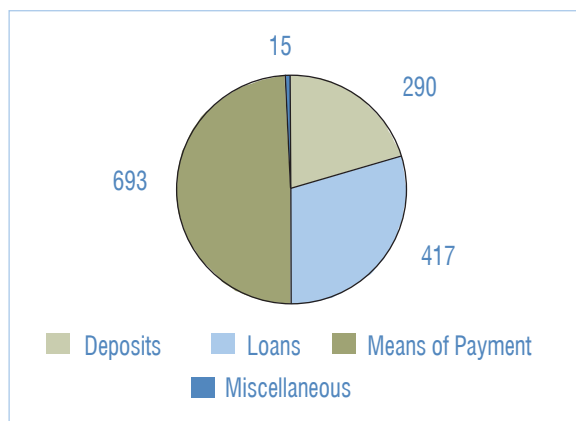
1.2. Phone calls

In 2008, phone calls regarding consumer complaints increased by 17% to 9,349. Of these complaints, 7,003 (75%) cases fell within HOBIS's jurisdiction. The following pie charts depict their distribution per product/service and per cause of complaint respectively.



1.3. Written complaints

In 2008, the number of written complaints increased by 21% to 1,646. Of these complaints, 1,415 (86%) cases fell within HOBIS's jurisdiction. The following pie charts depict their distribution per product/service and per cause of complaint respectively.



1.4. Closed cases

In 2008, 888 cases were resolved, 459 in favour of the complainants, 290 in favour of the banks and 139 by conciliation. The degree of complainants' satisfaction, expressed as the sum of complete satisfaction (52%) and conciliation (15%) was 67%.

1.5. Findings

Deposits

- Setting-off of deposit account balances, which also include salary and pension deposits, with dues in arrears from loans and credit cards.
- Deficient control of identity by tellers, leading to withdrawal of money from bank account by person other than the beneficiary.
- Violation of banking secrecy, e.g., by informing a third person (usually a relative), of dues owed by customer.
- Delay in rendering the proceeds of deposits accounts of deceased persons to their heirs, despite having received all the required legalization documents.
- Bank disputes the level of a deposit, after completion of the teller transaction.

Loans

- Host of complaints concerning harassment of borrowers as well as parties not directly linked to the transaction (e.g., relatives of the borrowers) by collection agencies who fail to observe related regulations.
- Unilateral – and injurious toward the borrower – change in the terms of a loan agreement (e.g., interest rate level) by invoking the adverse economic climate and asking the borrower to accept the change, offering them a grace period and extension on the duration of repayment, or even termination of the agreement.
- Debits to loan accounts for expenses (standing charges and fees) related to the registration of rights in rem in the National Land Register.
- Demands by bank for repayment of a loan which the complainant had never requested or received.
- Failure to execute a standing order for payment of loan instalments from a deposit account with sufficient balance.
- Failure to notify a guarantor of the progress of a loan and the principal debtor's default, with the result that the guarantor's particulars were entered into the TIRESIAS default financial obligations system.
- Imposition of distraint for dues on a loan that the complainant had never requested.
- Because of a delay in loan instalment repayments by the principal debtor, the guarantor of an open loan was asked to pay the subsequent increase in the credit line besides the amount guaranteed.
- Instead of crediting loan accounts with amounts transferred for paying off the loan or with a cheque deposit, other accounts are credited from which the bank continues to draw the loan instalment payments.
- Heirs posted to the TIRESIAS default financial obligations system in respect of dues of deceased relatives, despite having supplied documentation certifying renunciation of inheritance.
- Deficient control of ID at time of concluding loan agreements, leading to the granting of loans to

persons presenting stolen documentation (e.g., ID cards).

- In line with regulations regarding loans in arrears, new financial data of borrowers are not taken into account, and accordingly the latter continue to be unable to meet their obligations.
- Refusal to delete prenotation of mortgage on a borrower's property despite full repayment of the mortgage loan, on the grounds that the borrower owes a sum (even if not in arrears) on a consumer loan.

