ANNUAL REPORT

2007

HELLENIC OMBUDSMAN FOR
BANKING-INVESTMENT SERVICES

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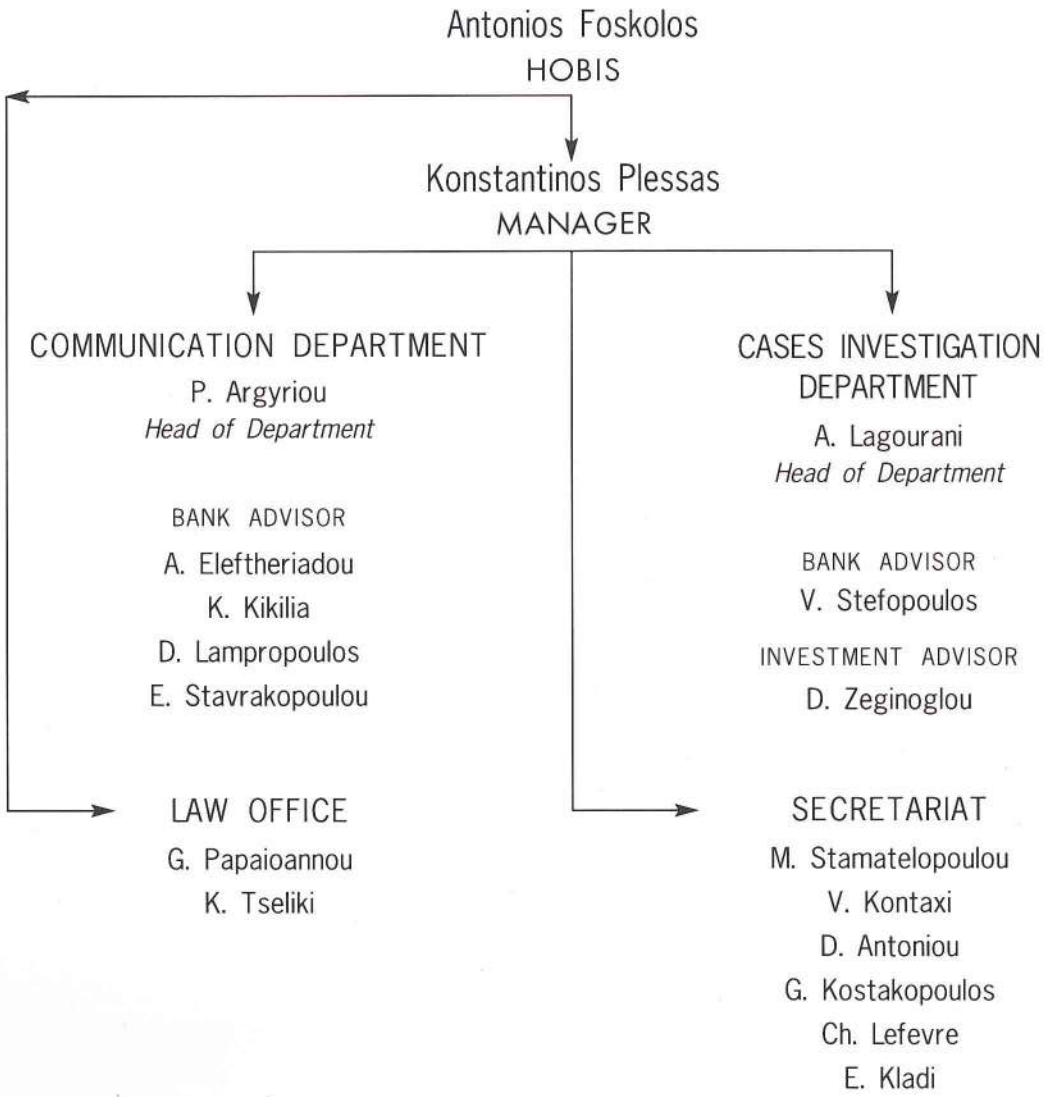
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HOBIS
ORGANIZATION CHART



INTRODUCTION

The Hellenic Ombudsman for Banking-Investment Services (HOBIS) completed its ninth year of operations in 2007. Over these nine years, HOBIS has received a total of 8,725 written complaints and 54,495 telephone calls and visits to its offices.

HOBIS is a self-regulatory initiative of its member organizations – the Hellenic Bank Association, the Athens Stock Exchange Members Association, and the Association of Greek Institutional Investors.

HOBIS is a pioneering organization in Greece, both in terms of its concept and workings. It bases its role and function on the tried and tested methods of other EU countries and principles established by the European Commission for the resolution of out-of-court disputes. Through a process of consensus and gentle persuasion, rather than resorting to loud disputation and penalties, HOBIS actually enhances the efficiency of the credit system.

Within the framework of its mediating role HOBIS endeavours to improve communication between consumers and financial service providers. As a third party providing objective, sincere and amicable mediating services, HOBIS hopes to reduce the suspicion that often governs the relations between the two sides.

Since the requirements of both those involved in making transactions and the market change over time, HOBIS can only achieve results through interaction with both parties. By means of its recommendations and building on its experience, HOBIS ultimately aims to enhance the quality of the banking services provided.

Furthermore, being a member of the Cross-Border Out-of-Court Complaints Network for Financial Services (FIN-NET) in EEA, HOBIS investigates complaints arising during the course of cross-border transactions. Moreover, it investigates complaints filed by residents of non-EEA member countries (USA, Australia, Canada), in cooperation with its counterpart bodies abroad.

In order to effectively manage and address the cases brought to our attention we have a) standardized the complaints investigation procedures, b) put in place a new, simple and rational organizational structure, and c) upgraded the logistics infrastructure of the Office – we increasingly reap the benefits of accumulated experience.

Of course, it is people that make a difference in our efforts to improve the level of the services provided. Although the complaint investigation process

is a written process and, consequently, "impersonal", we endeavour to be flexible in our response to consumers' problems, examining them on an individual basis and seeking to understand precisely what it is that has brought the two sides into dispute.

This Report on the activities of HOBIS in 2007 is a summary of the Greek version and contains three sections: the first sets out problems that have occurred in transactions by individuals with banks; the second looks at similar issues between business customers and banks; and the third considers disputes between investors and banks and investment companies. Every section includes aggregate statistical data and presents telephone calls and written complaints per product/service and per complaint reason. In addition, each section includes information on the cases that were dealt with and their outcome, as well as conclusions that were deduced on the basis of these cases. In the following sections some further examples of cases addressed by HOBIS have been added.

