HELLENIC FINANCIAL OMBUDSMAN
Member of FIN-NET

# 2023

# ANNUAL REPORT

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| The Annual Report covers data for the year 2023 (1 January – 31 December) and is available on the website: http://www.hobis.gr | About the H.F.O<br>The H.F.O. is a private non-profit legal entity and its mediation (ombudsman) services are provided free of charge to the public.<br><br>1 Massalias Street, 106 80, Athens<br>Tel.: +30 210 33 76 700<br>Fax: +30 210 32 38 821<br>www.hobis.gr<br>info@hobis.gr |

## INTRODUCTORY NOTE

## FROM THE FINANCIAL OMBUDSMAN

In 2023, the Hellenic Financial Ombudsman (HFO) celebrated its 25th year of operation. Over the years, numerous changes have taken place in the financial market. Products and services, and the way they are made available to the public, have all changed significantly. Taking advantage of the opportunities offered by rapid technological developments, new providers of products and services are active in the financial sector. In order to meet needs and address issues arising from these changes, the legal and regulatory framework is being enriched with new provisions and updated.

The Hellenic Financial Ombudsman monitors developments and adapts its activities to focus consistently on achieving its purpose: providing transacting parties with access to fair, appropriate and effective procedures for consensually resolving disputes with financial service providers. To this end, it draws on its expertise as the sole ombudsman for financial services in Greece as well as the commitment of providers participating in its process.

To this end, the Hellenic Financial Mediation Centre, established in 2019 with the aim of providing mediation support services under Law 4640/2019, was an important step in expanding the scheme's work in the field of alternative dispute resolution. This strategic choice is gradually yielding results, with the mediation process being used increasingly by the Greek legal system (e.g. for the resolution of land registry disputes, within the framework of the NPL code of conduct and the out-of-court debt settlement mechanism, etc.), but also by the parties involved, who choose to resolve their disputes quickly, confidentially and with immediate enforceability.

In the field of modernising the legal framework for alternative resolution of consumer disputes, the following is worth noting for the year 2023: the publication of the proposal to amend Directive 2013/11/EU, which includes provisions aimed at further strengthening consumer protection for those who purchase products and services through online shopping, as well as those whose choices are influenced by digital marketing. The proposed amendments, including broadening of geographical and material scope of the Directive (so that, in addition to contractual disputes, all types of disputes related to consumer protection are covered), also aim to strengthen consumer confidence in digital markets. This is because easily accessible and effective procedures for amicably settling arising issues, enhance the feeling of security and fairness in transactions.

The Hellenic Financial Ombudsman participated in the discussion on the proposed amendments to Directive 2013/11/EU, which took place during the plenary meeting of the European Financial dispute resolution network (FIN-NET). The HFO also submitted comments to the Ministry of Development's General Secretariat of Commerce and will be represented in the corresponding working group.

Regarding the HFO’s complaint handling activity, 2023 saw a further improvement in satisfaction rates among transacting parties who appealed to the entity. The outcome of mediation does not constitute a judicial decision or an audit finding by the HFO as these fall within the competence of the judicial and administrative authorities, who have the power to enforce them. Conversely, the consensual outcome of the ombudsman procedure (and mediation) is the product of the free will of those involved in resolving disputes, and for this reason it has a positive impact on the way transactions are conducted.

As detailed in this report, it is also noted that the processing time for complaints dealt with by the HFO accelerated in 2023.

Of the cases submitted to the entity, those concerning disputes over transactions and account charges ranked first for another year, with the main cause being the dispute over authorization of transactions using means of payment, resulting from the fraudulent interception of the payer's identification details. It is worth noting, however, that these cases have decreased in number and percentage compared to the previous year (2022), by 5.5%.

Other causes of complaints in this category relate to introduction of account maintenance fees and subscription charges for cancelled cards, account seizures, offsets and freezing of unseizable balances in deposit accounts.

The second most complained about category is the quality of services provided. Reasons for this include a) delays in responding to customer requests, such as the issuance of loan repayment receipts and the sending of renewed debit or prepaid cards, legalising heirs, etc.; and b) errors and malfunctions of operating systems, such as the charging of inactive prepaid card, incorrect interest rate calculations in borrower reward programmes etc.

A limited number of complaints fall into the category of counter-transaction (bank investment) practices, such as complaints about changes to promotional terms, resulting in lower rewards for customers who chose the product than originally announced, promotion of an investment product to a customer who wanted a term deposit etc.

Finally, it should be noted that HFO’s projects to upgrade its infrastructure and internal procedures continued in 2023. These projects aimed to improve the entity's work continuously and accelerate the handling of disputes entrusted to it.

Paraskevi Agalidou

Financial Ombudsman

## A. Receipt and handling of complaints by the Hellenic Financial Ombudsman (HFO) in 2023

### 1. Overall activity in 2023

The Hellenic Financial Ombudsman (HFO) is an Alternative Dispute Resolution (ADR) entity that mediates in the resolution of complaints submitted to it by consumers and small businesses concerning issues arising during their transactions with financial service providers that participate in HFO, i.e. credit institutions, brokerage firms, and undertakings for collective investment in transferable securities. Complaints are submitted to the HFO in writing on a special complaint form, thus ensuring the completeness, accuracy, competence and legality of their processing, in accordance with the specific provisions of the HFO Rules of Procedure and the detailed information posted on www.hobis.gr.

