



OMBUDSMAN FOR FINANCIAL SERVICES  
OMBUDSMAN PERKHIDMATAN KEWANGAN

## STATISTICAL REPORT OF OFS' OPERATIONS AS AT 30<sup>th</sup> JUNE 2017

The overall number of complaints handled by OFS under the FOS as at 30<sup>th</sup> June 2017 is as follows:-.

<u>January 2017 - June 2017</u>	<u>Banking*</u>		<u>Conventional</u>		<u>Takaful</u>		<u>Total</u>	
Brought forward from 2016	146		155		44		345	
Cases Registered	281		367		125		773	
Cases Handled	427		522		169		1,118	
(-) Cases Disposed	232	(54%)	216	(41%)	84	(49.7%)	532	(48%)
<b>Pending</b>	<b>195</b>	<b>(46%)</b>	<b>306</b>	<b>(59%)</b>	<b>85</b>	<b>(50.3%)</b>	<b>586</b>	<b>(52%)</b>

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*Banking\*- the above statistics cover both conventional and Islamic banking*

## **Banking/Islamic Banking**

### **1) Analysis of cases handled**

The analysis of the type/number of complaints handled (by sector) as at 30 June 2017 is as follows:-

**Table 1**

<b>Categories</b>	<b>B/f</b>	<b>Registered</b>	<b>Resolved</b>	<b>Pending</b>
Credit and Debit Cards	88	154	155	87
Internet Banking	11	20	16	15
Operational Issues	11	21	14	18
Loan Advances	10	19	8	21
Islamic Financing	2	7	6	3
ATM Short/Non Dispensations	17	32	19	30
ATM Unauthorised Withdrawals	4	19	11	12
Cash Deposit Machine (CDM)	3	5	2	6
E-Money	0	4	1	3
<b>TOTAL</b>	<b>146</b>	<b>281</b>	<b>232</b>	<b>195</b>

- During the period from January 2017 to June 2017, a total of 281 cases were received and registered under the Banking/Islamic Banking sector. Disputes relating to credit and debit card account for the bulk of cases received and registered. This is followed by disputes relating to cash dispensation at the automated-teller machine (ATM), operational issues and internet banking. Out of the 327 cases handled, 232 cases were resolved leaving 195 cases outstanding.
- The type of disputes handled relating to credit and debit cards are unauthorised transactions arising from lost and stolen credit/debit cards. We envisage that there may be a reduction in the number of complaints relating to lost and stolen credit/debit cards with the implementation of the Personal Identification Number (PIN)-based system effective from 1/7/2017 to replace the signature-based system. Other types of credit card complaints involve unauthorised online transactions and refund of transactions made by credit card holders at the merchant through the chargeback process for goods and services not received from the merchant.

- As regards to complaints relating to dispensation of cash from the ATM, we find that in most of the cases, the ATM users leave the ATM soon after removing the ATM card from the machine and without taking the cash.
- For cases involving internet banking, the type of complaints handled are mainly unauthorised fund transfers whereby users of internet banking responded to e-mails sent through “phishing” sites by fraudsters. In all instances, personal information of the accountholders such as the username and password and were compromised. The accountholders unknowingly enter the Transaction Authorisation Code (TAC) numbers received from the bank through their mobile phone thinking that the transaction requests are genuine.
- The types of disputes handled under Operational issues involves unauthorised encashment of cheques due to lost/stolen cheques and forged signature, disputes relating to mis-selling of investment-linked insurance and bancassurance by the bank and issues relating to Fixed Deposits and Mudharabah General Investment Account.
- As for Loan and Advances and Islamic Financing, the issues handled relates to excessive interest/profits charged on loan/financing and wrong instalment amount calculated by the bank.
- In the month of June 2017, OFS received one case where the disputed amount is within the increased monetary threshold of RM250,000.00. The case relates to excessive interest charged on a loan and the disputed amount is RM126,046.00

## 2) Manner of Disposal

The details on the manner of disposal of the cases by the two stages of the dispute resolution process are as follows:

### 2.1 Case Management Stage

**Table 2**

Categories	Case Management								
	Settlement (a)	Recommendation (b)				Others (c)			Total Cases Resolved at Case Management Stage (a)+(b1)+(b3)+(c)
		Accepted by the Complainant and/or FSP (b1)	Rejected by the Complainant and/or FSP and case referred to the Ombudsman for Adjudication (b2)	No response from the Complainant after Recommendation (b3)	Total Recommendation issued (b1)+(b2)+(b3)	No Response from Complainant	Withdrawn by the Complainant	Out of Jurisdiction/ Reference	
<b>Banking/ Islamic Banking</b>									
Credit & Debit Card	112	5	19	8	32	4	13	1	143
Internet Banking	12	0	0	0	0	0	2	2	16
Operational Issues	13	0	0	1	1	0	0	0	14
Loan & Advances	6	0	0	0	0	0	2	0	8
Islamic Financing	6	0	0	0	0	0	0	0	6
ATM Non/Short Dispensation	14	0	0	4	4	1	0	0	19
ATM Unauthorised Withdrawal	8	0	0	3	3	0	0	0	11
Cash Deposit Machine (CDM)	1	0	0	0	0	1	0	0	2
E-Money	0	0	0	0	0	0	0	1	1
<b>TOTAL BANKING / ISLAMIC BANKING</b>	<b>172</b>	<b>5</b>	<b>19</b>	<b>16</b>	<b>40</b>	<b>6</b>	<b>17</b>	<b>4</b>	<b>220</b>

- A total of 220 cases were resolved at Case Management stage of which 172 cases were resolved through mediation. We would like to commend the financial service providers for their willingness to resolve the case amicably with the complainants.
- For cases where no settlement is reached, the case manager will issue a recommendation which sets out the findings and the manner in which the dispute should be resolved. As at June 2017, a total of 40 recommendations were issued by the case managers of which 5 recommendations were accepted by the complainants and the financial service providers, 16 cases were closed due to no response by the complainant after issuance of the recommendation and 19 recommendations were rejected either by the complainants and the financial service provider. The 19 recommendations that were rejected at the Case Management stage were referred to the Ombudsman for Adjudication.
- A total of 6 cases were closed due to no response by the complainants of the queries raised by the case managers despite several reminders during the dispute resolution process. 17 cases were withdrawn by the complainant and 4 cases were closed because the subject matter is out of OFS' jurisdiction.

## 2.2 Adjudication Stage

Table 3

Categories	Adjudication						
	Cases Referred to the Ombudsman		Settlement (a)	Final Decision (b)		Withdrawn by the Complainant (c)	Total Cases Resolved at Adjudication Stage  (a)+(b)+(c)
	By the Complainant	By the FSP		Revised FSP's Decision	Upheld FSP's Decision		
<b>Banking/ Islamic Banking</b>							
Credit & Debit Card	18	1	5	0	7	0	12
Internet Banking	0	0	0	0	0	0	0
Operational Issues	0	0	0	0	0	0	0
Loan & Advances	0	0	0	0	0	0	0
Islamic Financing	0	0	0	0	0	0	0
ATM Non/Short Dispensation	0	0	0	0	0	0	0
ATM Unauthorised Withdrawal	0	0	0	0	0	0	0
Cash Deposit Machine (CDM)	0	0	0	0	0	0	0
E-Money	0	0	0	0	0	0	0
<b>TOTAL BANKING / ISLAMIC BANKING</b>	<b>18</b>	<b>1</b>	<b>5</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>12</b>
	<b>19</b>			<b>7</b>			

- A total of 19 cases were referred to the Ombudsman for Adjudication. All of the referred cases relates to credit card disputes. Out of the 19 cases, 18 were referred by the complainant and 1 case was referred by the financial service provider.
- As at June 2017, the Ombudsman disposed of 12 cases, of which 5 cases were resolved through negotiated settlement and 7 decisions were issued. The decisions were upheld in favour of the financial service provider. There are 7 cases outstanding as at June 2017.