So far, HOBIS has efficiently met its targets. Its work is recognized and appreciated. Our main goal is to follow, and adjust swiftly, to changes and developments, so as to efficiently respond to the needs of transacting parties and to provide top-class service. We also aim to make our work more widely known in the region and, through our results, demonstrate our independence and effectiveness.

It is particularly satisfying when our efforts are rewarded, whether through the gratitude of those who turn to us to help sort out their dispute or, generally, through recognition among consumers and consumer associations, the Economic and Social Committee (ESC), government agencies (e.g. Secretariat General for Consumers of the Ministry of Development), and independent authorities (the Greek Ombudsman). Our work is promoted by the Citizen Service Centers as well as the media. We owe many thanks to them all.

The support of our founding partners and their members, the teamwork of our staff, and the overall appreciation of our work –in Greece and abroad– together help us in our mission, and encourage our efforts, in compliance with our principles, to protect consumers and continue our work in the same vein.

February 2008



Antonios Foskolos
Ombudsman

ANNUAL REPORT 2007

ACTIVITIES

ACTIVITIES

The Hellenic Ombudsman's Office addresses complaints filed by consumers and SMEs, as well as by investors.
In 2007, the scheme received a total of 8,968 phone calls and visits to its offices, as well as 1,585 written complaints, 1,480 of which concerned banking transactions by individuals and small businesses, and 105 investment transactions.
In 2007, HOBIS actually processed a total of 1,149 written cases. Also, our website (www.bank-invest-omb.gr) was visited 17,819 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.
In 2007, HOBIS, worked closely with the European Consumer Centre and SOLVIT, hosted at its offices delegations from the Turkish Bank Association and the Serbian Bank Association, participated as speaker in workshops held by the European Consumer Center in Athens and by the Tripolis Consumer Protection Centre, gave interviews on 23 television and radio shows and 28 newspapers and magazines, and had constructive meetings and cooperation with bank and investment company representatives.

1. CONSUMER COMPLAINTS

1.1. Overall activity

The HOBIS Office is comprised of two departments (the Communication Department, which receives phone calls and visits, and the Cases Investigation Department, which processes written complaints), a Law Office and a Secretariat.
In 2007, HOBIS received 7,966 phone calls and 820 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.

CONSUMER COMPLAINTS

Over the same period 1,356 written complaints were filed with our Office, of which 1,039 were resolved.

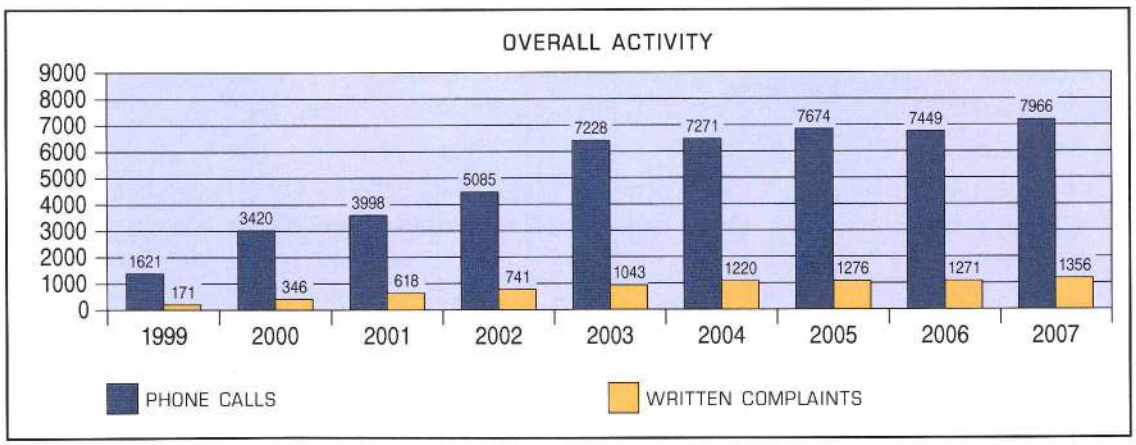
The accompanying table presents HOBIS's overall activity regarding consumers' disputes with banks from 1999 (the year the scheme was launched) to the end of 2007.

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.

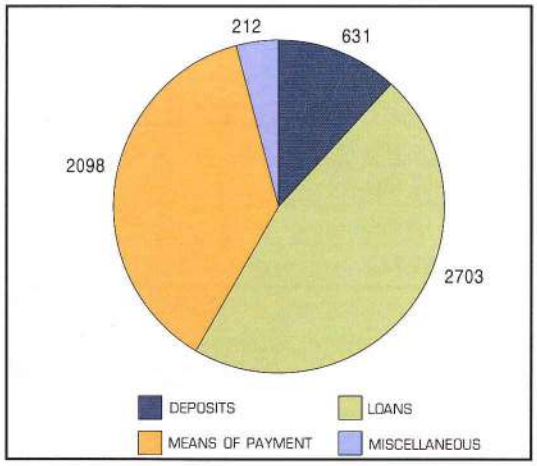
We note, however, that after 2003 the rate of change from one year to the next gradually decreases resulting in a negative figure in 2006. In 2007, telephone calls increased by 6.9% and written complaints by 6.7% compared with the previous year.

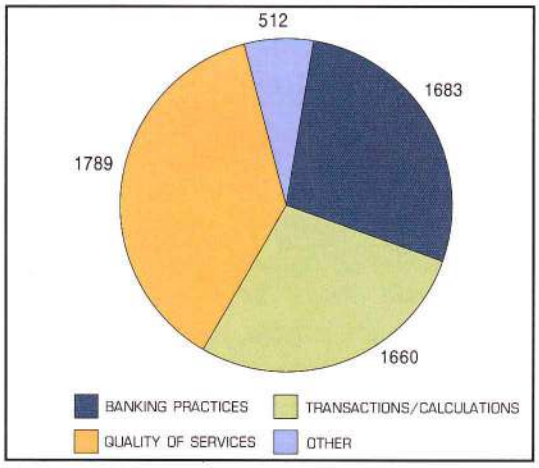
YEAR	NUMBER	% CHANGE
PHONE CALLS		
1999	1,621	–
2000	3,420	111.0
2001	3,998	16.9
2002	5,085	27.2
2003	7,228	42.1
2004	7,271	0.6
2005	7,674	5.5
2006	7,449	-2.9
2007	7,966	6.9
TOTAL	**51,712**	
WRITTEN COMPLAINTS		
1999	171	–
2000	346	102.3
2001	618	78.6
2002	741	19.9
2003	1,043	40.8
2004	1,220	17.0
2005	1,276	4.6
2006	1,271	-0.4
2007	1,356	6.7
TOTAL	**8,042**	