In 2023[1] 1,080 written complaints were submitted to the HFO, which is a decrease compared to the previous year, when 1,205 complaints were submitted. Of these, 768 complaints (71.1% of the total) fell within the HFO's competence, while 312 complaints (28.9%) fell outside its competence and, as a result, they could not be handled or completed. It should be noted that in 2022, the percentage of complaints that fell within the HFO's competence was 68.1% of the total.

The reasons why the HFO does not handle complaints submitted to it are set out in its Rules of Procedure. For example, the HFO does not deal with cases that are the subject of legal proceedings or are being examined by another ADR entity, cases that do not have a financial objective, etc.

A significant number of complaints that were not handled by the HFO in 2023 concerned requests submitted by defaulting borrowers aiming to obtain favourable settlement of their non-performing loans. It should be noted that the solutions for the settlement or final resolution of non-performing loans, proposed by financial institutions, are a function of their business policy, formulated by taking into account the applicable regulatory framework, and cannot be the subject of HFO mediation. Furthermore, cases involving non-performing loans whose claims and/or management have been transferred to companies that do not participate in the HFO, e.g. Loan and Credit Acquisition Companies, special purpose companies (securitisation of claims) or Loan and Credit Claim Management Companies, cannot be investigated by the HFO.

It is worth noting at this point that mediation under Law 4640/2019 is a more appropriate alternative dispute resolution procedure for finding an appropriate solution for settling or finally resolving debts from non-performing loans. Through its second pillar of operation, i.e. the Hellenic Financial Mediation Center, the Hellenic Financial Ombudsman provides support services for commercial and financial dispute mediation procedures. To ensure the effectiveness of mediation in this specialised field, HFO has also trained accredited mediators in financial issues.

The time required for the HFO to resolve a complaint depends on the specific characteristics of the transaction in question; the conditions under which the transaction

[1] From 01/01/2023 to 31/12/2023.

was executed and the speed as well as the completeness of the response from the parties involved (i.e. the transacting parties and financial service providers).

The main objective of HFO is to reach a consensual settlement of the dispute in an amicable manner, achieving a result that satisfies the complainant.[2] It should be noted that complainant satisfaction is not always financial in nature. It is often achieved by responding to requests for transaction details and providing simple clarifications to specific questions that were not covered by the general information provided, or with a simple apology for any misunderstanding, delay or inconvenience suffered.

In 2023, the HFO examined a total of 779 complaints.[3] The percentage of positive outcomes of disputes examined and settled by the HFO in 2023, i.e. cases in which the outcome of mediation satisfied the transacting party, either fully or partially, amounted to 85.6%.[4]

The average time taken to complete the dispute resolution process for complaints examined during 2023 was 78.95 days.

On average, it took 67.24 days to handle and resolve complaints submitted in 2023. Of this total, **18.20 days corresponded to the HFO's average processing time for cases**, with the remainder representing the time taken for the parties involved (complainants and providers) to provide their views, data and proposals, in accordance with the principle of hearing both sides, which governs the HFO's procedure.

In the context of cross-border dispute resolution, a total of 41 cases were submitted to the HFO in 2023. Of these, 58.5% (24 cases) fell within its competence. Of the cases handled, 66.6% were resolved either in favour of the complainant or by compromise.

In addition to written complaints, the HFO receives a significant number of telephone enquiries every day from consumers, professionals, and small businesses seeking information about problems and disputes arising in their transactions with financial service providers.

In this context, the HFO provides the necessary clarifications and, where appropriate, it recommends that the contracting parties submit the dispute in writing, so that it can mediate its resolution. In 2023, the HFO received 2,668 telephone calls, which was a decrease of 10.1% compared to 2022 when 2,968 calls were received (Chart 1).

