



Ombudsman Annual Report 2014

The TD Ombudsman's Office is an impartial body that reviews customer complaints that remain unresolved after being addressed by a representative of the senior management team of a business area within TD Bank Group (TD) in Canada.

This report presents our results for the fiscal year ended October 31, 2014 and provides information on:

- What we do
- What you can expect from us once we receive your complaint
- What you can do to help move the process forward
- A sample of cases from 2014
- Four-year comparative data



Our Mandate

The TD Ombudsman's Office has the mandate to act as a liaison between customers and business areas within TD (including TD Canada Trust, TD Wealth, TD Insurance, TD Auto Finance, TD Commercial Banking, & MBNA). The Ombudsman's Office operates and reports independently of the business areas to review customer concerns that remain unresolved after being addressed by TD's internal dispute resolution process. We conduct thorough and impartial investigations of customer concerns. We review the issue and documentation with both the customer and the area of TD involved so we fully understand all aspects of it.

Features of the TD Ombudsman service include:

1. Independence:
 - Provides customers with an independent review of issues that they feel haven't been adequately resolved by the business itself.
 - Provides TD independent feedback regarding its own services, products and operations.
2. Flexibility:
 - An effective alternative to the court system for resolving customer concerns.
3. Accessibility:
 - A service that is voluntary, confidential, sufficiently resourced and available free of charge.
4. Credibility:
 - When appropriate, may make recommendations to resolve issues where we find TD's actions or inactions contribute directly to customer costs or losses.

The TD Ombudsman service does not normally investigate concerns regarding:

- bank policies, including credit granting or risk management decisions;
- interest rate levels;
- other charges or fees that are disclosed;
- matters where legal action has already commenced or has been concluded.

FAST FACTS

- We completed 99% of files within 90 days and 91% within 60 days
- We proposed settlements in 38% of cases
- The external ombudsman services came to the same conclusion we did in 86% of the files that they closed

What Can You Expect After You've Sent Us Your Complaint?

STEP 1	EXPECTED TIMELINE
<p>INITIAL REVIEW OF YOUR COMPLAINT</p> <p>We acknowledge receiving your complaint and carry out an initial review to determine if it is within our mandate to address it. If it's within our mandate, we send you our Customer agreement, asking that you review it and return it to us with your signature to indicate that you accept the terms.</p>	<p>WITHIN 5 DAYS</p>
<p>STEP 2</p> <p>OPEN A CASE FILE</p> <p>Once we receive the signed agreement, we let you know that a case file has been opened for you and that your case will be assigned to an investigator from our office. When your file is assigned, we let you know the name of your investigator and when you can expect him or her to begin reviewing your case.</p>	<p>WITHIN 30 DAYS¹</p>
<p>STEP 3</p> <p>COMPLETE OUR INVESTIGATION</p> <p>Our investigator takes whatever steps he or she feels are necessary to examine your concern. These may include interviews, reviewing documentation, researching external sources and examining specific transactions. On completing the examination, the investigator forwards the findings and recommendations in how to resolve the concern to the TD business unit involved as well as to the Ombudsman or Deputy Ombudsman. While our objective is to complete our investigations within 90 days, the majority are completed in less than 60 days. Very complex cases may take longer, and we will keep you informed of the status of your case.</p>	<p>WITHIN 90 DAYS¹</p>
<p>STEP 4</p> <p>RESPOND AND, IF APPROPRIATE, PROPOSE A RESOLUTION</p> <p>The Ombudsman or Deputy Ombudsman reviews investigation results and approves or amends the recommendations. A written response is sent to you outlining the findings and the recommendations of the investigation.</p>	<p>WITHIN 90 DAYS¹</p>
<p>STEP 5</p> <p>YOU CONSIDER OUR RESPONSE</p> <p>If we offer you compensation or suggest another form of resolution, we ask you to consider our offer and, if you choose to accept it, respond in writing within 30 days. If we either do not provide you with an offer or you choose not to accept the one provided, then you may appeal your case to an external ombudsman service. For banking complaints, the external ombudsman is the ADR Chambers Banking Ombuds. For investment complaints, the external ombudsman is the Ombudsman for Banking Services and Investments (OBSI). For general insurance complaints, the external service is the General Insurance Ombudsman (GIO). For life and health insurance complaints, the external service is the OmbudService for Life & Health (OLHI). Contact information for these services is provided to you as part of the written response described in step 4 above.</p>	<p>30 DAYS FROM THE DATE OF OUR RESPONSE</p>