1.2. Phone calls

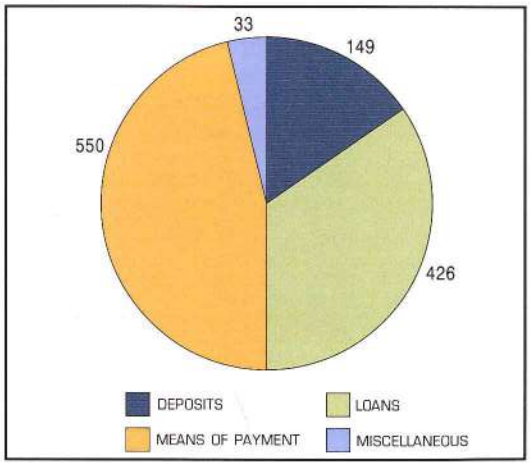
In 2007, phone calls regarding consumer complaints increased by 6.9% to 7,966. Of these complaints, 5,644 (70.8%) cases fell within HOBIS's jurisdiction. The following pie charts depict their distribution per product/service and per cause of complaint respectively.

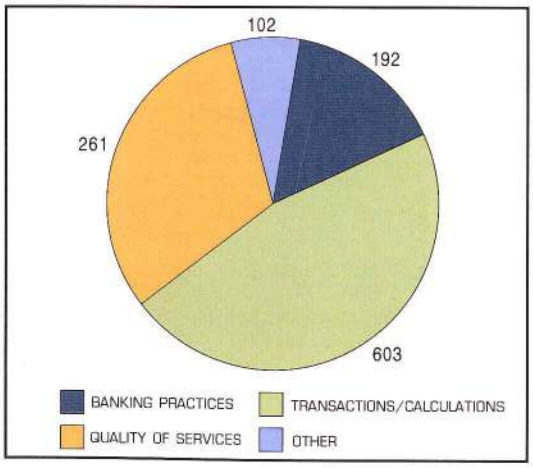




1.3. Written complaints

In 2007, the number of written complaints increased by 6.7% to 1,356. Of these complaints, 1,158 (85.4%) 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 2007, 1,039 cases were resolved, 671 in favour of the complainants, 266 in favour of the banks and 102 by conciliation. The degree of complainants' satisfaction, expressed as the sum of complete satisfaction (64.6%) and conciliation (9.8%) was 74.4%.

1.5. Findings

➤ *Deposits*

Complaints were filed on the reduction or even total elimination of account balances due to charges imposed on accounts remaining idle (prior to the implementation of Bank of Greece Governor's Act No 234/20/11-12-2006).

There were also complaints on handling charges imposed on deposits, on the basis of the number of withdrawals effected and the account balance.

Some incorrect debits of depositors' accounts were observed due to duplication of names.

In some cases, pensions were blocked without prior notification to the beneficiaries, because of amounts owed in arrears.

➤ *Loans*

Strong complaints were lodged against the improper and often threatening attitude of collecting companies who have undertaken the settlement of overdue debts.

Delays were reported in the processing of loan transfer applications and complaints were filed regarding the refusal by banks to allow the transfer of customers' mortgage liens.

Also, it has been brought to our attention that, often, open loan accounts are not closed despite the fact that the consumers have paid up their debit balance, and thus, annual charges are debited. Accordingly, the complainants question their obligation to pay them.

Disputes have occurred concerning the method of loan interest calculation.

Furthermore, we have been informed that loan instalments remain unpaid, due to insufficient balance following debits effected on deposit accounts without the depositor's prior notification.

Often, loan guarantors were insufficiently informed on the loans they had guaranteed for, and significant delays were observed in their being notified on the principal debtor's overdue debts. As a result, they were requested to pay interest that would not have occurred if they had been informed in a timely manner.

Complaints were also made regarding loans granted with forged legalization documents.

Lastly, delays were reported in the supply of agreement and additional deed copies, as well as in the discharge of mortgages (mortgage, prenotation, retention of title), although the loans had been fully repaid long before.

➤ *Payment means*

I. CARDS

Complaints were reported by individuals who received persistent phone calls within the context of credit card promotion. Another problem was the issue of credit cards for individuals who had not filed an application form to this effect. Also we were notified of problems in cases of credit card dispatch by non-registered post.

Complaints were filed for the activation of credit cards by third parties as well as for the issue of credit cards with forged legalization documents.

Many complaints were also lodged by parents about credit cards being granted to their children, despite the fact that they were students who did not meet eligibility requirements (not financially independent).

Moreover, some complaints concerned the provision of credit cards to individuals suffering from mental disorders or individuals who are prone to over-spending, as well as to students who often have little or no income at all, and, eventually, parents or relatives are expected to pay their debts.

Complaints were filed in cases of overstepping credit limits, usually following card loss or theft, as well as in cases of credit limit increases without prior notification to the cardholder simply by an indication on the credit card statement which is often not noticed by the cardholder.

Complaints were also lodged concerning charges imposed on non-eurozone credit card transactions.

Furthermore, sometimes although cardholders performed instalment purchases, they were debited with the corresponding amount in a lump sum because the business where they carried out the purchase cooperated with a bank that did not participate in the instalment programme of the cardholder's bank.

Lastly, there still occur cases where consumers complain about interest imposed on dues, as well as the promotion and supply of credit cards instead of the requested debit cards, and so on.

II. ATMs

Cardholders still turn to our Office with questions regarding debits following unsuccessful cash withdrawal attempts (either in cases that the requested amount was not delivered or cases where the amount delivered was smaller than the debited one) or credits for deposits made using an envelope via an ATM.

There were also complaints regarding ATM withdrawals effected by third parties although the card was in the possession of the cardholder (skimming).

➤ *Other banking operations*

The small number of complaints and the fact that they concern a variety of products does not allow for much analysis and conclusive inference. However:

Complaints were filed by relatives of deceased individuals for nuisance regarding the latter's debts although they have submitted a renunciation of inheritance.

There were also complaints about the high pricing policy applied.

Lastly, several complaints were related to collecting companies and their inappropriate behaviour and contact time, and to the bank's failure to notify the debtors that their debts have been forwarded for collection to a collecting company.

1.6. Selected cases

414/2007
Withdrawal by a non-beneficiary

The ex-husband of the complainant presented without her knowledge a declaration (under Law 1599/86) falsely stating that the complainant had consented to her ex-husband being able to withdraw money from their child's personal account, and withdrew, on 16 November 2006, €839.44 from the said account.