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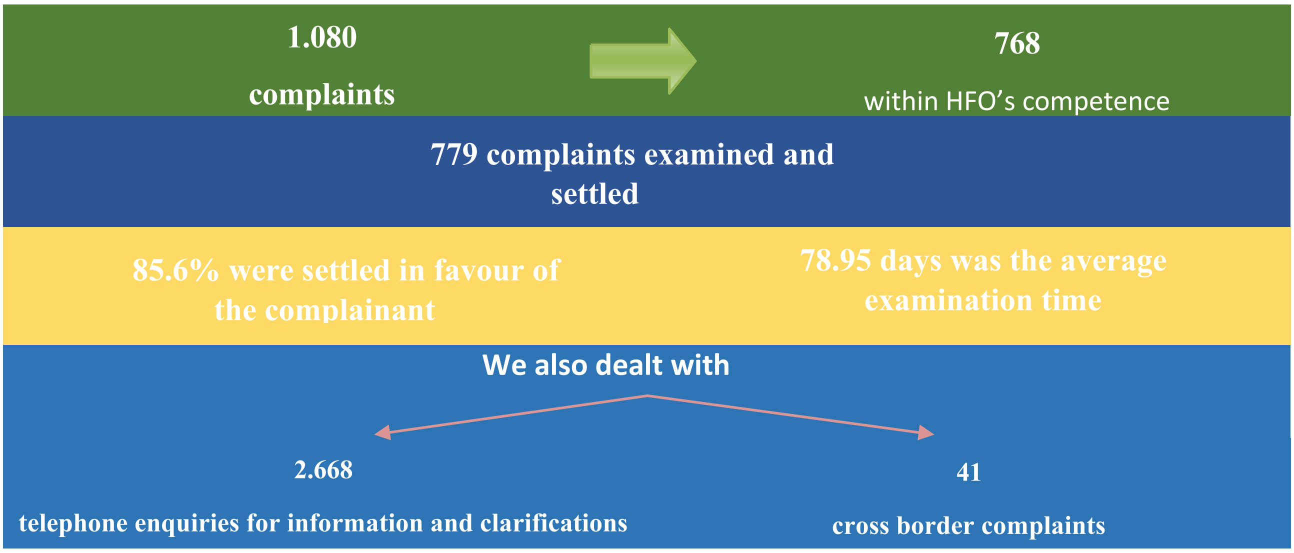
[2] The dispute is resolved through HFO mediation primarily by the financial services provider recognising the legitimacy of the trader's claims and providing redress (full or partial satisfaction), or by the trader understanding and accepting the financial services provider's arguments.

[3] This number includes complaints submitted in 2023, as well as those submitted earlier but not concluded by 31 December 2022.

[4] This percentage does not include cases from which the applicant withdrew for any reason before the investigation was completed.

## Chart 1

**The HFO's activities in 2023**

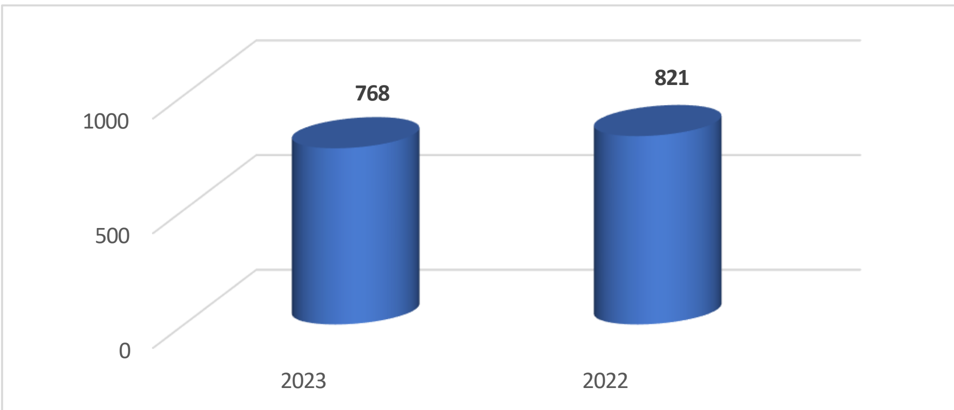



### 2. Complaints within the HFO's competence submitted in 2023

The 768 complaints received by the HFO within its competence in 2023 were 6.46% fewer than in 2022, when the corresponding number was 821 (Chart 2). This change is mainly due to complaints about financial services providers not participating in the HFO process being submitted.

## Chart 2

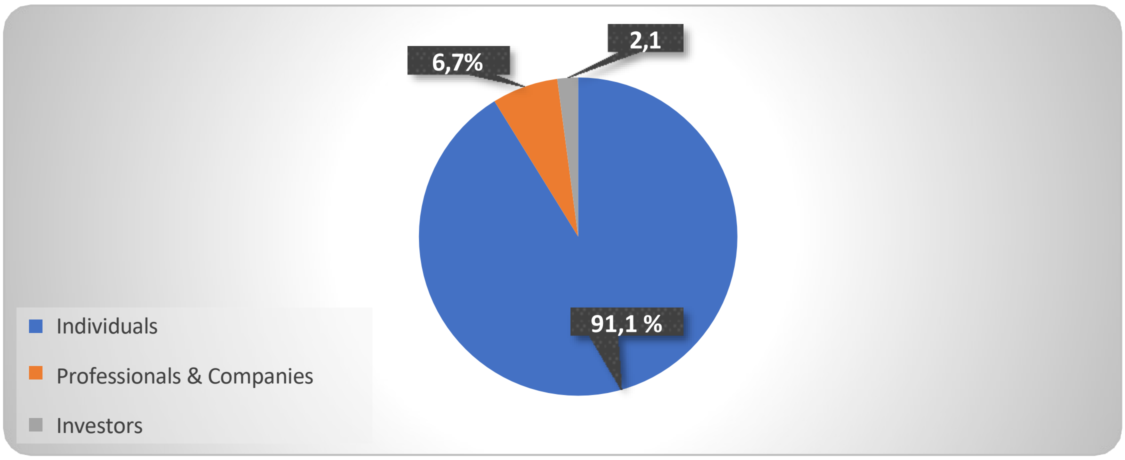
**Number of complaints submitted within HFO competence in 2023**




As in previous years, most of the complaints submitted to the HFO in 2023 came from private individuals (91.1%, or 700 complaints). Furthermore, 52 complaints were submitted by professionals and companies (6.7% of the total number of complaints submitted), while investors submitted 16 complaints (2.1% of the total), (Chart 3).

