

# Annual report 2012



Hellenic Ombudsman  
for Banking-Investment Services

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## We can help...

If you have a complaint about banking or investment services, because:

- we have the necessary knowledge and expertise
- we mediate effectively to resolve problems
- our service is free of charge

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## Ombudsman's foreword



In 2012, the Hellenic Ombudsman for Banking-Investment Services (H.O.B.I.S.) marked its fourteenth year of operation. During this time he has received a total of 19,074 written complaints and over 118,404 phone calls and visits to its office.

H.O.B.I.S. examines in a short time and quite inexpensively, for the individual and the entrepreneur, disputes arising from their transactions with banks and investment companies.

It is composed by the members involved in it, namely the Hellenic Bank Association, the Association of Members of the Athens Exchanges and the Hellenic Fund and Asset Management Association.

Pioneering for the Greek standards, H.O.B.I.S. operates in accordance with the principles established by the European Commission for the out-of-court settlement of disputes (independence, transparency, adversarial principle, effectiveness, legality, liberty and representation) and proves that it is possible to improve the financial system from the inside, by consensus as well as educationally.

The fact that it is the only self-regulated specialized mediation scheme in Greece, is its main comparative advantage. It is indicative that 72.03% of the disputes we examine are settled by the parties at an early stage.

H.O.B.I.S. participates in the International Ombudsman Association and is a founding member of the Financial Dispute Resolution Network (FIN-NET), set up by the European Commission, which currently has 56 members from 21 countries. In the context of FIN-NET we examine disputes arising from cross-border transactions. Furthermore, we examine complaints made by non-E.U. residents (USA, Australia, Canada).

During 2012 we received a total of 12,643 phone calls and visits to our offices, including 11,221 referring to private transactions, 908 to professionals and small businesses and 514 to investment transactions. We also received 2,023 written complaints. 1,776 out of these were about private banking, 145 about professionals and small businesses and 102 referred to investment transactions. Overall, in 2012 we processed 2,775 written cases. Finally, there were over 20,000 visits to our website ([www.hobis.gr](http://www.hobis.gr)).

It is worth noting that, over the past year, a significant number of cases presented in H.O.B.I.S. were in absolute accordance with the overall situation of the Greek economy and society: the reduction of consumer income and the profit reduction of entrepreneurs, unemployment, the contribution of private holders of Greek Government Bonds in PSI and the restructuring of the financial sector with the credit institutions rationalizations, affected significantly the sort of disputes we dealt with.

Many requests were about restructuring underpaid credit cards and loans that were granted to Swiss franc, by both private individuals and entrepreneurs. Numerous were the disputes regarding additional collateral due to the reduction of the property value, the deposits guarantee, as well as the summing up of the underpaid loans with the balance of the deposit accounts.

We noticed that individuals and entrepreneurs have become more savvy and demanding. Complaining even for small amounts, whether regarding the imposing or increase of bank charges and fees or browsing neglected savings accounts belonging to them or deceased relatives, which were taken by the state due to limitation.

In the context of Law 3869/2010 regulating indebted individuals, we acted for the third consecutive year as an extra-judicial settlement scheme.

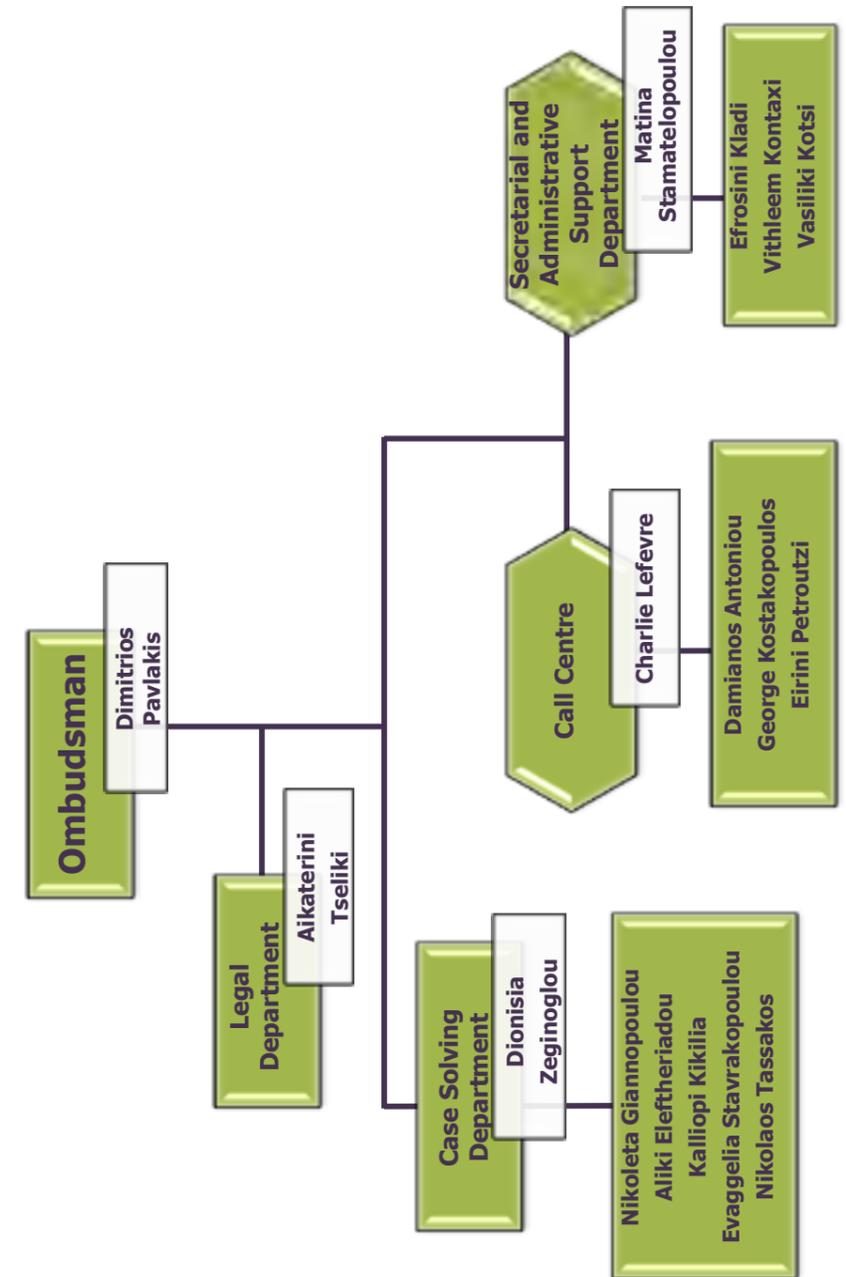
In order to handle the volume of work and to improve our efficiency in handling cases, we focused on the standardization of the procedure for examining complaints, we established new, simple and rational organizational structure (Legal Department, Case Solving Department, Secretarial and Administrative Support Department and Call Centre) and we invested in the continuous training of our staff and the technological upgrading of our Office.