The bank stated that they had accepted this declaration acting in good faith and in line with the Bank's practice to simplify procedures for the customers' convenience, as there are cases when one of the parents is indeed unable to perform the transaction. Also it was pointed out that never had a court decision been submitted to the bank granting exclusive parental responsibility to the complainant.

HOBIS, however, thought that the bank should have investigated the complainant's case in view of the relationship of trust established between the depositor and the bank, according to which the bank guarantees the safekeeping of the funds entrusted to it. Following our intervention the bank reconsidered the matter and the said amount was credited to the account.

883/2007
Claim of false debit of an account

The bank debited the balance (€775) of the complainant's savings account with amounts corresponding to the complainant's dues in arrears. The complainant, who is a person with a 67% handicap, supported by the social welfare benefits, requested our intervention stating that she had not placed any order to this effect and also that the bank's action brought her up against serious financial problems, as the money withheld were intended to meet her primary welfare needs (food, medicine). Our mediation result-

ed in the bank's prompt response and not only was the said amount refunded to the complainant's account but her debts were also settled.

930/2007
Disputed amount of deposit

The complainant deposited €6,000 into a savings account, and signed and received the transaction's corresponding voucher. When the customer returned home, the bank contacted her by phone informing her that the cashier had made a mistake counting the banknotes and that the actual amount deposited was €5,800 (as indicated by the cashier's handwritten note on the voucher concerning the number and value of banknotes). The bank also informed her that they intended to debit her account with the difference of €200. Following HOBIS' intervention the bank's error was substantiated and the said difference was credited to the customer's account.

208/2007
Incorrect entry of fixed interest rate period

The complainants had been granted a mortgage loan as at 15 January 2003 at a fixed interest rate (3.9%) for one year, expiring on 15 February 2004. Upon expiry of this term they again opted for a fixed interest rate (5%) for a three-year term, expiring on 15 February 2007. As at 16 February 2007, they visited the bank's branch in order to renegotiate the interest rate. They were surprised to find out that the term of fixed interest rate had expired one month before, that is 16 January 2007, and their account had been debited with an additional amount of €159.08 as their loan account had born interest for one month (from 16 January 2007 until 16 February 2007) at a floating interest rate of 6.75% instead of the agreed fixed rate of 5%. They asked for our mediation so that the said amount would be refunded.

Indeed, after investigating the matter it was found that the problem had occurred due to an incorrect entry of the expiry date of the 3-year fixed rate term on the part of the bank and the amount was refunded to their account.

379/2007
Non-contractual charges

The complainant sought our mediation in order to have prenotation expenses and legal and technical charges (€1,040, after a 20% discount) debited for a mortgage loan of €120,000 refunded.

HOBIS informed the complainant that prenotation expenses were not refundable as they did not concern the bank, while we also recommended that the bank refund all legal and technical charges on the basis of an express contract term providing for zero charges. The bank complied with HOBIS's recommendation.

816/2007
Incorrect calculation of mortgage loan instalments

The complainant was granted a mortgage loan of €70,000 in 2004, at a floating rate tracking Euribor plus a 2.9% margin. However, due to an oversight the bank set each monthly instalment at €300 without including the margin of 2.9% and presented her with the corresponding instalment notifications. When, later, the bank discovered the mistake, it readjusted each instalment to €490 and demanded a back-payment of approximately €5,000, i.e. the total amount for the intervening period corresponding to the 2.9% margin, considering the said amount to be debt in arrears.

At the time, the bank admitted making a mistake in the calculation of the instalments, but rejected the borrower's request for exemption from the additional charge of €5,000. Instead, the bank suggested that the complainant be granted a low-interest loan in order to pay the said amount.

HOBIS recommended that the complainant be exempted from the additional charge, on the grounds that the bank ought to provide full and accurate information at the outset to the transacting parties.

964/2007
Incorrect credit entry to a loan account

The customer complained to HOBIS of the inconvenience he suffered due to the fact that the funds intended for the full repayment of his loan were credited to an account other than the one linked to the loan. On 20 April 2005, at the recommendation of a bank employee, the customer had deposited the sum of €4,317.17 to pay off in full his consumer loan, which was initially €5,000.

However, the amount was deposited to another account, which the bank debited every month for an amount corresponding to the loan instalment, while crediting accordingly his loan account, thus generating interest which the complainant subsequently refused to pay.
Following HOBIS' recommendation, the account's total debited balance was restored.

983/2007
Early redemption penalty for a non-requested loan

The complainant requested a consumer loan of €5,000. Instead, due to an oversight the bank approved a loan of €15,000 which was credited to her account. The borrower withdrew the requested amount of €5,000, unaware of the fact that the bank had deposited an extra amount of €10,000 since this type of account did not have a deposit book.
When, eventually, she realized what had happened and asked for the extra amount of €10,000 to be offset, the bank charged her with the corresponding early redemption penalty of €180.63.
Following our intervention, the bank reversed the entry of the said amount given the fact that the complainant had neither requested the extra €10,000 nor used it.

186/2007
Transactions effected with a credit card that had been declared lost

Via the Consumer Association, the complainant requested our intervention so that the bank would exempt him from paying €581.88 for a purchase carried out following loss of his credit card. The bank refused to satisfy his request because the transaction in question had been effected at 19:15 on 3 February 2007 (Saturday) and the complainant declared loss of his credit card two days after the event at 13:01 on 5 February 2007 (Monday). The bank also argued that the transaction had been processed by another bank that was the contracting party with the specific business where the purchase was made, and that in order to control the authenticity of the signature on the transaction voucher they would need to have the credit card itself (bearing the signature).
In view of the claims on both sides and the documentation submitted for consideration, given that the signature on the transaction voucher was not identicall to the complainant's signature and considering the time lapsed as not particularly long, HOBIS recommended that the bank reimburse 1/2 of the disputed debit plus interest. The parties accepted the recommendation.

297/2007
Disputed credit card debit entries

The complainant questioned debits totalling €8,340 carried out as withdrawals from ATMs using three credit cards that had been issued to the complainant but which he claimed had never been delivered to him. The bank, however, refused to reverse the said debit.

HOBIS recommended that the debit amounts be refunded on the grounds that the bank's practice in the dispatch of credit cards and PINs to the cardholders by non-registered mail does not ensure their safe receipt by the beneficiaries, despite different dispatch dates. Consequently, this practice does not comply with the need to protect the transacting parties and the safety of transactions in general. The bank accepted this recommendation.