Payment means

- There has been an increase in cases of account debits through cash withdrawals at ATMs, for which the cardholders claim that they had neither lost their card nor divulged their PIN to a third party (e.g., skimming, PIN theft at time of ATM transaction and distraction of cardholder's attention so as to steal the card).
- A host of disputed transactions and surpassing of credit limits, due to illegal use of lost or stolen credit cards.
- Disputing card transactions made through the Internet.
- Issue and dispatch of credit cards without relevant application, and debiting of their accounts with transactions and annual subscription fee.
- Complaints about the mode of charging interest on credit card balance when the monthly account is not fully paid off.

1.6. Selected cases

Deposits

791/2007

Withdrawal by unauthorized person

Having lost various personal documents, including his bank account passbook, and while he tried to inform his bank accordingly, the complainant was referred to another branch of the bank, and in the meantime a third party succeeded in withdrawing from the complainant's account the amount of € 1,000 because of insufficient identity control. As a result of our intermediation, this amount was credited back to the complainant's account.

220/2008

Verification of customer's identity

When the complainant tried to withdraw € 30,000 from his account, the bank asked him to produce his tax clearance certificate. He believed that his work ID was adequate to prove his identity, and that an electricity or telephone bill sufficed to prove his home address. He also claimed – but the bank refuted this claim – that he had not been informed of the regulation regarding verification of bank customers' ID, neither was he shown the relevant leaflet published by the Hellenic Bank Association. HOBIS explained to him that the bank was following correct procedure in requesting his tax clearance certificate under the money laundering regulations in force.

453/2008

Disputed withdrawals

When the complainant went to his bank branch to withdraw cash from his account, he found out that all three accounts he held jointly with his wife had a zero balance. A total of \$ 5,000 was missing from his USD account, and a total of around € 44,000 from his two euro accounts. The withdrawals had been made via ATM in excess of the daily withdrawal limit. The investigation demonstrated that fraud had been committed, and these amounts were credited back to his accounts.

Loans

52/2008

Failure to insure

The borrower of a mortgage loan including life insurance coverage requested the Bank to activate such coverage when he suffered a stroke. The bank, however, informed him that he was not covered, because by oversight the branch had not completed the insurance procedure, despite the express provision of life insurance for € 450,000 in the loan agreement. As a result of the Ombudsman's investigation, the insurance indemnity was paid to cover the loan balance.

149/2008

Loan granted on the basis of counterfeit data

The person concerned complained to the Ombudsman that without having filed a personal loan request, he was called by the Bank to pay the first instalment of € 207 for a loan totalling € 10,609. The investigation demonstrated that the loan was granted on the basis of his income tax clearance certificate for 2007 and an obviously forged ID. Consequently, he was informed in writing that the Bank has no claim against him.

418/2008

Loan repayment problem

In September 2007, the complainant had remitted to her bank an amount in repayment of a car purchase loan. However, in April 2008 she was informed that the loan had not been repaid and that she owed an additional amount of approximately €1,000. In the meantime, for technical reasons, the bank had not sent her any statements of account. She requested reversal of the amount, but the Bank replied that the amount she had remitted was €30.29 less than owed and this prevented settlement of her loan. As a result of our intermediation, the complainant deposited the said amount of €30.29 and the bank reversed the interest debited to her loan account as of the time of remittance.

419/2008

Delay in processing a request

The complainant had taken out, jointly with her husband, a 15-year mortgage loan maturing in 2012. Following their divorce in 1999, 50% of the mortgaged property was transferred to her and she assumed the total debt to be repaid. Thereafter, despite her repeated requests, the bank never deleted her ex-husband's data, and as of 2005 also ceased sending her any loan account statements. Moreover, the bank calculated erroneously that the loan will mature in 2014 and to terminate the loan as initially agreed, i.e. in 2012, they demanded an additional amount of € 3,585 and an increase in the monthly instalments. Following our intervention, the complainant's requests were satisfied and she was refunded the additional interest of € 590 resulting from the extension of the term of the loan.