In this year's H.O.B.I.S. annual report we present the main disputes (regarding consumers, entrepreneurs, investors, cross-border), and we provide statistics and case examples.

In full awareness of the current situation, our work has gained a strong social dimension. With the support of our founding institutions and the collective effort of our staff, we have responded to new challenges and will continue to respond effectively, because we understand that our mediation is now directly connected with the survival of our fellowmen.

**Dimitris Pavlakis**  
Hellenic Ombudsman  
for Banking - Investment Services

## Organizational Chart

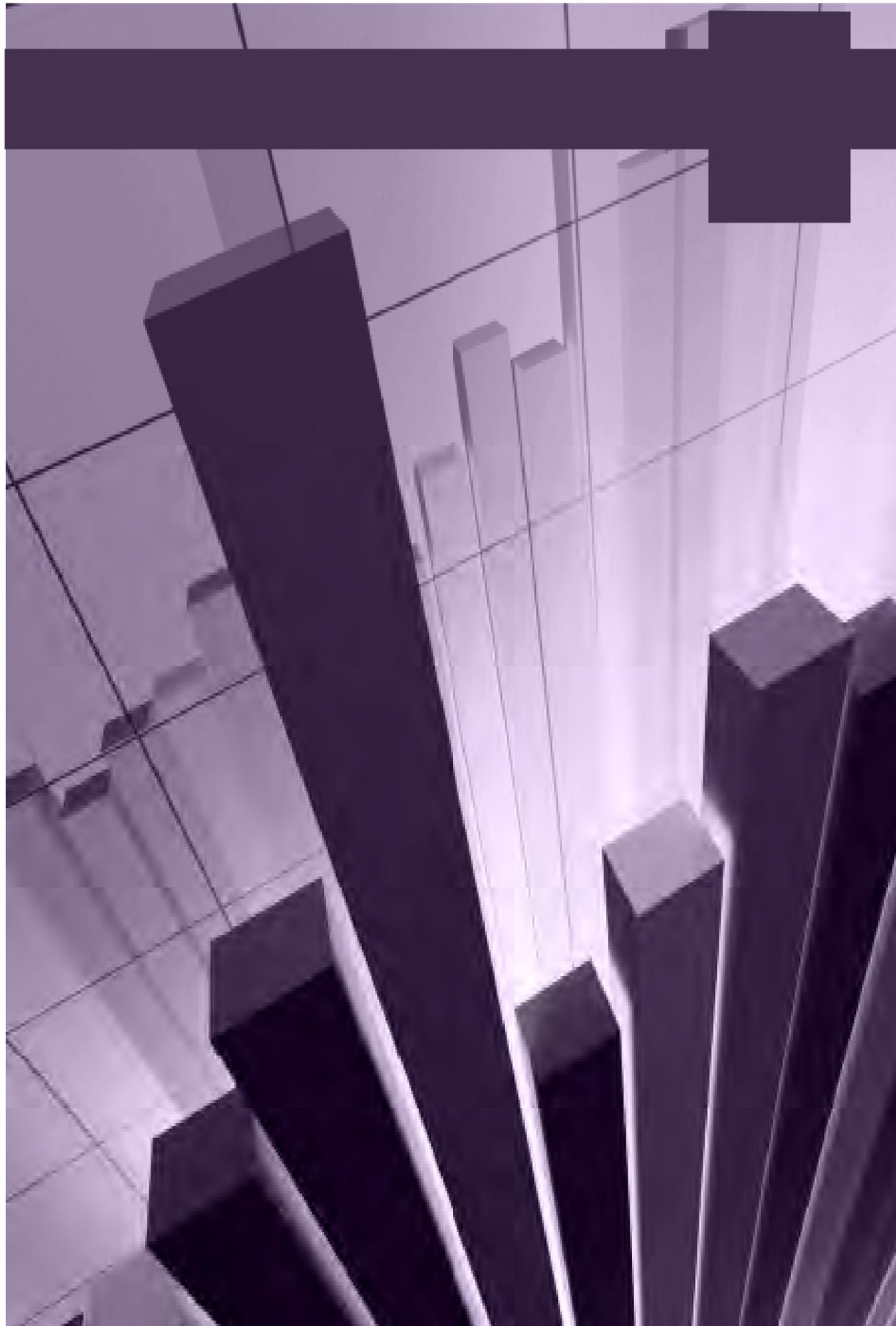


## Complaints

### Telephone Calls and Written Complaints

	Consumers			Entrepreneurs			Investors			Total		
	2011	2012	change %	2011	2012	change %	2011	2012	change %	2011	2012	change %
<b>Telephone Calls</b>												
According to the Bank of Greece Table	3,797	3,045	-19.8	615	488	-20.7	366	421	15.0	4,778	3,954	-17.2
Out of the Bank of Greece Table	6,656	7,231	8.6	218	191	-12.4	0	0	0.0	6,874	7,422	8.0
Miscellaneous	1,613	945	-41.4	364	229	-37.1	86	93	8.1	2,063	1,267	-38.6
<b>Written Complaints</b>												
According to the Bank of Greece Table	742	730	-1.6	96	85	-11.5	112	78	-30.4	950	893	-6.0
Out of the Bank of Greece Table	818	863	5.5	4	19	375.0	0	0	0.0	822	882	7.3
Miscellaneous	264	183	-30.7	56	41	-26.8	28	24	-14.3	348	248	-28.7
<b>Total Complaints</b>												
According to the Bank of Greece Table	4,539	3,775	-16.8	711	573	-19.4	478	499	4.4	5,728	4,847	-15.4
Out of the Bank of Greece Table	7,474	8,094	8.3	222	210	-5.4	0	0	0.0	7,696	8,304	7.9
Miscellaneous	1,877	1,128	-39.9	420	270	-35.7	114	117	2.6	2,411	1,515	-37.2
<b>TOTAL</b>	13,890	12,997	-6.4	1,353	1,053	-22.2	592	616	4.1	15,835	14,666	-7.4

\* More detailed information regarding the setup of the statistics can be found in the legend of the annex (p.24).