¹ From the date we receive the signed agreement from you.

What Can You Do To Help Us Review Your Complaint?

If you are able to do the following, it will allow us to more effectively review your complaint and respond to you in a timely manner.

- Summarize your complaint in writing as succinctly as possible, clearly identifying the issues
- Include all relevant dates, places and times
- Provide a concise written description of the incident or problem
- Be specific about what you are seeking in order to resolve your complaint, including monetary claim amounts
- If you have any questions about what information should be included, please contact us
- Read our agreement carefully, contact us if you have any questions and then sign it and return it to us promptly
- Provide us with clear and accurate details about where and how we can reach you (include e-mail and postal address and phone number)
- Provide us with copies of all relevant documents, but only those that are necessary to support your complaint
- Cooperate with the investigator we assign to your case and be available to speak to him or her over the phone if necessary

'Authorized User' Access Cards & Personal Identification Numbers

Case Study 1

A TD customer contacted our office claiming that they did not perform several transactions on their account. The transactions in question consisted of a deposit and several withdrawals and purchases, which resulted in an amount owing of approximately \$20,000. In the investigations completed within the Bank prior to the escalation to our office, the customer explained that they had shared both personal and business debit cards and their Personal Identification Number (PIN) with their son.

TD's fraud department uses various emerging technologies and detailed electronic records to determine if fraud has taken place and, if so, the type of fraud. Our review of this information found that the transactions were not typical of an organized skimming operation. We determined that the individual responsible for the disputed transactions used the customer's original debit card and that they knew the PIN.

It is important to note that it remains the customer's responsibility to protect their card including taking all precautions to ensure that no one finds out their PIN. This requires not sharing his or her card with anyone, not selecting a PIN that is easy to guess; and not



disclosing this PIN voluntarily to anyone else at any time, including to a family member or friend. Failure to comply confirms that a customer accepts liability for any losses resulting from the use of their card.

In our discussion with the customer, they believed that it was likely that they knew the individual responsible for the disputed transactions. We informed the customer that they would remain responsible for the amount owing of approximately \$20,000.

Day to Day Banking, Lending & Insurance Tips:

Read all agreements, including deposit account, access card, mortgage and loan documentation. Talk to your TD Advisor about:

- ✓ Examining your transaction information, what you are accountable for including how long you have to notify the bank if there is an error.
- ✓ Residential and commercial mortgage repayment conditions and prepayment costs associated with the loan. TD provides a prepayment calculator (<https://www.tdcanadatrust.com/products-services/banking/mortgages/calculators-and-tools.jsp>).
- ✓ Travel, life & health, auto and home insurance policies. Understand the terms and conditions of the policy in advance of needing to activate the insurance.

Understanding Prepayment Charges

Case Study 2

When a borrower breaks their mortgage term prior to the end of the agreed term, the borrower incurs a prepayment charge to recover interest costs that the bank pays for acquiring funds for a fixed term to lend to the customer. This charge is calculated as the higher of the Interest Rate Differential (IRD) or 3 months of interest. In the case of this customer, the IRD was applicable.

A customer told us they called a branch to determine how much the prepayment charge would be to discharge their mortgage before the end of its term. The customer said that the branch employee provided an estimate of \$5,200. Based on this information, two months later, the customer discharged their mortgage only to find out that the actual IRD charge was \$6,542 and not the \$5,200 estimate previously obtained. The customer asked to be reimbursed for the difference between these two amounts.