Means of payment

1211/2007

Defrauded cardholder

The complainant received the PINs of two credit cards she had requested without having previously received the cards themselves. Thereafter she received a telephone call from an unknown person, allegedly from her bank's "Credit Card Office", who tricked her into revealing one of the PINs, purportedly in order to replace the cards because of a problem. When she suspected the fraud and requested the bank to cancel her cards, she was told that € 2,000 had already been used on one of the cards. She requested reversal of this amount. However, given that she had revealed her PIN, the reversal was not approved, so she eventually transferred the debt to another bank that charged a lower interest rate.

1265/2007

Delay in notifying customer

The bank demanded immediate repayment by the complainant of the amount in excess of the credit limit (€ 1,200) on his card, despite the fact that due to an oversight by the bank's services the card account

had not been updated in due time so as to display the actual balance, which was not in excess. Following our intermediation, the bank reversed the overdraft charges and agreed to normal repayment of the balance, as being within the specified credit limit.

183/2008

Disputed credit card withdrawals

In January 2008 the complainant found out that between 29/11/2007 and 29/12/2007 his housemate had, unbeknownst to him, made repeated cash withdrawals totalling € 8,500 using his credit card and PIN which were kept in an unlocked drawer accessible to the housemate during the complainant's absence. He requested us to mediate with the bank in order to reverse the amount exceeding his credit limit, which totalled € 5,900 as per the monthly bill dated 13/12/2007. The bank satisfied his request and reversed the overdraft amount of € 3,400 despite its claim that the complainant was notified of the increase in his credit card limit by letter dated 13/12/1007 as well as in the monthly bill dated 13/1/2008.

191/2008

Debiting a card that was never received by customer

The complainant requested reversal of a debit entry of € 17,195 in the account of a credit card she had never requested or received. Following an investigation, the bank satisfied her request.

276/2008

Skimming

Intending to travel abroad, the complainant made two ATM withdrawals totalling € 2,000. On his return, he found out that his account balance was about €31,000 less, as a result of numerous withdrawals made during his absence in excess of his daily withdrawal limit, although he had neither lost his card nor disclosed his PIN to any third party. An investigation revealed that the ATM he had used for his last transaction had been fraudulently tampered with, so the bank refunded the illegally withdrawn amount.

332/2008

Illegal internet transactions

The complainant disputed 41 internet transactions worth approximately € 4,000 made in France, the UK, the USA and Australia by unknown persons who used the details of his credit card he had never lost. The bank refunded the total amount.

1.7. Cross-border complaints

This category includes complaints received by HOBIS within the context of its membership in the Cross-Border Out-of-Court Complaints Network for Financial Services in the European Economic Area (FIN-NET). FIN-NET is the network of national out-of-court bodies responsible for the settlement of disputes in the European Union (EU) and the European Economic Area (EEA).

HOBIS, in its capacity of “competent scheme”, investigates complaints of EU and EEA citizens that

may occur during the performance of their transactions with any of its members.

At the same time, HOBIS receives complaints from Greek residents, occurring during their transactions with credit institutions of the EU and EEA. Therefore, acting as “nearest scheme”, HOBIS provides information and advises the interested parties to address the “competent scheme”, namely the corresponding out-of-court body for the settlement of disputes in other countries.

The table below indicates that during 2008, in 94 cases HOBIS acted as “competent scheme” and in 25 cases as “nearest scheme”.

Out of the 94 cases HOBIS investigated as “competent scheme”, 89 were settled within 2008. In 31 of these cases, the outcome was in favour of the complainant and in the remaining 58 in favour of the bank.

Moreover, in 25 complaints received by HOBIS as the “nearest scheme”, the complainants were advised to consult the “competent scheme” abroad.

	COMPETENT SCHEME	NEAREST SCHEME
A. GEOGRAPHICAL DISTRIBUTION	94	25
– EU & EEA	69	20
– Outside FIN-NET	25	5
B. SETTLED	89	–
C. PENDING	5	–
D. RESOLUTION		
– By the bank	41	–
– Through HOBIS intermediation	48	–
– Guidance on forwarding the complaint		25
E. OUTCOME		
– In favour of the consumer	31	–
– In favour of the bank	58	–

Selected cases

731/2008

Disputed ATM withdrawal abroad

The complainant, a resident of London, disputed an ATM withdrawal of £ 20 (€ 25.60) made with his cash card in London on 2/5/08, at a time he was at work. He asked his bank in Greece to block his account and requested our intermediation to reverse the said transaction. The bank informed him that new withdrawal attempts were made on 12/5/08 and 26/6/08 using the correct PIN. As the complainant kept his card and PIN at home, where they were probably accessible to a third person, his request could not be satisfied. We recommended that he cancel his card and apply for a new one.