321/2007
Disputed withdrawals via ATMs

After cancelling her credit card, the complainant went to the bank's branch in order to pay off the outstanding balance of €140. At the branch, she was informed that she owed €4,700 for withdrawals that had been effected via ATMs in London, which she denied.

She requested HOBIS's intervention for the offsetting of the said amount on the grounds that she had never been to London or lost her card.

Upon investigation of the matter it was found that her card had been skimmed, and the bank refunded the said amount plus interest.

633/2007
Purchase with a stolen credit card

Via the Consumer Association, the complainant informed us that her credit card had been stolen after she had inadvertently left it at an ATM. Three transactions (purchases of goods) were carried out for a total of €1,100 between 13:25 on 16 April 2007 until 14:02 on 17 April 2007. The complainant declared the theft of the credit card and had it cancelled at 14:50 on 17 April 2007. However, the bank refused to offset the said debits.

HOBIS recommended that the bank recognize limited liability on the part of the cardholder as per Joint Ministerial Decision Z1-178/2001 to €150, on the basis that the period between the performance of the said transactions and the cancellation of the card was reasonable, while we also pointed out that the signatures on the payment vouchers were not identical to the complainant's signature, indicating insufficient identity check by the businesses. The bank accepted the recommendation.

989/2007
Disputed debits following the theft of a credit card

The complainant asked for our intervention when the bank rejected her request for the offsetting of debits of her credit card account. Specifically, on 12 July 2007 and between 10:14 and 11:04, two purchases had been carried out with her card totaling €1,250 while the card was declared stolen and cancelled at 14:21.

HOBIS recommended that the bank allow for limited liability on the part of the cardholder as per Joint Ministerial Decision Z1-178/2001 to €150 and offset €1,100. The bank accepted the recommendation.

1116/2007
Disputed withdrawals via ATM

The complainant cancelled his cash card immediately upon realizing that his wallet had been stolen. In the meantime however, 6 withdrawals had already been effected via the bank's ATMs totalling €660 (6x110) and 4 withdrawals via another bank's ATMs totalling €2,000 (3x600 and 1x200).

The bank delivered the relevant videotape to the police and, at first, provisionally credited the funds to the complainant's account. However, following the completion of the investigation the bank debited the complainant's account.

The complainant requested that the amounts be credited claiming that he had promptly notified the bank and that he had not kept his PIN with the card.

Given the fact that the correct PIN had been used at the first withdrawal we informed the complainant that we could not recommend that the bank allow for limited liability on the part of the cardholder as per Joint Ministerial Decision Z1-178/2001, given that the complainant had been negligent regarding the safekeeping of his PIN.

1154/2007
Skimming fraud

The complainant, a resident of Athens, maintained a joint account in US dollars with her brother who lived in New York. On 22 October 2007, she realized that 16 withdrawals had been effected via ATMs in England totalling $6,700 with her brother's cash card that had been lost. The last time her brother had used his cash card was during his visit to Greece in July 2007, but he had never been to England. The complainant requested our intervention so that the said amount would be offset.

Following an investigation into the matter it was found that it was a skimming case of fraud and the bank restored the complainant's account.

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 as "competent scheme", investigates complaints of European Union 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 2007, in 75 cases HOBIS acted as "competent scheme" and in 30 cases as "nearest scheme".

Out of the 75 cases HOBIS investigated as "competent scheme", 74 were settled within 2007. In 42 of these cases, the outcome was in favour of the complainant and in the remaining 32 in favour of the bank.

Moreover, in 30 complaints received by HOBIS as the "nearest scheme", the complainants were advised to consult the "competent scheme" abroad.

HOBIS also receives complaints from or about countries that are not members of FIN-NET, such as the USA, Canada and Australia, because of the Greek residents in these areas. In 2007, 16 such cases were settled, with HOBIS acting as the "competent scheme" in 14 and as the "nearest scheme" in 2.

	COMPETENT SCHEME	NEAREST SCHEME
A' GEOGRAPHICAL DISTRIBUTION	**75**	**30**
E.U. & E.E.A.	61	28
Outside FIN-NET	14	2
B' SETTLED	**74**	**30**
C' PENDING	**1**	
D' RESOLUTION		
• By the bank	29	
• Through HOBIS intermediation	45	
• Guidance on forwarding the complaint		30
E' OUTCOME		
• in favour of the consumer	42	
• in favour of the bank	32	

1.8. Selected cases

193/2007
Rejection of a credit card transaction

The complainant who was a Mastercard card-holder attempted to carry out a transaction totalling NZD 714.65 at a hotel in New Zealand twice, but his transaction was rejected on the grounds that his card was not recognised by the system. Accordingly, he asked HOBIS to look into the matter. The bank informed us that the investigation conducted by the Mastercard international card organisation indicated that the merchant's bank in New Zealand had not filled in certain fields of the transaction correctly during the approval procedure. Specifically, the transaction was entered initially as a "purchase" and then as a "purchase with refund", and as a result the system could not recognise it and it was rejected. Consequently, the transactions in question never appeared in the bank's credit card handling system in Greece.

206/2007
Internet transactions

The complainant was informed by the bank's card services that, despite the fact that he was in Greece, his card was being used for the purchase of goods in the USA. He sought our intervention so that the bank would offset the said debits totalling approximately €5,000. The complainant informed us that he had used his credit card on a betting website on the internet.

Following investigation into the matter, the debits were refunded by the bank.

527/2007
Disputed ATM withdrawals

The complainant returned from a trip to Germany on 8 March 2007. Upon checking her saving's account activity she realised that between 12 and 19 March 2007 a number of withdrawals totalling €14,251.16 had been carried out via ATMs in Berlin.

She informed us that her cash card was never out of her possession and that she had afterwards cancelled it at the bank.

Following investigation into the matter, the bank reversed the said debits.

694/2007
Charges on inactive account

The complainants, residents of Greece, protested about charges of GBP 50 imposed without prior notification on their inactive joint account held with the bank's branch in London. The bank's branch had responded to their complaint by telling them that it had indeed informed them, sending its new bank charges list in December 2006 and January 2007.

When HOBIS investigated the matter the bank informed us that some letters had indeed been returned to the branch as undeliverable, but the complainants' letter was not amongst these. However, the bank, in a gesture of good will, refunded the said GBP 50 informing the complainants that in the future their account would be charged with the said amount on a quarterly basis. Moreover, the bank asked for their instructions in the event that they wanted to close their account.