## Chart 3

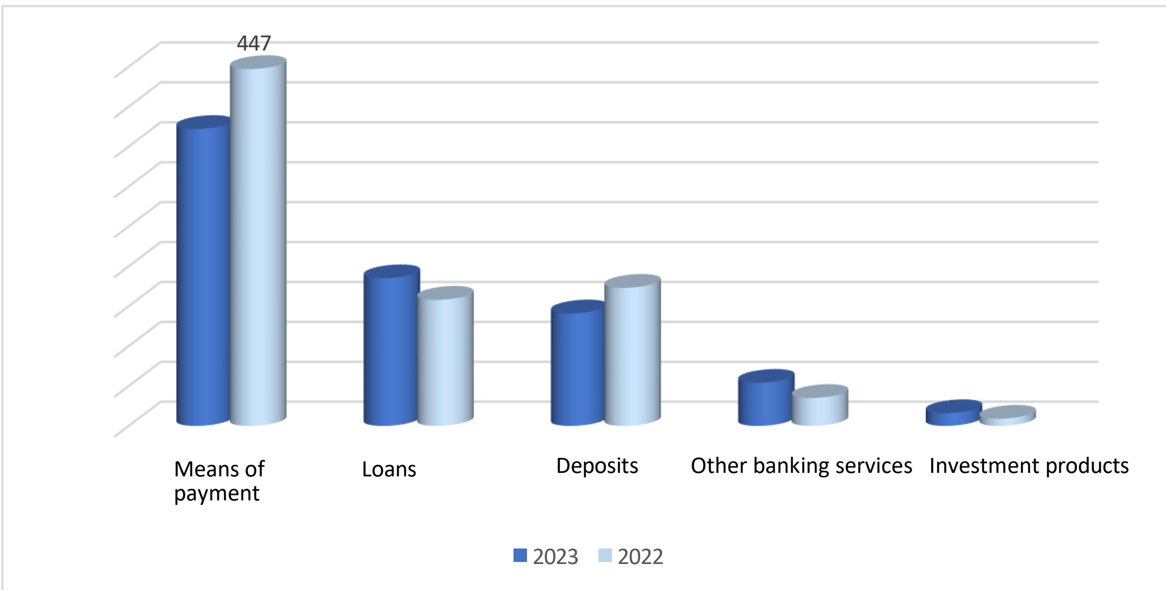
**Complaints submitted within HFO competence in 2023 by provider category (%)**




Complaints submitted within HFO competence in 2023 mainly concerned services provided by credit institutions. These complaints fell into the following categories: a) Means of payment (e.g. debit and credit cards), for which 372 complaints were submitted (48.4% of the total); b) Loans, for which 185 complaints were submitted (24.1% of the total); c) Deposits, for which 141 complaints were submitted (18.4% of the total); d) Other banking transactions, for which 54 complaints were submitted (7.0% of the total); and e) Investment products, for which 16 complaints were submitted (2.1% of the total), (Chart 4).

## Chart 4

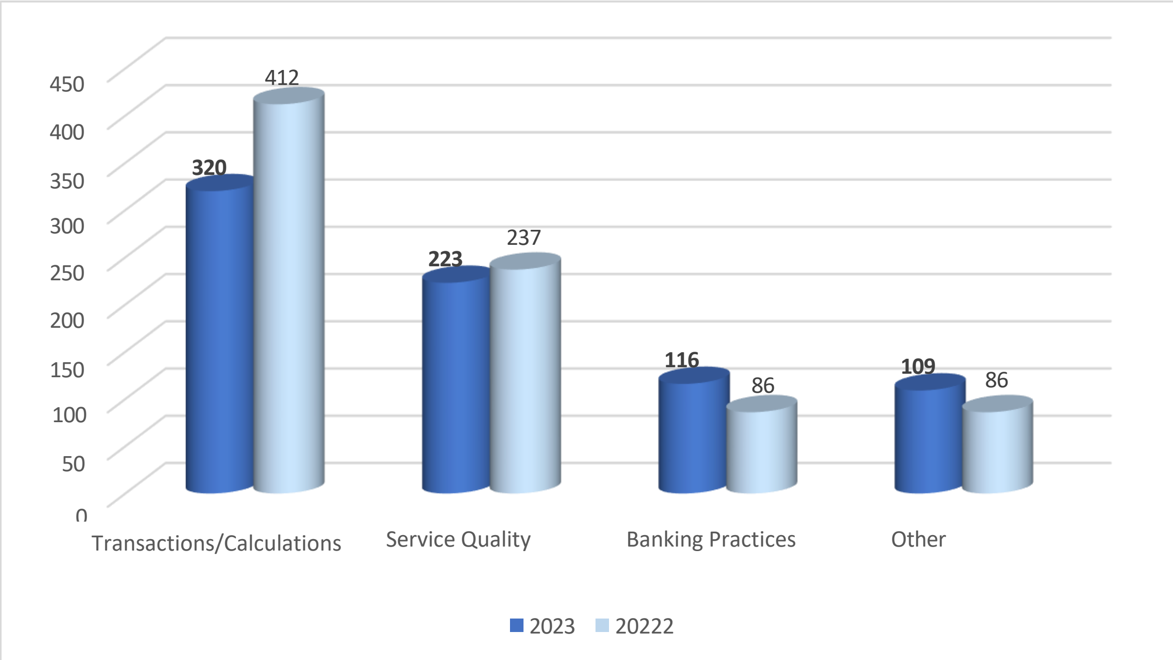
**Number of complaints submitted within HFO competence in 2023 by category of financial product**