1170/2008

Delay in providing information

The complainant, a resident of Ireland, had taken out a bank loan via an Irish construction firm (and granted power of attorney to their lawyer) to buy a country home in a building complex that the said

firm was constructing in Crete. He made an advance payment to the firm and, under the agreement signed with them, paid rental, while the construction firm undertook to pay to the bank the loan instalments as per the loan agreement, to which however only the complainant was a party. The firm failed to pay some of the instalments to the bank, and thus the complainant appeared to be in arrears. He requested our intermediation in order to receive from the bank a detailed statement of his mortgage loan account and settle the problem, e.g. by selling the mortgaged property.

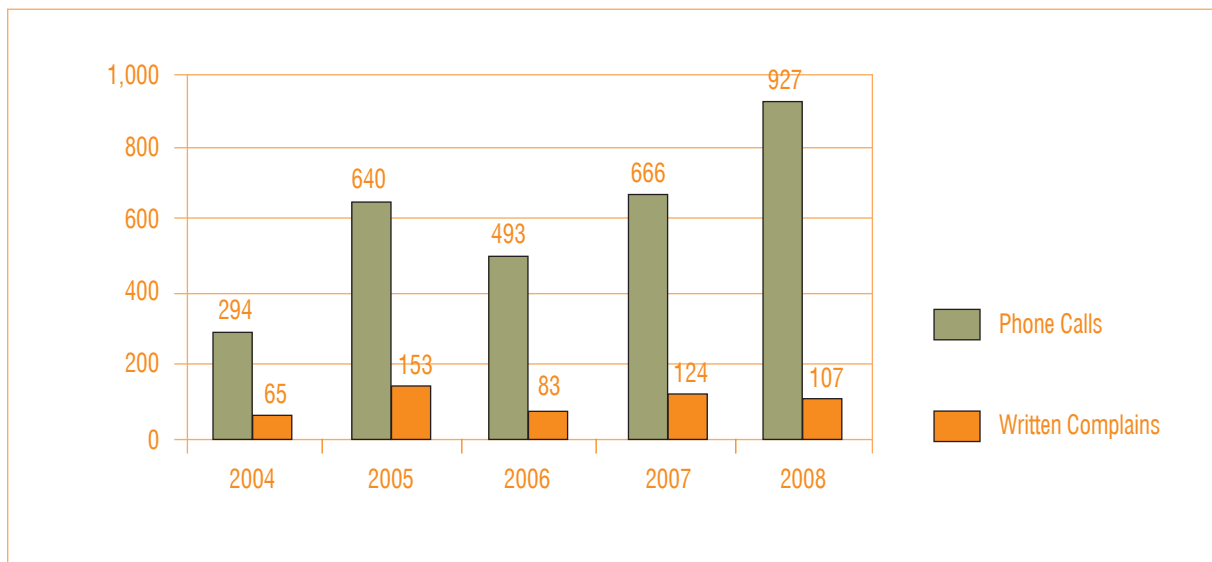
Following our intermediation, the bank sent to the complainant an English translation of both the agreement he had signed and a detailed statement of his loan account. We explained to him the contents of his loan agreement and recommended that he take action against the building firm and contact the Irish Ombudsman because, as he stated, he had not received the required pre-contractual information and had thus been misled.

2. Complaints by professionals and small businesses

2.1. Overall activity

The following table shows the total complaints of professionals and small businesses (with an annual turnover below € 1 million) examined by HOBIS from July 2004, when its powers were expanded, through 2008. This activity is set forth in the accompanying chart.