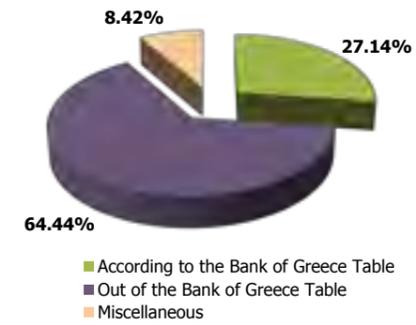


## I. Consumers

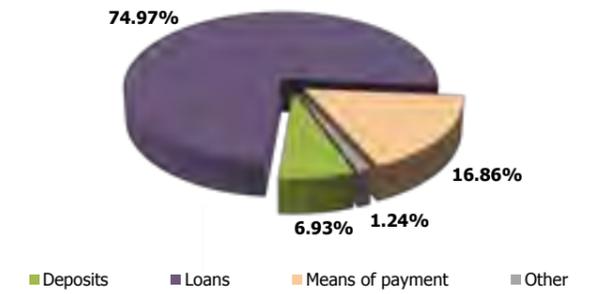
### Phone Calls

In 2012, phone calls and visits for complaints, clarifications and information totalled 11,221, compared to 12,066 in 2011, and have decreased 7%. 10,276 (91.58%) of those concerned matters which fell within the competence of H.O.B.I.S.

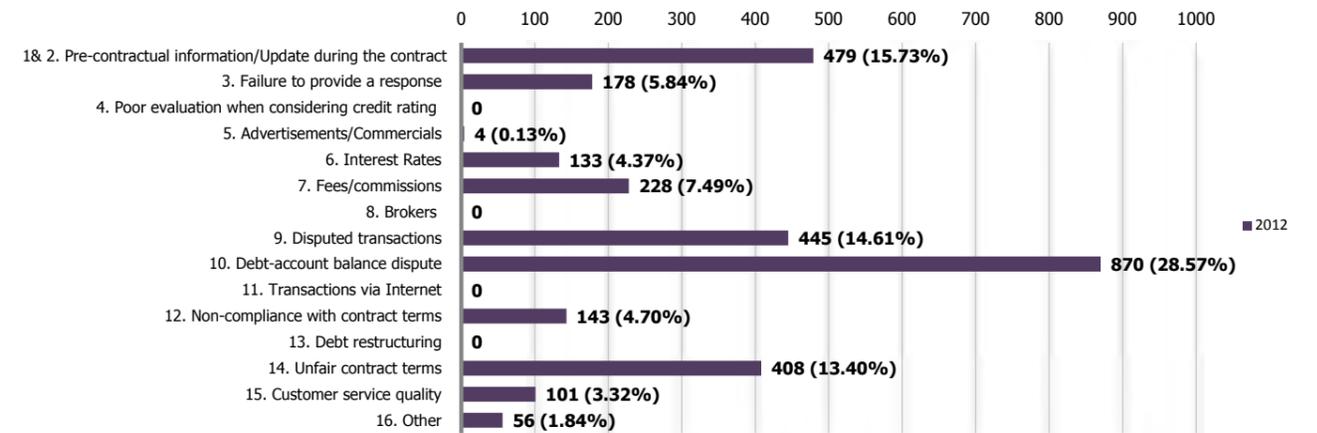
Phone calls total



Phone calls total per product

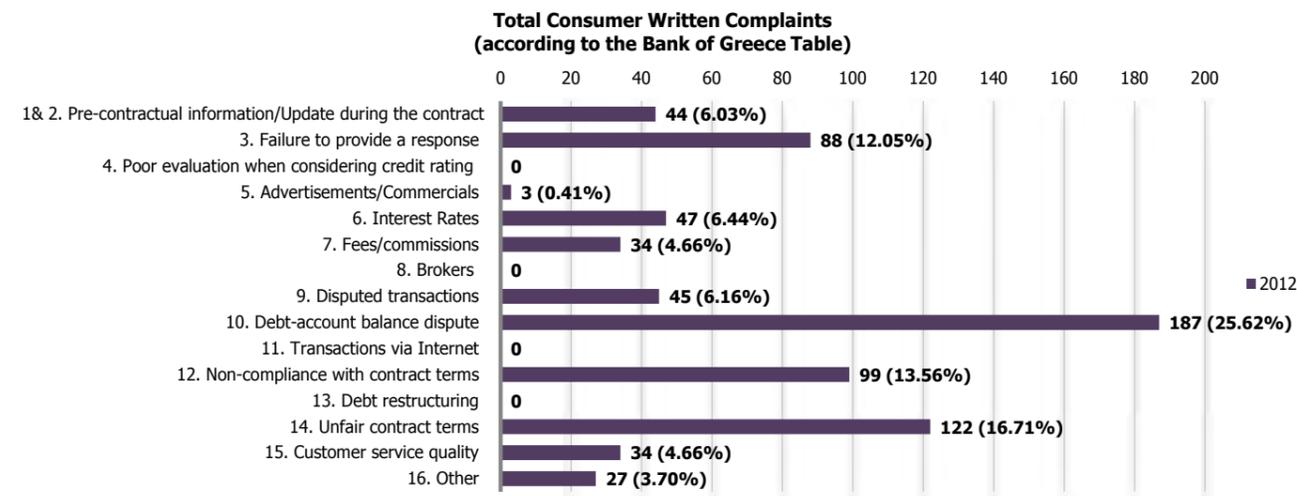
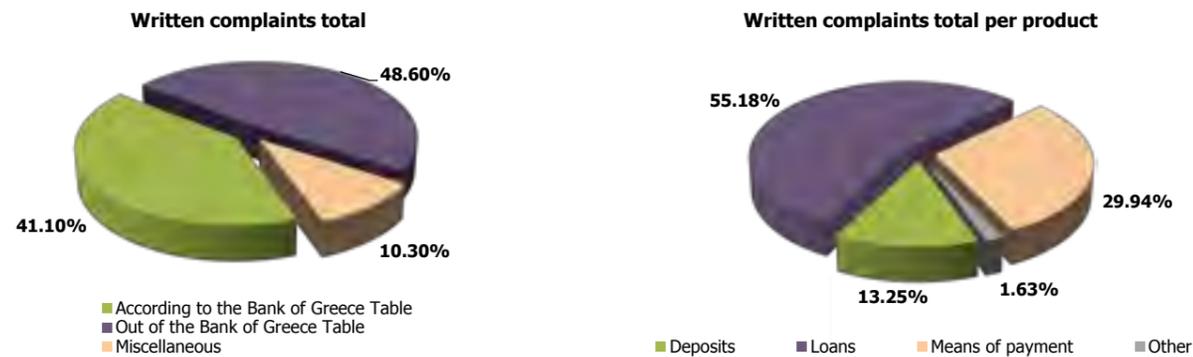