The causes of complaints submitted to the HFO in 2023 varied. Chart 5 shows the four most frequent causes, which remained unchanged from 2022. Disputes over transactions and calculations were the most frequent cause, accounting for 41.7% (320 complaints) of those submitted. These were followed by complaints relating to service quality (29% or 223 complaints), banking practices (15.1% or 115 complaints) and various other causes (e.g. charging of fees) (14.2% or 109 complaints).

**Chart 5**

**Reasons for complaints submitted within HFO competence in 2023, by category of reasons**



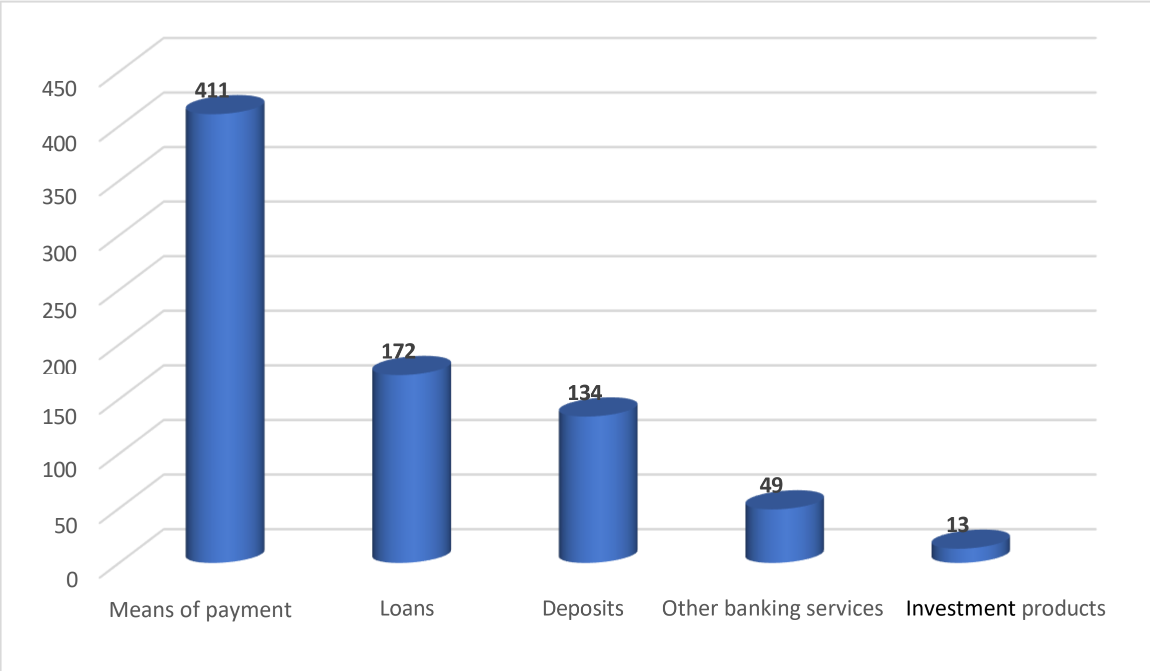

## 3. Complaints that were handled in 2023

In 2023, the HFO examined 779 complaints. While the majority of these were submitted in 2023, some had been submitted to the HFO earlier. The majority concerned complaints submitted by individuals (91.0%, or 709 complaints), followed by those submitted by professionals and small businesses (7.3%, or 57 complaints), and finally by investors (1.7%, or 13 complaints).