The complainants appreciated our intervention and stated that they would request the transfer of their balance to an account held in their names in Greece.

801/2007
Skimming fraud

The European Consumer Centre, Greece, informed us of the following matter. The complainant, resident of Lesvos, used her credit card during a trip to Oxford in the first half of June. In July, when she received her card's monthly statement she saw that it included debits totalling €4,402.59 for 19 purchases that had been carried out in Spain between 30 June and 3 July 2007, i.e. after she had returned to Greece (17 June 2007). She requested the amount be restored on the grounds that she had never been to Spain nor had she lost her card.

Following investigation it was found that the card had been copied (a case of skimming) and the bank refunded her.

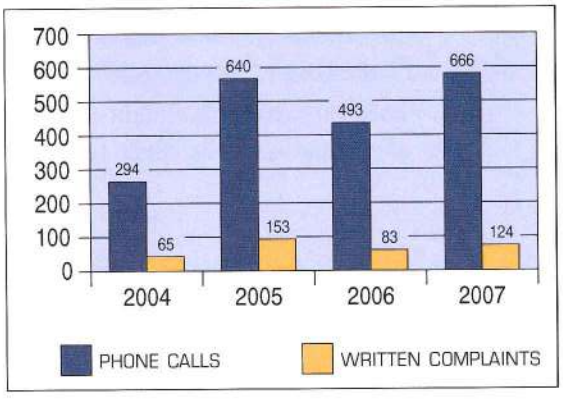
2. COMPLAINTS BY PROFESSIONALS AND SMALL BUSINESSES

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 2007.

	PHONE CALLS		WRITTEN COMPLAINTS	
YEAR	NUMBER	% CHANGE	NUMBER	% CHANGE
2004	294		65	
2005	640	117.6	153	135.4
2006	493	-22.9	83	-45.7
2007	666	35.09	124	49.0
TOTAL	**2,093**		**425**	

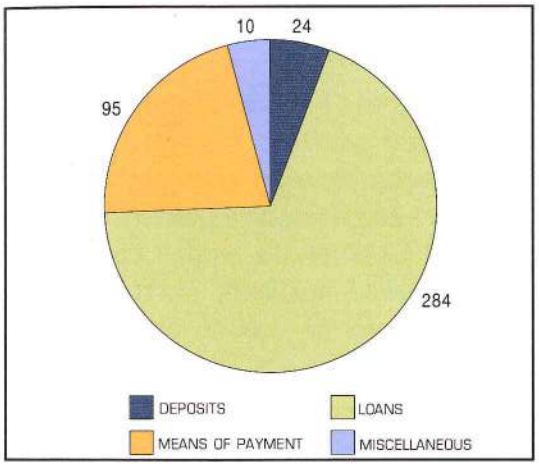
This activity is set forth in the accompanying chart.

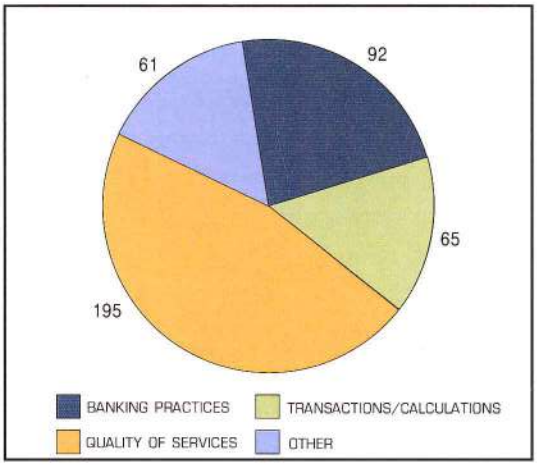


The relatively small number of complaints by professionals and small businesses is in part due to the fact that the extension of HOBIS's jurisdiction to settling such disputes is not yet widely known.

2.2. Phone calls

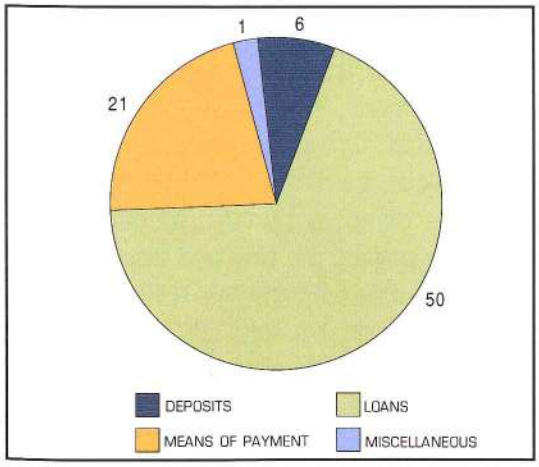
Phone calls from professionals and small businesses regarding disputes with banks amounted to 666, up 35.1% on 2006. Of these, 413 (62%) fell within the competence of HOBIS. Their distribution by product/service and reason of complaint is set out in the following pie charts.

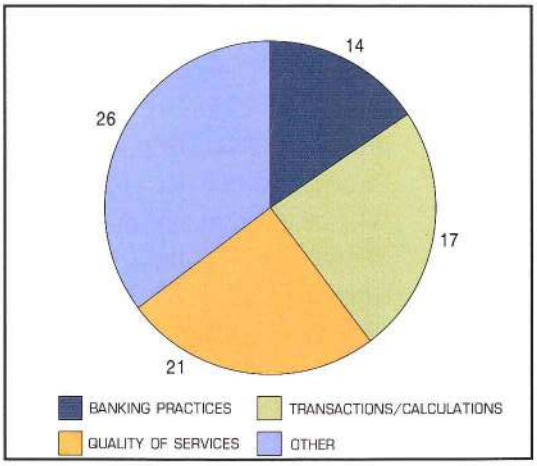




2.3. Written complaints

Our Office also received 124 written complaints from professionals and small businesses, up 49.4% on 2006. Of these, 78 (62.9%) fell within the competence of HOBIS. The pie charts below show their distribution by product/service and reason for complaint, respectively.





2.4. Closed cases

In 2007, our Office resolved 53 cases in the above category, 42 in favour of the customer, 5 in favour of the bank, and 6 by mutual agreement. Complainants' satisfaction amounted to 90.6%.

2.5. Conclusions

The small number of complaints submitted in 2007, whether by phone or in writing, makes it difficult to draw concrete conclusions on matters related to professionals. However, for most complaints related to loans (67.5% of the phone calls and 63.3% of the written complaints), pre-contractual information provided to customers was considered insufficient. Moreover, it has been found that the bank does not always conduct thorough control of companies' representatives' legalisation documents and, as a result, transactions are often performed by unauthorised individuals.