Total Consumer Phone Calls  
(according to the Bank of Greece Table)



## Written Complaints

In 2012, 1,776 written complaints were submitted compared to 1,824 in 2011 indicating a 2.63% decline. 1,593 (89.70%) of those concerned disputes which fell within the competence of H.O.B.I.S.



## Resolved Cases

In 2012 we examined 2,452 written complaints compared to 2,187 in 2011, showing a 12.12% increase. The degree of satisfaction, expressed as the sum of the percentages of full satisfaction and settlement, amounted to 75.21%.

## Deposits

### Common complaints

- Bank claims set off against the balance of accounts solely used to receive beneficiaries' salary, pensio proceeds or unemployment allowance.
- Failure to update beneficiaries for rendering their account balances in the state due to limitation.
- Lack of information regarding the calculation of interest on savings accounts with tiered interest rate.
- Deficient control of identity by tellers.

### Selected cases

#### 396/2012 - Unauthorized deposit account charges

The beneficiaries of a joint deposit account had given the bank a payment order to charge their account with their utility bills. However, for the last 10 years, the account was charged with utility bills pertaining a third-person, unknown to them. Our intervention has resulted in the resolution of the dispute with their account recovery.

#### 1247/2012 - Offsetting debt with account deposit balance

Beneficiary of a savings account to which the pension is being deposited, complained about the compensatory charge of its balance (200 €) with overdue debt. As a result of our mediation, the bank credited the account with the above amount.



## Loans

### Common complaints

- Numerous requests for debt restructuring, as well as requests for extra-judicial settlement of article 2 paragraph 1 of Law 3869/2010 regulating the debt of indebted individuals.
- Ambiguity regarding the contractual definition and change on the interest rate on mortgage loans.
- Early repayment penalty charge on variable interest rate mortgage loans.
- "Costs of delay" charge to monitor and inform borrowers on their overdue debts.
- Delay in transferring loans to another bank and discharge of mortgage pre-notations on realty.
- Failure to provide clarifications regarding loans interest and insurance coverage.
- Borrowers nuisances in violation of the provisions of Law 3758/2009.
- Imposition/increase on various fees and commissions (e.g. payment notification, debt statement).
- Challenging debt balance of (mortgage) loans after settling.

### Selected cases

#### 677/2012 - Change in interest rate

Borrower stated that, before signing a mortgage loan, he was informed that the floating interest rate was linked to the change of interventionist rate of the European Central Bank towards the same direction. However, when the ECB rate dropped, the interest rate of the loan remained the same. The examination of the complaint revealed that, according to the loan agreement, the bank was not obliged to increase or decrease the interest rate depending on the fluctuations of the above reference rate, resulting in an inappropriate update. We advised the bank to amend the relevant term, without charging the borrower, as well as to return the unduly paid sums of extra interest payments received. The bank accepted our recommendation.

#### 685/2012 - Late fee charge

Borrower complained about the imposition of successive charges (3 euros, 7,5 euros) as a "late payment fee" on his personal loan account. We advised the bank to reverse the charges due to opposition to the provisions establishing the default rate and those on consumer information and protection. The bank returned a total of 74 euros.

#### 791/2013 – False customer nuisance

The customer was notified by an out-of-court complaint for an alleged debt of 3,740 € from a consumer loan, although she had never contracted with the bank. The examination of the case showed that the out-of-court complaint was not intended for her and the bank apologized for the inconvenience.

## Means of payment

### Common complaints

- Overdue debt restructuring requests due to financial distress.
- Complaints about application rejection concerning credit card limit increase.
- Credit card contractual rescission in the event of a request to regulate debts under Law 3869/2010 for indebted individuals.
- Charge of notification cost for overdue debt.
- Obscure transactions without loss or theft of the credit card abroad.
- Skimming during transactions via ATM.
- Claims on false deposits via ATMs.
- Disputed money withdrawals carried out with a lost or stolen credit card, as well as transactions conducted via the internet using a credit card.

### Selected cases

#### 77/2012 - Delay in the crediting of an account with the sum of a cheque

Customer deposited in X bank a private cheque of 30,000 € in order to pay his credit card total debit balance account (11,044 €). Although the Y bank credited X bank with the amount of the cheque the next day, the latter credited the credit card account using all the threshold date value limit (valeur) of three (3) working days, resulting in an interest charge of 156 €. We advised X bank to reverse an amount equal to the interest of two (2) days and the bank has accepted our proposal, resulting in a friendly settlement of the dispute.

#### 815/2012 - Refund refusal

During an electronic money transfer (650 €), the customer instead of entering the IBAN of the joint account he keeps with his mother, entered the IBAN of her housing loan feeder account. When asked for the cancellation of this specific money transfer, the bank refused. Subsequently he suggested to pay the current instalment of the loan using this amount, but the bank informed him that it was going to be recovered at the end of the loan, after nine years. Our mediation resulted in the recovering of that amount to the current instalment of the loan and the arising credit balance with the next instalment. He thanked us for the immediate settlement of the dispute.

#### 1227/2012 – False charge

Although the consumer had not accepted a bank's proposal (by phone) for inclusion in the compensation program in case of a credit card loss, nor had he signed the relevant documents, he found out that his card account was charged with the cost of this service (25 euros/semester). Our mediation resulted in the reversal of the amount in his account.