## **CONVENTIONAL INSURANCE**

- The analysis of the type/number of complaints handled (by sector) as at 30<sup>th</sup> June 2017 is as follows:-

### **A) Conventional Insurance**

**Table 1**

<b>Categories</b>	<b>B/F</b>	<b>Registered</b>	<b>Resolved</b>	<b>Pending</b>
General (Non-Motor)	15	62	18	59
General (Medical)	22	42	38	26
Life	45	108	79	74
General (Motor)	57	119	69	107
Motor - Third Party Property Damage	16	36	12	40
<b>Total</b>	<b>155</b>	<b>367</b>	<b>216</b>	<b>306</b>

- From January 2017 – June 2017, a total of 367 cases were registered. Disputes relating to general insurance (motor) remained the highest with 119 cases, followed by life insurance (108 cases), general (non-motor) [62 cases], general insurance (medical) [42 cases] and motor third party property damage (36 cases).
- A total of 216 cases were resolved as at 30 June 2017, leaving 306 cases outstanding.
- Majority of the disputes under the general motor insurance, involved delay in notification of claim to the insurer, failure to take reasonable precautions and non-possession of driving licence. For claims relating to non-possession of driving licence, the claimants were mostly motorcyclists, who purchased the motorcycles and the motor insurance policies even though they did not possess driving licence. In most cases of failure to take reasonable precaution, the driver left the vehicle unattended with the key in the ignition thus leading to the theft of the vehicle.
- For Life and General (Medical) Insurance, the disputes received include mainly Medical and Hospitalisation claims, Total and Permanent Disability claims and Critical Illness claims. Most of the disputes concern claims which do not conform to the description of the benefits or policy definitions, claims which fall under the policy exclusions such as pre-existing illness, congenital conditions and claims which did not fulfil the requirements under the policy definition such as Heart Attack and Cancer.
- The disputes under General (Non-Motor) comprise mainly different types of policies such as Travel Insurance, all Risks, Burglary, Contractor's All Risks, Credit Card Protection, Extended Warranty, Fire, Goods-In-Transit, House Owner/Householder, Marine, Money Policy and Public Liability. Most of the



disputes were travel Insurance cases which were due to the claimant's ignorance and lack of understanding of the terms and conditions of the policy.

- For Third-Party Property Damage (TPPD) the most common disputes are claims on compensation for assessed repair time (CART) [loss of use of vehicle]. Most of the complainants are not satisfied with the Insurers' offer to this claim which is based on BNM guidelines.
- Under the FOS scheme, the monetary threshold for life and other general insurance cases increased from RM100,000.00 to RM250,000.00. As for general (motor) and fire insurance, the monetary threshold increased from RM200,000.00 to RM250,000.00 and for motor third party property damage insurance, the monetary threshold increased from RM5,000.00 to RM10,000.00.
- We received 41 cases with disputed amount within the increased monetary threshold which comprise motor third party property damage (17 cases), general (medical) insurance (10 cases), general insurance (non-motor) [6 cases], life insurance (5 cases) and general insurance (motor) [3 cases].

## **TAKAFUL**

**Table 2**

<b>Categories</b>	<b>B/F</b>	<b>Registered</b>	<b>Resolved</b>	<b>Pending</b>
Motor Third Party Property Damage	4	6	5	5
Family	20	59	44	35
General	3	8	3	8
Motor	17	52	32	37
<b>Total</b>	<b>44</b>	<b>125</b>	<b>84</b>	<b>85</b>

- From January 2017 – June 2017, a total of 125 cases were registered. Disputes relating to takaful family remained high with 59 cases, followed by takaful motor (52 cases), takaful general (8 cases) and takaful motor third party property damage (6 cases).
- A total of 84 cases were resolved as at 30 June 2017, leaving 85 cases outstanding.
- The issues involving takaful disputes are similar to conventional insurance.
- The increased monetary threshold under the FOS scheme for takaful family and other general takaful cases is from RM100,000.00 to RM250,000.00. As for takaful motor and fire cases, the monetary threshold increased from RM200,000.00 to RM250,000.00 and for takaful motor third party property damage, the monetary threshold increased from RM5,000.00 to RM10,000.00.