2.6. Selected cases

68/2007
Unpaid cheques despite the existence of a standing order

The complainant, a partner in a small business, informed us that she held with the bank both the business's sight account and her own personal savings account. Moreover, she had placed a standing order authorising the bank to debit her saving's account in the event that the sight account balance was not sufficient to cover company cheques. As at 24 July 2007, a cheque issued by the company and totalling €2,569.02 was presented for payment to the Social Insurance Institute (IKA). Despite the balance of €300,000 in her savings account, the branch did not withdraw the corresponding funds, causing the cheque to bounce and incurring a fine of €1,280 imposed on the company by IKA. The complainant demanded that the bank compensates her by paying the fine and also that any record of an uncovered cheque in her name be deleted from the TEIRESIAS Credit Behavior System. The bank replied that, indeed, on 24 July 2007, a company cheque for €2,569.02 had been presented at another bank for payment of the company's IKA contributions. On 25 July 2007, the Bank received the file via

the Interbank Electronic Clearance System for Cheque Clearing (DHSSE) and, since the balance of the sight account on which the cheque was drawn was not sufficient, proceeded to transfer the corresponding amount from the complainant's savings account as per her standing order. However, the said cheque was not paid because in the meantime another cheque for €2,382.14 was presented and paid at another branch of the bank, as the balance of the sight account was sufficient (€ 2,569.02). The bank maintained that it had acted in accordance with complainant's instructions and refused to satisfy her request, although it informed her that it had not alerted TEIRESIAS.

HOBIS issued a recommendation to the bank in favour of the complainant on the grounds that the bank, as the system administrator, was responsible for the system's smooth operation and was under an obligation to protect its customer. The bank accepted HOBIS's recommendation.

76/2007
Delay in the readjustment of an interest rate

A businessman asked for HOBIS's intervention because although he had applied for renegotiation of the interest rate on his loan, the bank had not responded to his request. Thus, the interest rate posted on the loan he had been granted for the purchase of business premises remained as agreed for the period of 1999-2005, i.e. 8.50%, for another two years, i.e. 2005-2007.

Following our intervention, the bank agreed to reduce the complainant's interest rate and credited his account with the sum of €1,700 that had arisen as a result of the adjustment of the loan interest rate for the period of 2005-2007.

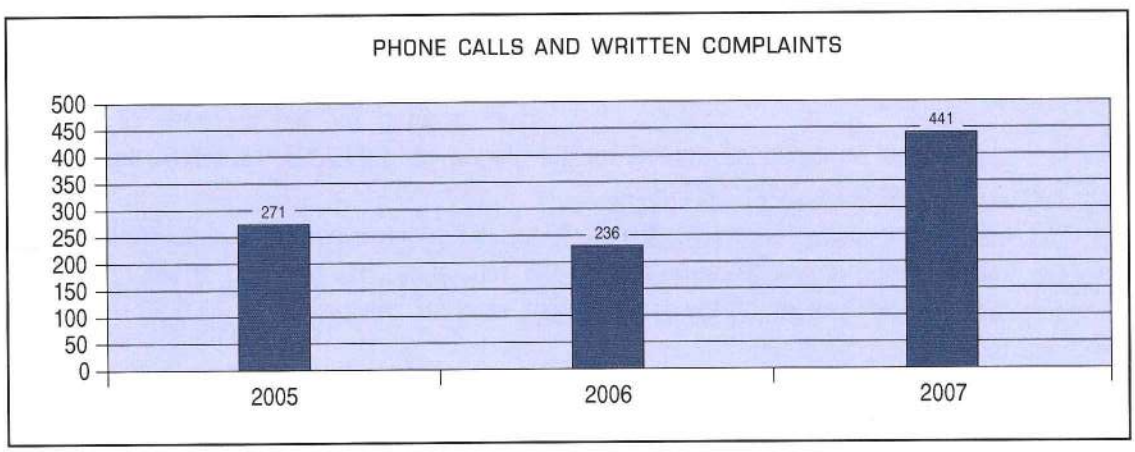
3. COMPLAINTS BY INVESTORS

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.

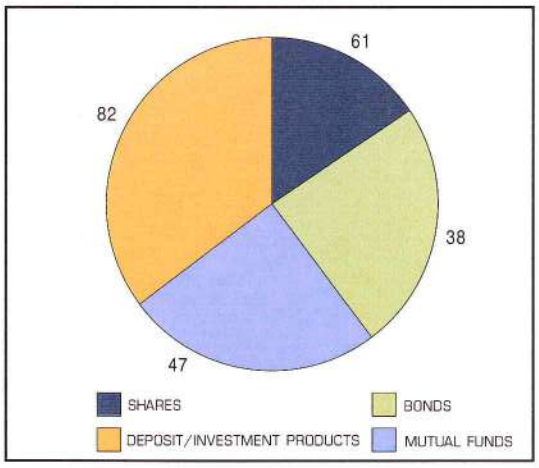
In 2007, HOBIS responded to 441 complaints, compared with 236 in 2006 (up 86.9%). Of these complaints, 317 (71.9%) cases fell within HOBIS's jurisdiction and concerned banks (276 or 87.1%), the members of the Association of Athens Stock Exchange Members (35 or 11%), and members of the Association of Greek Institutional Investors (6 or 1.9%), while no complaint has been filed against members of the Association of Intermediary Securities Services Companies.

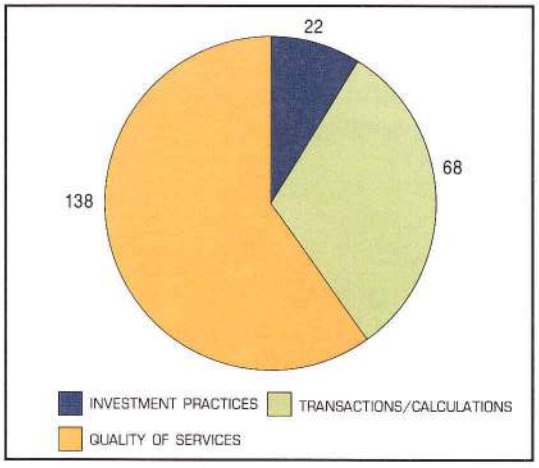
The chart below shows the total complaints of investors examined by HOBIS between July 2005 and December 2007.