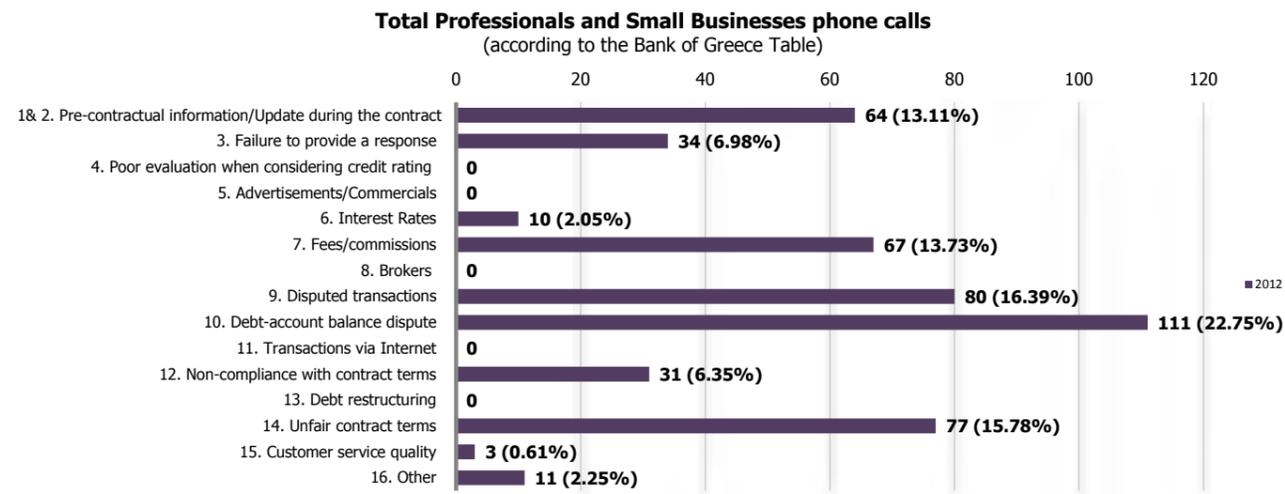
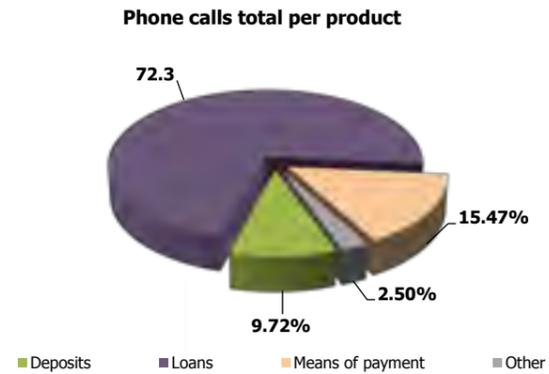
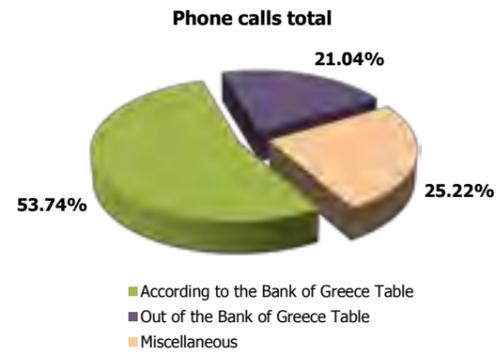
#### 1497/2012 – Inadequate information

The bank did not approve a request by an individual for a credit card, although it was explicitly mentioned on their website as one of the privileges of the payroll account one keeps, because the applicant did not fulfil the criteria. Our mediation resulted in adding a special reference to the abovementioned website, that "all financing are subject to the credit assessment criteria of the bank" to avoid ambiguity. The applicant thanked us for our effective intervention.

## II. Professionals and small business

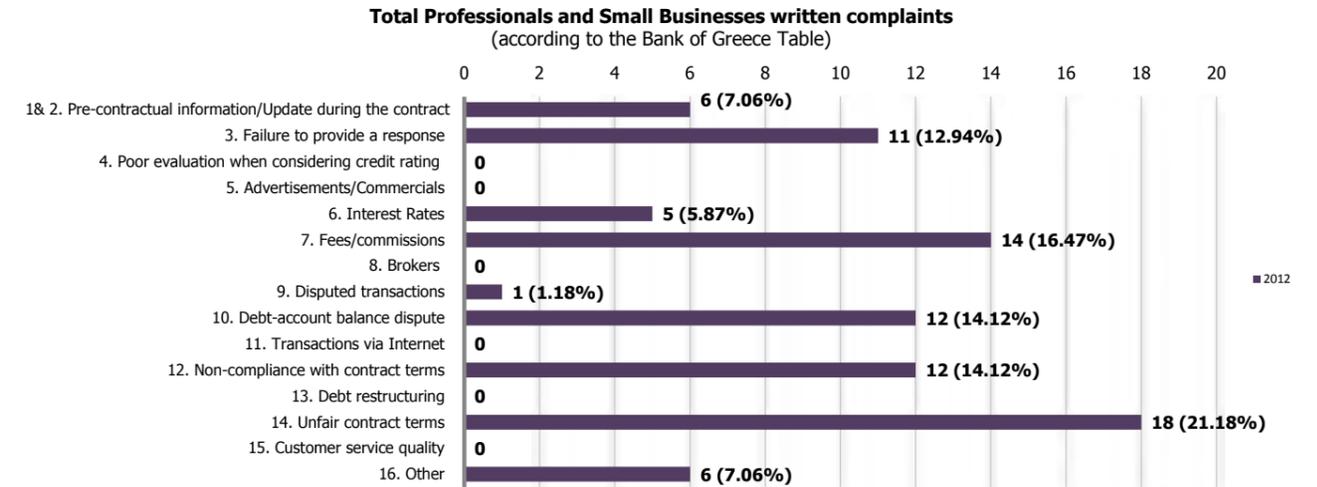
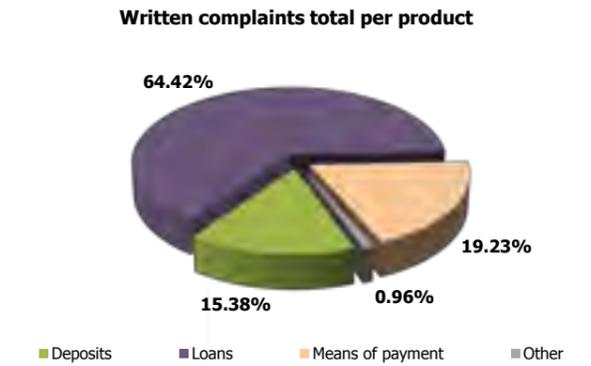
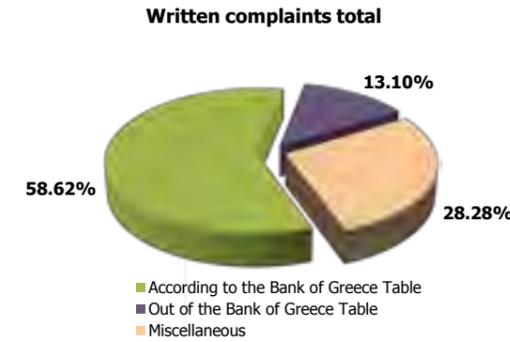
### Phone Calls