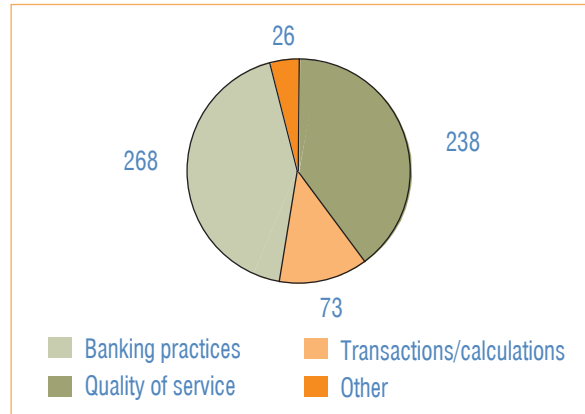
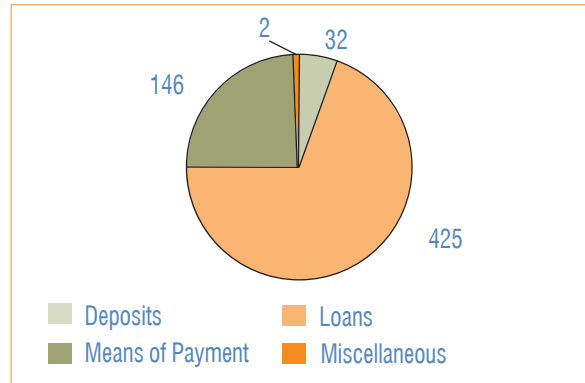
Year	Phone calls		Written complaints	
	Number	% change	Number	% change
2004	294		65	
2005	640	117.6	153	135.4
2006	493	-22.90	83	-45.7
2007	666	35.09	124	49.4
2008	927	38.15	107	-13.71
Total	3,020		532	



The relatively small number of complaints by professionals and small businesses is in part due to the fact that the broadening of HOBIS's jurisdiction to settling such disputes is not yet widely known.

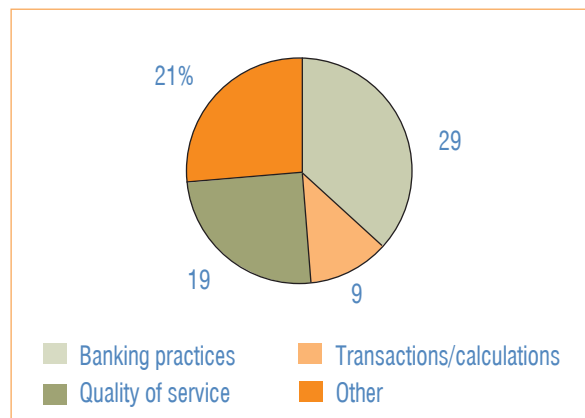
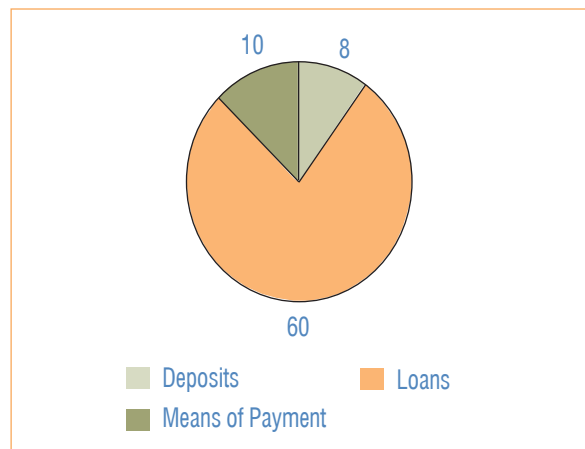
2.2. Phone calls

Phone calls from professionals and small businesses regarding disputes with banks amounted to 927 (including 65 visits), up 38% on 2007. Of these, 605 (65%) fell within the competence of HOBIS. Their distribution by product/service and reason of complaint is set out in the following pie charts.



2.3. Written complaints

Our Office also received 107 written complaints from professionals and small businesses, down 14% on 2007. Of these, 78 (73%) fell within the competence of HOBIS. The pie charts below show their distribution by product/service and reason of complaint, respectively.