3.2. Phone calls

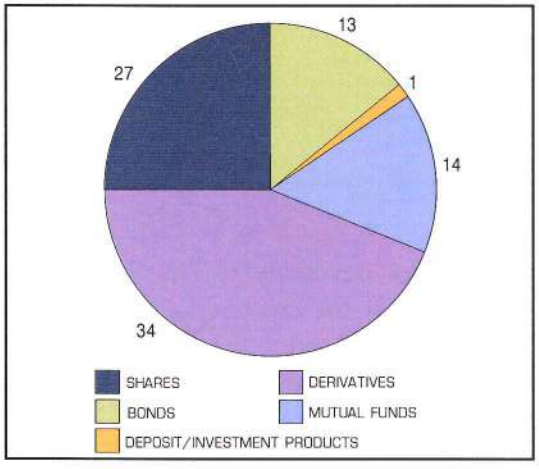
HOBIS received a total of 336 phone calls from investors regarding disputes with banks and investment companies. Of these, 228 (67.9%) fell within the competence of HOBIS. Their distribution by product/service and reason of complaint is shown in the following pie charts.

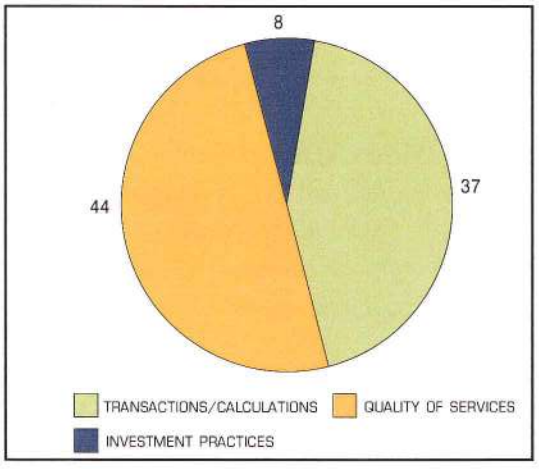




3.3. Written complaints

In the same year, our office received 105 written complaints by investors. Of these, 89 (84.8%) 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 2007, 57 cases were resolved, 5 in favour of the investors, 19 in favour of the bank or investment company, and 33 by conciliation. The level of complainants' satisfaction was 66.7%.

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

➤ With regard to banks, complaints concerned failure to perform orders for participation in share capital increases, lack of sufficient information to investors with regard to the structure of mutual funds in which they intended to invest, and taxation on bonds.

➤ Another frequent cause of complaint was lack of adequate pre-contractual information to investors for mixed deposit/investment products and for disputed charges in stock trading or portfolio transfers.

➤ Furthermore, several complaints regarding company-members of the Association of Members of the Athens Stock Exchange (SMEHA) were related to arbitrary transactions (purchase/sale of shares) and failure to perform orders related to participation in share capital increases.

➤ It was also observed that portfolio transfer procedures were often complicated and payment of dividends often delayed.

3.6. Selected cases

59/2007
Failure to perform orders related to participation in a company's share issue

The investor reported to HOBIS that his participation in the company's share capital increase was not completed. The complainant held shares in the said company and although he observed the right procedure and deposited the funds corresponding to the value of the new shares he was entitled to on the basis of his shareholding, the Bank failed to properly complete the process. He requested that his portfolio be restored with the said shares.

After going through the relevant vouchers that the investor forwarded to us (participation vouchers, the company's announcement setting out the participation terms within the framework of share capital increase and the ratio of old to new shares) it was found that he had observed all required procedures.

After the bank's own investigation it was found that although his account had been debited with the corresponding amount, the account he had designated was not credited with the corresponding amount due to an oversight, and as a result his application had not been properly processed within the deadline.

The bank accepted the error and compensated the investor.

14/2007
Insufficient information concerning transactions in bonds

The investor had invested substantial funds in a structured investment product whose features, according to the investor, corresponded to his requirements and he was fully aware of the investment risk undertaken as it matched his investment profile. However, the bank unilaterally proceeded to the alternative investment of his funds in a similar bond without providing sufficient information to the investor concerning its features and, above all, the risks involved in this new investment.

Questioning the said investment the complainant requested the recovery of his funds, as due to the prevailing financial conditions at that time, the returns of this product were zero.

Following our intervention the complainant's request was satisfied by the bank.

56/2007
Disputed share transaction

The investor complained about the sale of his portfolio shares, which had been gradually purchased pursuant to his instructions. He claimed that the company had given him an account number where he deposited the funds corresponding to the value of his purchase. When after some days he requested the liquidation of the said shares, he was informed that the company had already sold them three business days after the day of his stock exchange transaction (T+3), as they were obliged to do since they had not received a fax confirming the deposit of the funds by the complainant.

The latter requested the restoration of his portfolio or compensation for the profits he would have collected on the basis of the transaction.

Since the investor had carried out the deposit of the funds in a timely manner (i.e. before the deadline of T+3) and the company could easily have confirmed the deposit, our Office recommended a compromise and the company accordingly compensated the investor.

73/2007
Disputed debits for participation in mutual fund

The shareholder complained that he had been arbitrarily charged by an investment company with a commission fee for the purchase of his MF units. He had participated in the company's Money Market Mutual Fund for several years by means of renewable investments in the same Mutual Fund on a regular basis. Throughout this period, he gradually bought out part of his units, and up until December 2006 the company, which pursuant to a BoD resolution had announced zero purchase commission (in cases where the units had been retained for a specific period of time), did not withhold commission charges for such purchases carried out by the investor.

In the case of the purchase in dispute, a commission fee of 1% was withheld, which the complainant then requested to be refunded. After looking into the case, it was found that the company, following a new BoD resolution, had changed its pricing policy regarding mutual fund commissions.

However, the company satisfied the shareholder's request by returning the purchase commission withheld, because he had not been duly informed about the changes in the company's pricing policy.

79/2007
Dispute regarding the performance of share trading

The complainant claimed that she suffered financial loss due to incorrect execution of her order by an investment company. She had acquired shares via a company's public offering, but the share price dropped significantly immediately after it was listed on the ATHEX. At the time she subscribed to the public offering there were not sufficient funds in her account to meet the cost of the shares she was entitled to, and accordingly she gave instructions to sell them, requesting that the difference be covered by selling the shares of another company in her portfolio. She pointed out that she had made it clear to the company officer she had talked with that they should liquidate sufficient shares of the latter company to cover the difference.

The company supplied the complainant with recordings of the conversations in question, and it was apparent that the instructions were given twice and they were not the same each time. Accordingly, the company justified its actions, since there was no evidence that the complainant had cancelled her incorrect order.

Thus, HOBIS could not back the complainant's request.



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