In 2012, phone calls and visits for complaints, clarifications and information amounted to 908, compared to 1,197 in 2011, having a decrease of 24.14%. Of those, 679 (74.78%) pertained to matters which fell within the H.O.B.I.S. competence.



### Written Complaints

In 2012, 145 written complaints were submitted compared to 156 in 2011 indicating a 7.05% decline. 104 (71.72%) of those concerned disputes which fell within the competence of H.O.B.I.S.



### Resolved Cases

In 2012 we examined 185 written complaints compared to 226 in 2011, showing a 18.14% reduction. The degree of satisfaction, expressed as the sum of the percentages of full satisfaction and settlement, amounted to 52.31%.

## Common complaints

- Business loans debt restructuring requests.
- Imposition of various expenses/charges without notice (incoming transfer, cheque processing, cheque book issuing etc.).
- Unilateral business loan rate increase, without notice and generally, pressure to increase interest rates on business loans.
- Guarantor's account blocked without prior notification, due to borrower's overdue debts, as a result of which guarantor's cheques bounced.
- Delay in replying to overdue debt restructuring requests.
- Disputed balance of loan granted in Swiss franc for business premises purchase.
- Disputed transaction charges via electronic banking.
- Delay in a credit transfer.
- Disputed debt from overdraft credit account by guarantor.

## Selected cases

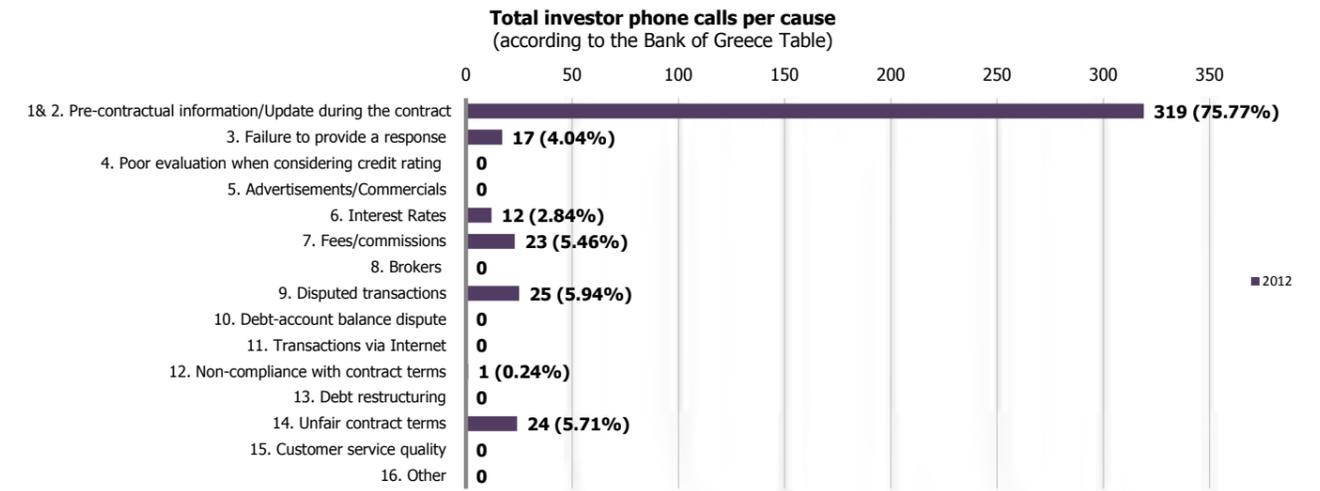
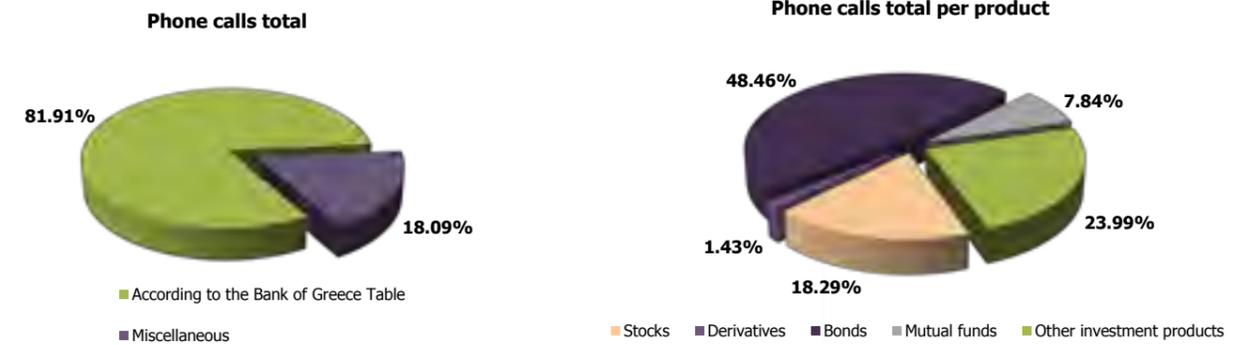
### 114/2012 - Debt adjustment request

Borrower requested our mediation in order to regulate his debt from an overdraft credit account, as well as for the discharge of the mortgage on his property, after full repayment of his mortgage loan which had been delayed. Due to our mediation the debt was adjusted in a low interest rate and the mortgage was discharged.