The disputes were related to the following areas: means of payment (411 complaints, or 52.7% of the total), loans (172 complaints, or 22.1% of the total), deposits (134 complaints, or 17.2% of the total), other banking transactions (49 complaints, or 6.3% of the total) and investment products (13 complaints, or 1.7% of the total), (Chart 6)

**Chart 6**

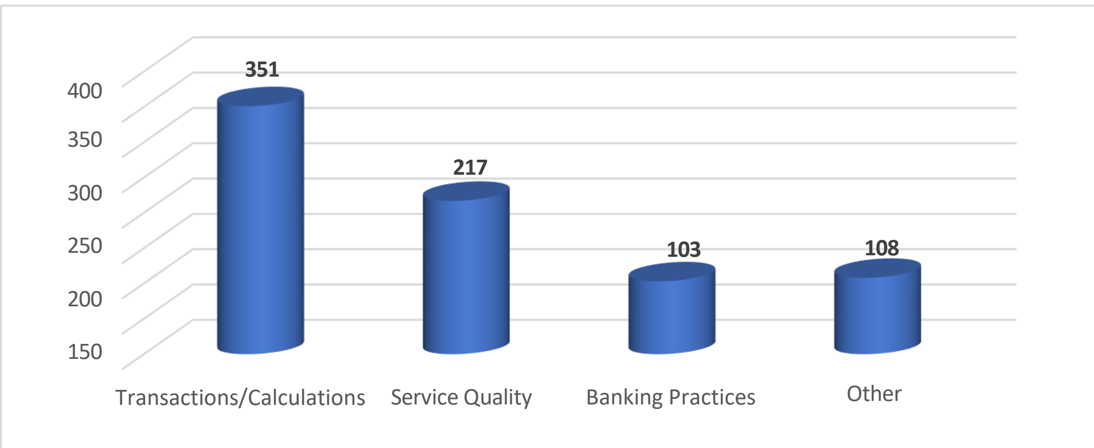
Number of complaints handled in 2023, by category of financial product




The most frequent causes of complaints were disputes over transactions and calculations (351 complaints, accounting for 45.1% of all fully processed complaints), customer service quality (217 complaints or 27.8), bank practices (103 complaints or 13.2%), and various other causes (e.g. fees charged) (108 complaints or 13.9%) (Chart 7).

**Chart 7**

**Causes of complaints whose handling was completed in 2023**



Below are typical disputes resolved in 2023 through the mediation of the Hellenic Financial Ombudsman.

## Complaints from individuals

### Inadequate information provided to borrower

The bank approved the borrower's application to convert the interest rate on two of his mortgages to a fixed rate. Before the relevant additional deed was signed, a 'Reward programme for consistent mortgage borrowers' was announced, which the complainant requested to join.

When the bank rejected his request due to their prior approval of his initial application to convert his loans to a fixed interest rate, he requested our intervention, citing inadequate information about the programme's terms and conditions. In the meantime, he had fallen behind on his loan repayments.

The Hellenic Financial Ombudsman's intervention resulted in the crediting of his account with the difference in instalment amounts (based on the programme's interest rate) up to the date on which he became delinquent, as well as the renegotiation of the fixed interest rate on his loans.

### Delay in releasing seized accounts

Despite the government sending the bank a document to lift the seizure of the debtor's accounts, the bank was slow to release them. Following our intervention, however, the bank released the accounts immediately, and the beneficiary thanked us for resolving the issue so promptly.

### Suspension of mortgage loan subsidy

The debtor appealed to the Hellenic Financial Ombudsman because, despite consistently servicing his mortgage loan, which was included in the 'GEFIRA I' (Subsidies for Primary Residence Mortgage Loans for Coronavirus Victims), he was no longer receiving the subsidy in his account. In response to his query, the bank incorrectly referred him to a debt management company that had not taken over management of the loan in

Upon examining the case, the Hellenic Financial Ombudsman found that the debtor's application had been mistakenly removed from the programme in March 2021. The bank subsequently informed the debtor of the procedure for re-enrolling him in the programme, and his loan account was credited with the subsidy amounts retroactively.

### Seizure of deposit account

In seizing a deposit account that had been declared unseizable by its holder - a debtor to the State - under the law provisions (KEDE), the bank failed to calculate the reference period for protecting the stipulated monthly amount of €1,250, as set out in law. This should be based on the calendar month.

Consequently, €200 was frozen for transfer to the tax office that had issued the seizure order, despite the total amount credited to the account not exceeding the protected amount of €1,250 within the calendar month. The intervention of the Hellenic Financial Ombudsman resulted in the release of the frozen funds. The complainant thanked us for resolving the dispute.

**Delay in releasing funds**

The complainant rented a car using his debit card, and the relevant deposit was debited from this card. When he returned the car to the rental company, the latter immediately released the deposit. However, it remained unavailable in the complainant's bank account. After the Hellenic Financial Ombudsman investigated the case, the bank released the funds.

**Problem when depositing money at an ATM**

When €415 was deposited at an ATM, a €50 banknote was retained as it was suspected to be counterfeit. Although the depositor subsequently chose to cancel the transaction, the remaining €365 was not returned to him. In response to his complaint, the bank claimed that, according to the information at their disposal, the €365 in banknotes was returned by the ATM before the depositor's card was returned and the transaction was completed. Our intervention resulted in the matter being reviewed and the depositor's request being granted.

**Incorrect interest rate calculation**

The bank included a mortgage loan, for which the complainant acted as guarantor, in a borrower rewards programme and reduced the interest rate. However, due to a systemic error, a different interest rate was applied to the loan in question for a short period of time. This resulted in a higher monthly instalment and caused the loan to appear overdue.