- We received 4 takaful cases with disputed amount within the increased monetary threshold which comprised of takaful motor third party property damage (2 cases), takaful general (1 case) and takaful family (1 case).
- The details on the manner of disposal of the cases by the two stages of the dispute resolution process are as follows:

## Manner of Disposal

### A. Conventional Insurance

#### 1) Case Management Stage

Table 3

Categories	Case Management								Total Cases Resolved at Case Management Stage (a)+(b)+(d)+(e) + (f) + (g)
	Settlement (a)	Recommendation				Others			
		Accepted by the Complainant and/or FSP (b)	Rejected by the Complainant and/or FSP and case referred to the Ombudsman for Adjudication (c)	No response from the Complainant after Recommendation (d)	Total Recommendation issued (b)+(c)+(d)	Out of Reference (e)	Withdrawn by the Complainant (f)	No Response from Complainant (g)	
<b>Conventional Insurance</b>									
General (Non-motor)	5	1	1	1	3	2	3	5	17
General (Medical)	11	2	6	17	25	0	0	4	33
Life	29	1	10	24	35	0	2	13	69
Motor	30	3	13	16	32	3	2	2	56
Motor Third Party Property Damage	6	1	0	3	4	0	1	1	12
<b>TOTAL</b>	<b>81</b>	<b>8</b>	<b>30</b>	<b>61</b>	<b>99</b>	<b>5</b>	<b>8</b>	<b>25</b>	<b>187</b>

- A total of 187 cases were resolved at Case Management stage, of which 81 cases (43.3%) were resolved by way of settlement (mediation). We would like to commend the FSPs for their willingness to resolve the matter amicably.
- For cases where no settlements were reached, the Case Manager will issue a recommendation on the manner how the dispute should be resolved. As at 30

June 2017, a total of 99 Recommendations were issued. Out of the 99 Recommendations, 8 were accepted by the complainants, 61 cases received no response from the complainants and 30 cases were rejected by the complainants. The 30 Recommendations rejected were referred to Ombudsman for Adjudication.

- A total of 38 cases were closed due to no response from complainants of the queries raised by Case Managers, withdrawn by complainants or were out of reference.

## 2) Adjudication Stage

**Table 4**

Categories	Adjudication						Total Cases Resolved at Adjudication Stage  (a)+(b)+(c)
	Cases Referred to the Ombudsman		Settlement  (a)	Final Decision (b)		Withdrawn by the Complainant (c)	
	By the Complainant	By the FSP		Revised FSP's Decision	Upheld FSP's Decision		
<b>Conventional Insurance</b>							
General (Non-motor)	1	0	0	0	1	0	1
General (Medical)	6	0	1	0	4	0	5
Life	10	0	1	0	9	0	10
General Motor	13	0	0	0	13	0	13
Motor Third Party Property Damage	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>30</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>27</b>	<b>0</b>	<b>29</b>
	<b>30</b>			<b>27</b>			

- 30 cases were referred to Ombudsman for Adjudication. Out of the 30 cases, 2 cases were resolved by way of settlement.
- 27 cases were issued with final decision by the Ombudsman whereby FSPs' decisions were upheld. 1 case is pending adjudication by the Ombudsman.

- It is observed that most of the cases referred to Ombudsman by the complainants were not supported by any grounds. It is our view that they are merely referring because of an avenue provided to them.