## III. Investors

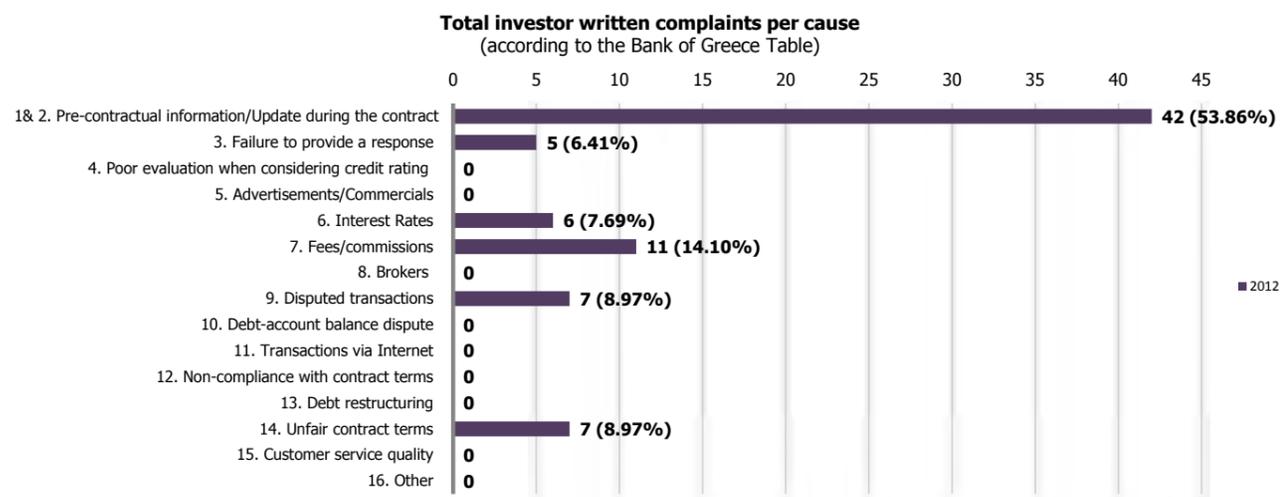
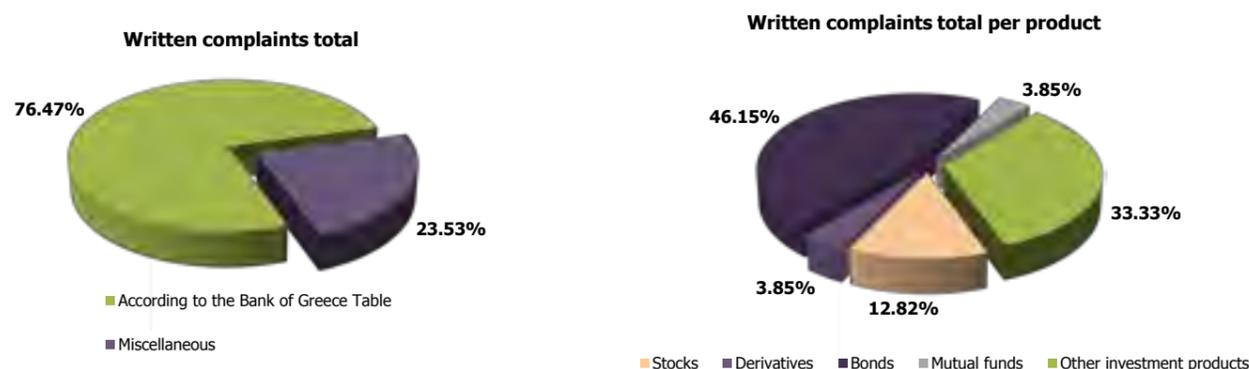
### Phone Calls

In 2012, phone calls and visits for complaints, clarifications and information amounted to 514 compared to 452 in 2011 and have increased 13.72%. Of these, 421 (81.91%) pertained to matters which fell within the H.O.B.I.S. competence.



## Written Complaints

In 2012, 102 written complaints were submitted compared to 140 in 2011 indicating a 27.14% decline. 78 (76.47%) of those concerned disputes which fell within the competence of H.O.B.I.S.



## Resolved Cases

In 2012 we examined 138 written complaints compared to 164 in 2011, showing a 15.85% reduction. The degree of satisfaction, expressed as the sum of the percentages of full satisfaction and settlement, amounted to 41.41%.

## Common complaints

- Buying and selling investor's portfolio, without his mandate.
- Misleading information on the terms of investment products.
- Disputed charges on brokerage accounts (e.g. guarding shares, inactive code costs, transfer of securities portfolio).
- Delay in dematerialisation of foreign securities.
- Claims by Greek Government Bonds' holders following the PSI.
- Information on Convertible Enhanced Capital Securities bonds.
- Lack of information regarding the Bank's convertible bond titles.