Thanks to our intervention the correct interest rate was applied to the mortgage loan in question, the late payment interest was reversed, and the loan was reclassified as current. Furthermore, the bank apologised to the complainant for any inconvenience caused.

**Late payment of credit card bills**

The holder of two credit cards issued by the bank had set up a standing order for the minimum monthly payment to be automatically debited from her account, while she paid off the remaining balance herself.

She appealed to the Hellenic Financial Ombudsman, claiming that the bank had not executed the standing order for January, resulting in her being charged late payment interest totalling approximately €27.

Upon examining the matter, it emerged that the bank had executed the standing order on time; however, the interest had been charged because the cardholder had chosen to pay the remaining amount through another credit institution without considering the additional time required for the bank's systems to be updated regarding the payment. The bank provided the cardholder with detailed information and, as a gesture of goodwill, reversed the late payment interest charges.

### Card charges as a result of electronic fraud

The complainant fell victim to electronic fraud, resulting in 43 transactions totalling approximately €1,700 being made with his debit card. After disputing these transactions, the bank recovered and credited some of them to his account; however, an amount of approximately €270 was not refunded. The intervention of the Hellenic Financial Ombudsman resulted in this amount being credited to the complainant's account.

### Charging transfer fees to an inactive prepaid card

The complainant transferred money from his deposit account to his prepaid card to increase the available balance, for which he was charged the relevant fees. However, he then discovered that he could not use the card because it was inactive. When he tried to transfer the inactive card's balance to his deposit account, he was told that he would have to pay further fees. Following our intervention, the card balance was credited to his account without further charges, and the transfer/loading fees were refunded.

### Card subscription fee

For the past four years, the bank had been charging the complainant annual card subscription fees for a card that was never received or activated. Our intervention resulted in a refund of these charges.

## Business complaints

### Non-crediting of employer contributions

Due to the use of an incorrect payment ID (T.P.T.E.) when a business made a payment to the National Social Security Entity (EFKA) via e-banking, employer contributions amounting to approximately €2,500 were not credited to the EFKA account. Consequently, the business could not obtain an insurance certificate. The bank claimed that the payment in question had been successfully executed. Following the Hellenic Financial Ombudsman's intervention, the problem was resolved and the above amount was correctly credited to the EFKA account.

### Delay in issuing a certificate of repayment

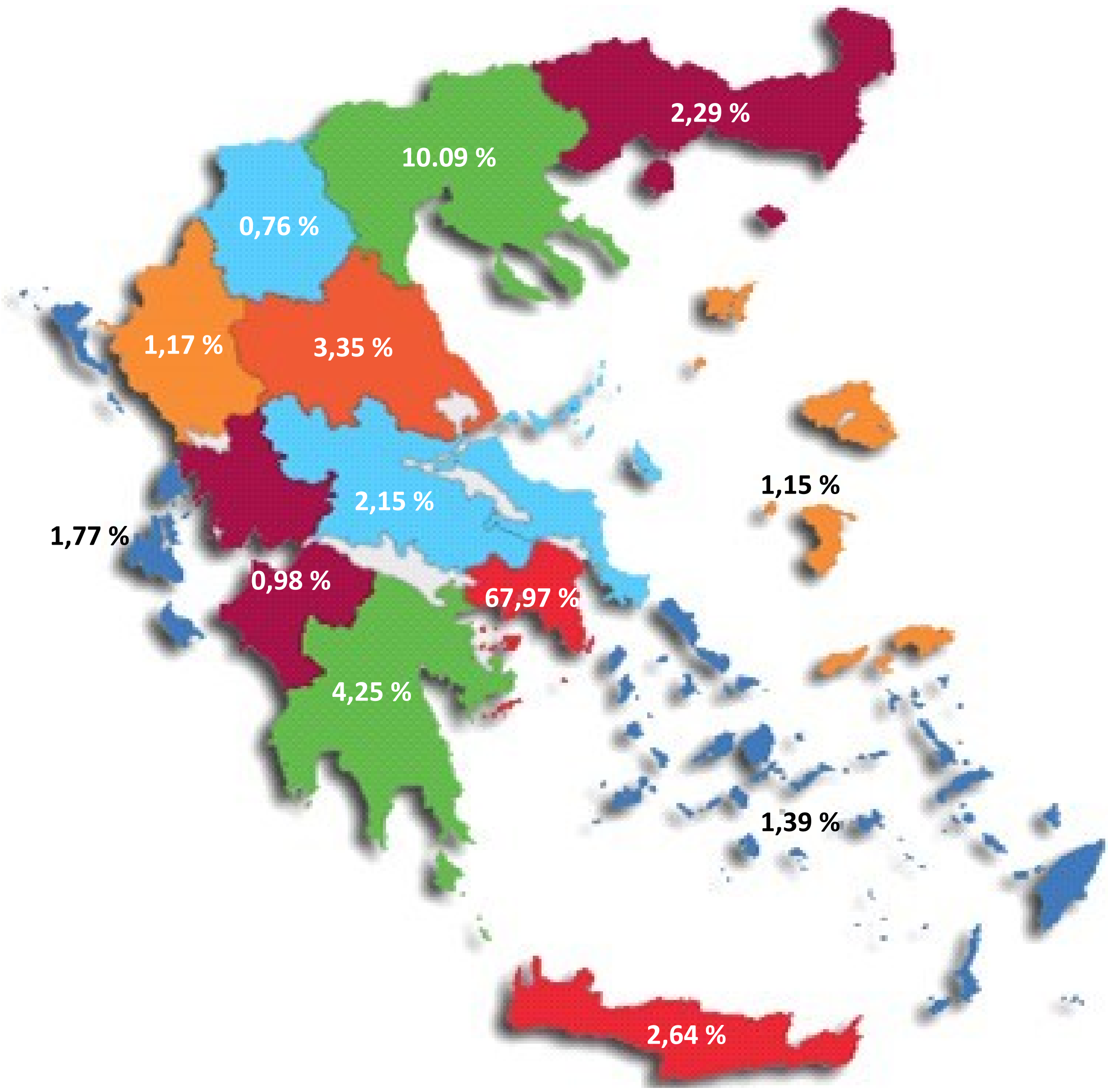
A public limited company appealed to the Hellenic Financial Ombudsman due to a ten-month delay by the bank in issuing a certificate of debt repayment. This certificate was necessary to remove a mortgage lien and lift the seizure order against the company. Our intervention resulted in the bank apologising for the delay and satisfying the company's request.