## Manner of Disposal

### B. Takaful

#### 1) Case Management Stage

Table 5

Categories	Case Management								Total Cases Resolved at Case Management Stage (a)+(b)+(d)+(e) + (f) + (g)
	Settlement (a)	Recommendation				Others			
		Accepted by the Complainant and/or FSP (b)	Rejected by the Complainant and/or FSP and case referred to the Ombudsman for Adjudication (c)	No response from the Complainant after Recommendation (d)	Total Recommendation issued (b)+(c)+(d)	Out of Reference (e)	Withdrawn by the Complainant (f)	No Response from Complainant (g)	
<b>Takaful</b>									
Motor Third Party Property Damage	2	2	1	0	3	0	0	0	4
Family	9	2	7	15	24	0	2	9	37
General	1	1	0	1	2	0	0	0	3
Motor	7	0	8	8	16	2	0	8	25
<b>TOTAL</b>	<b>19</b>	<b>5</b>	<b>16</b>	<b>24</b>	<b>45</b>	<b>2</b>	<b>2</b>	<b>17</b>	<b>69</b>

- A total of 69 cases (82.1%) were resolved at Case Management stage, of which 19 cases (27.5%) were resolved by way of settlement (mediation). We would like to commend the FSPs for their willingness to resolve the matter amicably.
- Out of the 69 cases, 19 cases (27.5%) were resolved by way of settlement, 5 cases (7.2%) with Recommendations accepted by the complainants and 24 cases (34.7%) received no response from the complainants after issuance of Recommendations. The remaining 21 (30.4%) cases were closed due to no response from complainants before recommendation, withdrawn by complainants or were out of reference.

- For cases where no settlements were reached, the Case Manager will issue a Recommendation on the manner how the dispute should be resolved. As at 30 June 2017, a total of 45 Recommendations were issued. Out of the 45 Recommendations, 5 Recommendations were accepted by the complainants, 16 Recommendations were rejected by the complainants while 24 Recommendations issued received no response from the complainants. The 16 Recommendations rejected were referred to Ombudsman for Adjudication.
- A total of 21 cases were closed due to no response from complainants of the queries raised by Case Managers, withdrawn by complainants or were out of reference.

## 2) Adjudication Stage

Table 6

Categories	Adjudication						Total Cases Resolved at Adjudication Stage  (a)+(b)+(c)
	Cases Referred to the Ombudsman		Settlement  (a)	Final Decision (b)		Withdrawn by the Complainant (c)	
	By the Complainant	By the FSP		Revised FSP's Decision	Upheld FSP's Decision		
<b>Takaful</b>							
Third Party Property Damage	1	0	0	0	1	0	1
Family	7	0	0	0	7	0	7
General	0	0	0	0	0	0	0
Motor	8	0	0	3	4	0	7
<b>TOTAL</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>12</b>	<b>0</b>	<b>15</b>
	<b>16</b>			<b>15</b>			

- 16 cases were referred to Ombudsman for Adjudication.
- Out of the 16 cases adjudicated, 12 cases upheld the FSPs' decisions and 3 cases revised the FSPs' decisions. 1 case is pending adjudication by the Ombudsman.

## **Recommendation**

We propose that the above report be endorsed by the Board.

Ombudsman for Financial Services  
18 August 2017

ANALYSIS OF OUTSTANDING CASES (AGING REPORT) AS AT 30<sup>TH</sup> JUNE 2017 – OVERALL

Sector	Conventional Insurance	Takaful	Banking/ Islamic Banking	Grand Total
Less 1 Month	45	20	42	107
1 to 2 Month	59	14	31	104
2 to 3 Month	44	14	34	92
3 to 4 Month	54	16	22	92
4 to 6 Month	65	18	39	122
6 Month And Above	39	3	27	69
<b>Grand Total</b>	<b>306</b>	<b>85</b>	<b>195</b>	<b>586</b>

- Overall, there are a total of 586 cases outstanding under the Conventional Insurance/Takaful and Banking /Islamic Banking sector as of June 2017.
- For the Banking/Islamic Banking sector, 168 cases fell within 6 months and 27 cases were within the category of 6 to 9 months as at June 2017.
- For Conventional Insurance and Takaful sector, 42 cases remained outstanding under the category of more than 6 months and above.

Ombudsman for Financial Services  
18 August 2017