2.4. Closed cases

In 2008, our Office resolved 37 cases in the above category, 25 in favour of the customer, 6 in favour of the bank, and 6 by mutual agreement. Complainants' satisfaction amounted to 91%.

2.5. Findings

- Inadequate information on the FX risks involved in the conversion of the loan currency from EUR to CHF.
- Delayed approval and disbursement of the subsidized credit, despite production of the supporting documents as required.
- Reporting a cheque to TIRESIAS S.A. despite the sufficient balance existing in the drawer's account within the required 8-day period.
- Failing to promptly inform business loan guarantors of the fact that the principal debtors were in arrears, and increasing lines of credit without the guarantor's consent, with the result that guarantors were called on to pay debts amounting to sums they had not guaranteed.

2.6. Selected Cases

6/2008

Guarantor's liability

The complainant was called by the bank to pay debts of € 45,000 as a guarantor of an open-current credit account concluded in 2003 with her brother as a principal debtor. She claimed that she had signed for a line of credit of € 30,000, which was subsequently increased twice, i.e. in October 2004 by € 8,500 and then in November 2004 by € 6,500 without her being informed accordingly or signing the relevant supplementary agreements. As a result of our intermediation, her liability was reduced to the amount of the initial undertaking.

12/2008

Loans to fire victims

The complainant had a flower cultivation and trade business in Ilias Prefecture, categorized by ministerial decision as a fire-damaged region in 2007, following the summer wildfires. A bank branch in Athens had granted him a working capital loan in 2005, regularly being repaid until August 2007. As a fire victim, he requested favourable treatment under the ministerial decision, supplying the bank branch with the documents evidencing that his business was subject to such decision. The bank, however, after a considerable delay, refused his request because it was not informed accordingly. Following our intermediation, the dispute was settled and the complainant's business was treated according to the relevant regulation.