**Delay in refund**

A recreational boat company attempted to pay for the purchase of a sailing boat by transferring approximately €44,000 via e-banking. However, it mistakenly selected an IBAN account belonging to another company in the seller's group. In response to his request for a refund, the bank refunded most of the amount with the seller's consent but delayed crediting his account with the remaining sum of approximately €9,000. Our intervention resulted in the dispute being settled to his satisfaction.

## 4. Geographical distribution of complaints submitted in 2023

The largest percentage of complaints submitted to the HFO in 2023 came from the Region of Attica (69.16%), followed by the Region of Central Macedonia (8.09%) and the Region of Peloponnese (5.56%).



## 5. Cross-border disputes in 2023

These are disputes received by the Hellenic Financial Ombudsman (HFO) through its participation in the financial dispute resolution network FIN-NET. FIN-NET links national out-of-court dispute resolution schemes in the financial sector across the European Union (EU) and the European Economic Area (EEA).

HFO mediates, as competent scheme, in complaints from EU and EEA residents arising from their transactions with providers participating in the HFO, within the scope of its competence.

At the same time, HFO also receives complaints from domestic residents concerning their transactions with financial institutions in the EU and EEA. In such instances, acting as the nearest scheme, HFO provides information and refers interested parties to the relevant out-of-court dispute resolution scheme in the foreign country.

In 2023, HFO received a total of 41 cross-border cases, of which 24 fell within its jurisdiction and were examined. Of these, 58.5% were settled, with 66% being resolved in favour of the trader or through a compromise.

The following is an example of a cross-border case dealt with by the HFO in 2023

### Delay in updating identification data

An elderly foreign national and permanent resident of France appealed to the Ombudsman because her bank refused to allow her to be represented by a lawyer authorised to operate her deposit account.

The investigation revealed that the bank had refused because of a change/renewal to the account holder's passport. To update the passport details, the bank requested that the complainant appear in person at its branch in Greece.

Following our mediation, the bank offered the complainant an alternative means of communication to update her details remotely.

## B. Activities of the Hellenic Financial Ombudsman in Greece and abroad in 2023

- Participation in the plenary meeting of the European Financial dispute resolution network FIN-NET in November 2023. Topics included: a) legislative regulations promoted by the EU and the possible impact of AML rules on consumer protection, b) risks of payment fraud in online commerce, c) the proposed amendment to Directive 2013/11/EU on alternative dispute resolution for consumer disputes
- Participation in a survey organised by the International Network of Financial Mediators (INFO) on current and emerging issues in financial disputes, as well as participation in the meeting at which the results were presented and discussed in detail.
- Submission of comments to the General Secretariat for Trade of the Ministry of Development on the Proposal for a Directive of the European Parliament and of

the Council amending Directive 2013/11/EU on Alternative Dispute Resolution for Consumer Disputes.

- Participation in an event organised by the Organisation for the Promotion of Alternative Dispute Resolution Methods and the Hellenic Bank Association on 14 December 2023, focusing on Mediation in Banking Contracts.

## C. Hellenic Financial Mediation Center (HFMC)

HFMC is the second area of activity of HFO-ADRO. It was created with the aim of contributing to the dissemination and promotion of alternative dispute resolution procedures other than HFO (Ombudsman) and to offer high-level services, particularly in the field of the out-of-court settlement of private financial disputes (banking, credit, investment, insurance, commercial, etc.).

In this context, HFMC provides logistical and administrative support services for the out-of-court settlement of financial disputes through mediation, as regulated by Law 4640/2019.