## Selected cases

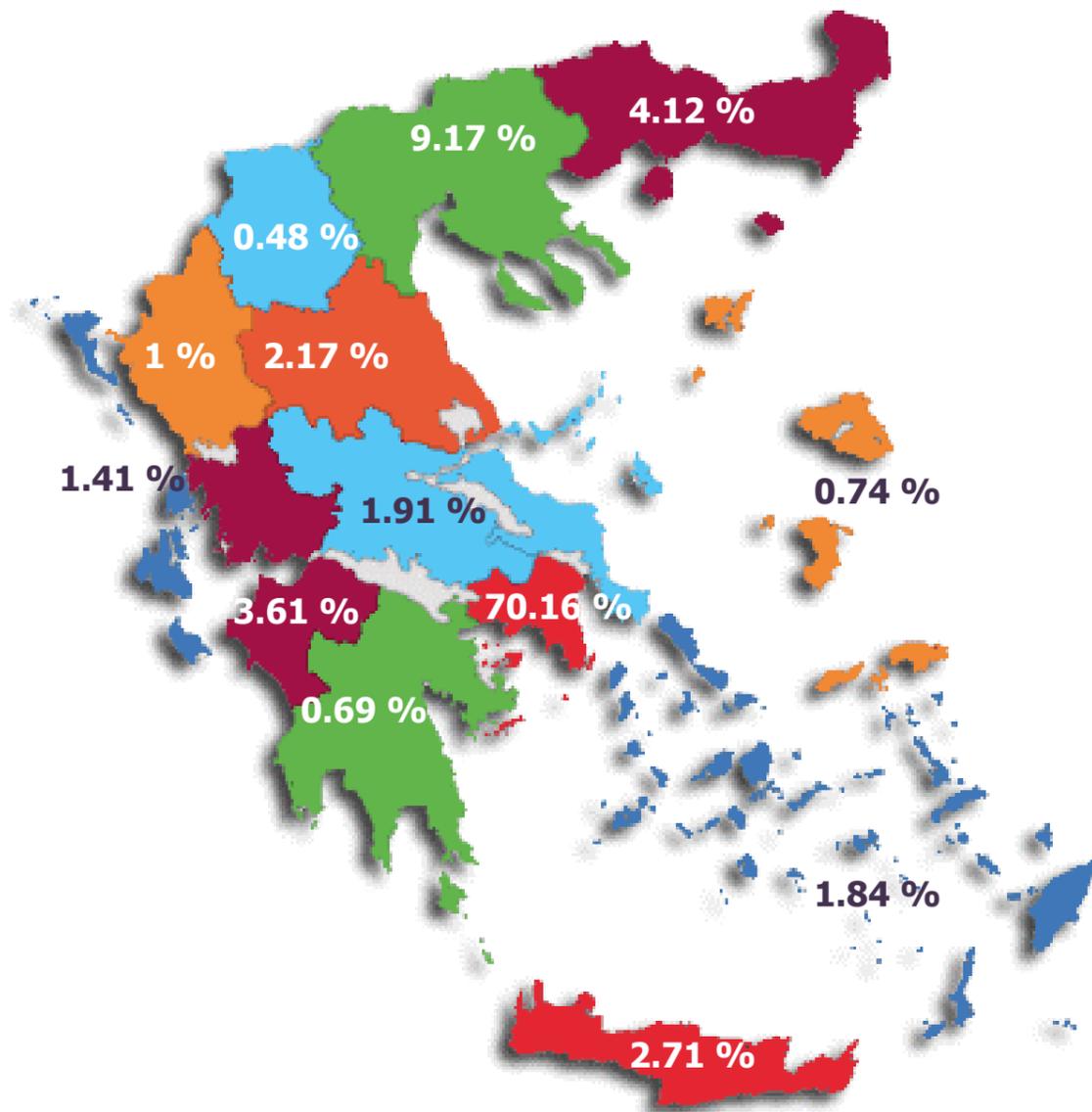
### 43/2012 - Inadequate information

Investor believes that in 2008 she was not adequately informed about the characteristics of the proposed bond to invest. She found out recently that her savings amounting to 100,000 euros, were placed in perpetual corporate bonds. Since their value in 2010 was 42,000 euros, she sought our mediation in order to be compensated. During the examination of the case, the bank argued that the investor had been informed verbally about the risks of investing in securities, in particular the possible impairment of her capital, as well as that the capital was guaranteed only in the event of the bond's revocation by the issuer. Also that it was not deemed appropriate to control the investment profile of the complainant, due to high assessment of the issuer of that bond and that from 2010 she received statements in which the current value of the bond was reflected. Our intervention resulted in the parties' agreement to the return of 85% of the nominal value of the bond.

### 78/2012 – Non-requested investment transactions

After the bank's over six weeks delay to answer repeated current account holder requests regarding the transfer of the balance in another account at the branch of Limnos, the bank informed him that a penalty amount had to be deducted, because the sum was invested in equities. He claimed that he had never given such a mandate, asked for the documents and requested our mediation in order to render full account balance. As a result of our mediation, the bank satisfied his request.

## Geographical distribution of complaints



Most complaints received come from the Attica region (70.16%, increased by 3.94% compared to last year), followed by the region of Macedonia-Thrace (13.77%), Western Greece (3.61%) and Crete (2.71%).

## IV. Cross-border disputes

Cross-border disputes are the complaints received by H.O.B.I.S. under its participation in the Cross-Border Out-of-Court Complaints Network for Financial Services (FIN-NET). The FIN-NET connects the national extra-judicial dispute settlement schemes of the European Union (EU) and the European Economic Area (EEA).

H.O.B.I.S. examines, as the competent scheme, within the framework of its competence, complaints filed by EU and EEA residents in relation with the transactions with its member banks and investment companies.

In addition, H.O.B.I.S. becomes recipient of domestic residents complaints arising in their dealings with financial institutions in the EU and the EEA. In this case, acting as the nearest scheme, provides information and refers interested parties to the competent scheme abroad.

The table below shows that in the year 2012, in 52 cases H.O.B.I.S. acted as the competent scheme and in 28 cases as the nearest scheme.

H.O.B.I.S. examined and settled, as a competent scheme, 51 cases. In 11 of these the complainant was vindicated while in 40 cases the bank.

Also, in a total of 28 complaints received by H.O.B.I.S. as the nearest scheme, the complainants were instructed to address to the competent scheme abroad.

	COMPETENT SCHEME	NEAREST SCHEME
A. GEOGRAPHIC REGION	52	28
- EU & EEA	43	28
- non FIN-NET	9	-
B. SETTLED	51	-
C. PENDING	1	-
D. SETTLEMENT METHOD		
- By a bank	14	-
- HOBIS Intermediation	37	-
- Referred abroad		28
E. Result		
- In favour of the consumer	11	-
- In favour of the bank	40	-

## Selected cases

### 259/2012 - Credit transfer delay

Mrs. Z. residing in Greece, made a money transfer of 1,000 € through a Greek bank to the beneficiary's bank account in France in order to pay for an accommodation deposit. However, since the above sum had not been credited to the above account, the beneficiary, a France resident, requested the Hellenic Ombudsman for Banking – Investment Services to investigate whether there had been a mistake during the execution of the payment transaction by the Greek bank. Our scheme's investigation proved that the transaction had been successfully completed and the sum was finally traced and credited to the beneficiary's bank account in France.

## Legent

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## Legend

According to the Bank of Greece
1. & 2. Pre-contractual information/Update during the contract
3. Failure to provide an answer
4. Poor evaluation when considering credit rating
5. Advertisements
6. Interest rates
7. Fee/commissions
8. Brokers
9. Disputed transactions
10. Disputed debt - account balance
11. Transactions via Internet
12. Non-compliance with contract terms
13. Debt restructuring
14. Unfair contract terms
15. Customer service quality
16. Other
Out of the Bank of Greece Table
1. Over-indebtedness
2. Debt adjustment
3. Personal data protection
4. Clarifications
Other Topics
Out of H.O.B.IS. competence