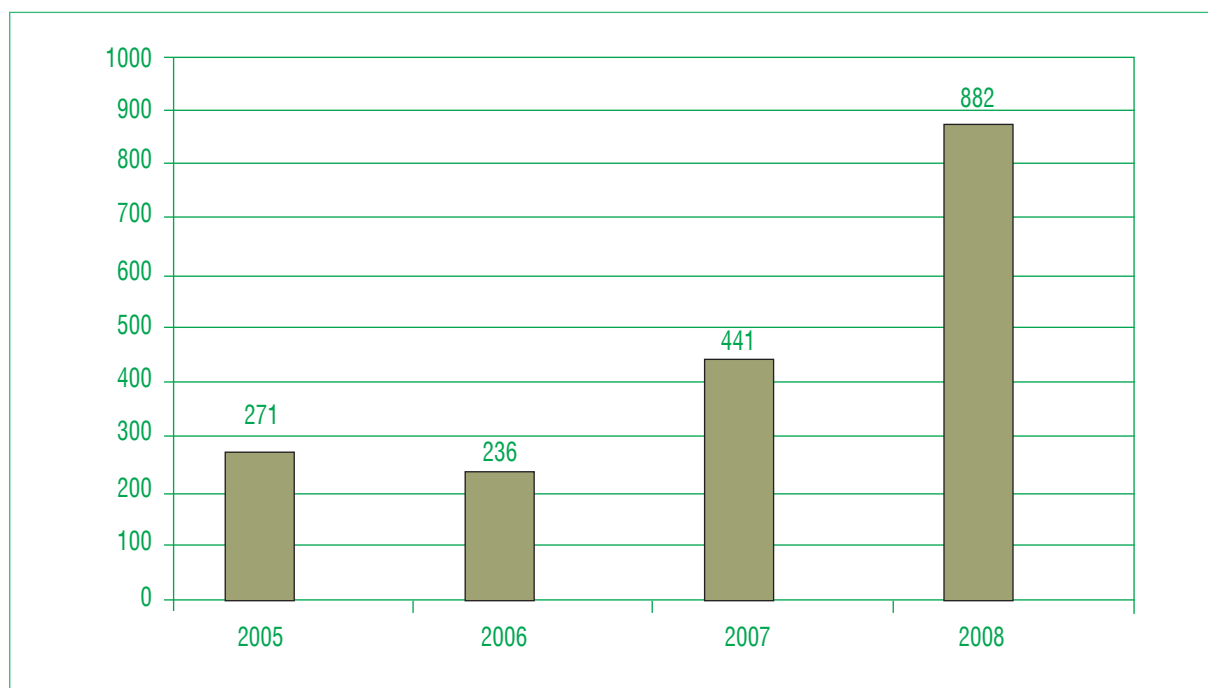
3. Complaints by investors

3.1. Overall activity

HOBIS investigates investors' complaints arising from their transactions with banks and investment companies participating in the Association of Athens Stock Exchange Members, the Association of Greek Institutional Investors and the Association of Intermediary Securities Services Companies.

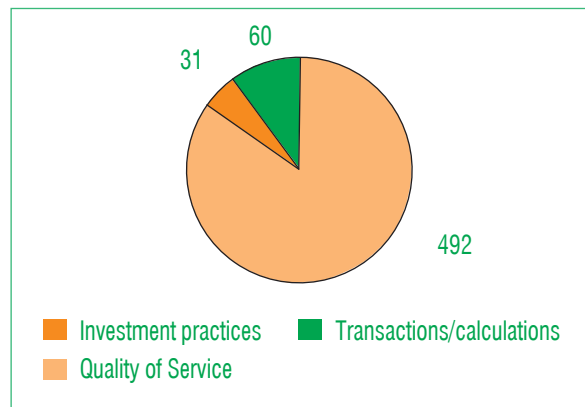
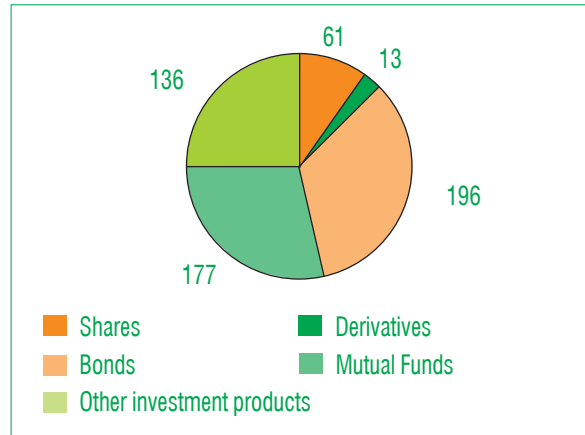
In 2008, HOBIS responded to 882 complaints, compared with 441 in 2007 (up 100%). Of these complaints, 778 (88%) cases fell within HOBIS's jurisdiction and concerned banks (731 or 94%), the members of the Association of Athens Stock Exchange Members (31 or 4%), the members of the Association of Greek Institutional Investors (13 or 1.7%), members of the Association of Intermediary Securities Services Companies (3 or 0.4%).

The table below shows the total complaints of investors examined by HOBIS between July 2005 and December 2008.



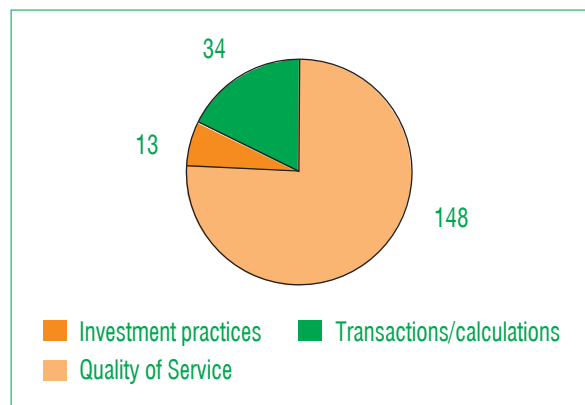
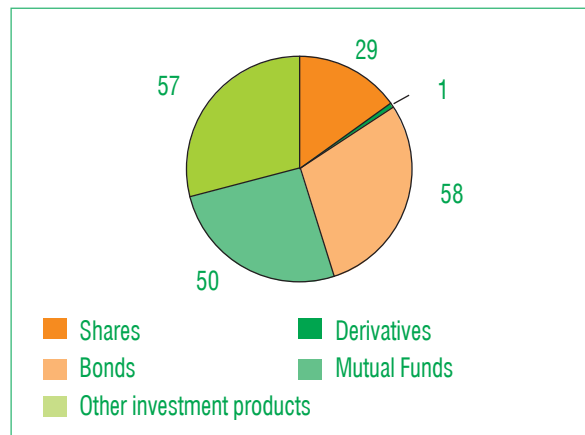
3.2. Phone calls

In 2008 HOBIS received a total of 673 phone calls (including 155 visits) from investors regarding disputes with banks and investment companies. Of these, 583 (87%) fell within the competence of HOBIS. Their distribution by product/service and reason of complaint is shown in the following pie charts.



3.3. Written complaints

In the same year, our office received 209 written complaints by investors. Of these, 195 (93%) fell within the competence of HOBIS. The pie charts below show their distribution by product/service and reason for complaint.



3.4. Closed cases

In 2008, 99 cases were resolved, 48 in favour of the investors, 40 in favour of the bank or investment company, and 11 by conciliation. The level of complainants' satisfaction was 60%. This percentage is lower compared with that of individuals and professionals, mainly because a large number of complaints concerned inadequate prior information being given by the banks and investment companies to the customer, which is difficult to prove as the investor has signed the relevant agreement.

3.5. Findings

- Insufficient information to investors on the features of investment products, especially on their expected yield, the risks involved, and the structure of the mutual fund portfolio.
- Although he requested to place his funds in time deposits, a customer was persuaded by a bank employee he trusted to invest in mutual funds and structured products and, as a result, lost part of his funds.
- Failure to comply with an investor's instructions to transfer his portfolio to another brokerage firm.
- Insufficient information regarding right of redemption on bonds, leading investors to believe either that it was their own and not the issuer's right, or that the right would be exercised without fail at the prescribed time.
- Disputed transactions and methods of assessing the yield of investment/deposit products.

3.6. Selected cases

4/2008

Insufficient information on bond transactions

The complainant had invested € 311,000 in 3-year Euribor-linked bonds. The transaction voucher stated a 4% yield for the first year, without any reference to the next 2 years. He complained because the bonds ceased to produce any yield thereafter and, furthermore, when he asked to redeem the bonds, he was informed that he would lose about € 30,000 of the invested capital, an eventuality he had not been informed of beforehand. As a result of the Ombudsman's investigation, the bank repaid to the investor his entire funds plus interest for the period in which the bonds had a yield.

6/2008

Claim of insufficient information

The complainant, a pensioner, was persuaded to invest his lump-sum retirement cheque of € 100,000 in a mutual fund recommended by a branch officer of the bank, believing that he would thereby secure a fixed-rate yield. Subsequently, another bank branch suggested replacement of this mutual fund with another, from which he eventually redeemed his units, losing however € 1,958 of his funds. He requested recovery of his loss, claiming that he had not been sufficiently informed of these products. Investigation of the matter revealed that the invested capital had been reduced by € 705 only, and not by € 1,958 as the complainant had been informed by oversight. The bank restituted such loss, satisfying the complainant's request.

116/2008

Insufficient information on an investment product

Although he wished to invest in a deposit account generating a fixed-rate yield, the complainant, an old and ailing man, was persuaded by an employee of the bank to invest in a mutual fund that did not provide a fixed-rate yield. As a result, the invested amount was reduced significantly, and this caused serious deterioration in the complainant's health. Following our intermediation, the bank considered the investment as having never taken place and indemnified the complainant.

117/2008

Dematerialized securities redeemed without instructions

In 2005, the complainant invested € 50,000 and € 25,000 in dematerialized securities issued by the bank and maturing in 2010 and 2015 respectively. When he found out that the bank had unilaterally redeemed the securities without his instruction and credited the proceeds in a non-interest account, he appealed to the Ombudsman seeking to collect the interest he had lost. The bank satisfied his request and credited his account with the amount of € 2,208.