When the customer contacted the branch to confirm why there was a discrepancy with the IRD amounts noted above, the Branch Manager reviewed the issue. The Branch Manager explained to the customer that a number of factors can impact the final calculation of the IRD. Unfortunately, the branch was unable to determine who gave the customer the original information.

As part of the investigation, our office reviewed the discharge statement and confirmed that the customer paid \$6,031 in IRD, so the actual difference from the original estimate was \$831. The customer was also provided with manual calculations of what the IRD charge would have been on the date the estimate was requested, versus the actual date the mortgage was discharged. We explained the different impacts to the calculation, such as a change

in the posted rates, the remaining term for a similar mortgage, timing of the prepayment charge and the principal amount outstanding when the IRD charge is calculated.

In this particular case, the Ombudsman's office confirmed that the posted rate for the remaining term of the mortgage, which is used in the IRD calculation, decreased from 3.75% (when the customer obtained the estimate from the branch) to 3.44% (on the discharge date), which had an impact on the calculation.

Our office concluded that the customer incorrectly assumed that the estimate initially received from the branch would remain the same two months later. It was explained to the customer that official discharge statements can be ordered 30 days in advance of the discharge date and had the customer contacted the branch closer to the discharge date, a more accurate estimate of the IRD charge could have been obtained along with the ability to order the discharge statement. The Ombudsman office further concluded the IRD charge was accurately calculated and that under the loan agreement TDCT was entitled to the IRD charge as the closed mortgage was discharged prior to the maturity date. However, as the customer was upset about the service received at the branch, the Ombudsman's office offered the customer a goodwill gesture of \$250 which was accepted.

Financial Obligations - Tips

- ✓ Understand your individual and joint financial obligations. Relationships change over time, and we often investigate concerns starting from relationship break downs.
- ✓ If you hold a loan or credit card with another individual (i.e, primary/secondary or co-signer relationship) and no longer wish to be held accountable for this credit facility, investigate how to remove your exposure from joint responsibility, arrange for orderly debt repayment and ensure you are aware of your obligations going forward.

Relationship Changes and Financial Obligations

Case Study 3

A customer co-signed for a student line of credit (SLOC) with her husband several years ago. Both parties, a year later, requested and agreed to sign a revised SLOC to increase the amount of the loan to \$80,000.

The wife subsequently separated from her husband. She contacted TD to request to have her name taken off the SLOC, as it was her opinion that her ex-husband should be responsible for the outstanding debt, as he benefitted from the loan and was capable of making the loan payments on his own. She also claimed that the branch representative, who assisted them with the original loan application, advised the wife that her name only needed to be placed on the application as a formality, to speed up the application process.

The wife tried to negotiate a partial settlement with the Bank and offered to pay the Bank \$20,000 to confidentially have her name removed off the loan. When TD reviewed the request they advised the customer that the only way she could be removed off the loan was if her ex-husband was willing to apply for a new line of credit in his own name.

The customer was not in agreement with TD's decision and appealed her case to the Ombudsman's office. A review of the loan documents by our office, confirmed that both parties signed the loan documents. The statement above the signature line indicated the following:

"If more than one person signs this Agreement as a Customer, each is liable both individually and collectively as a group for payment of the Outstanding Balance."

Our office also found no evidence that the wife had been misinformed by the branch representative who assisted with the loan application. The branch employee was an experienced lender



and confirmed that she reviewed the loan documents with both borrowers being present, prior to them signing the loan agreement, to ensure that both parties understood that they were jointly liable for the debt.

The Ombudsman's office concluded that as the loan was a legally binding contract, it would not be possible for the Bank to comply with the customer's request to have one party removed off the loan for a lump sum payment, as both parties were equally liable for the debt.

Four-year Comparative Data

The Year in Review

In 2014, we saw a 12% decline in the number of files escalated to our office, largely as a result of a drop in complaints related to TD Access Card fraud and within the MBNA business.

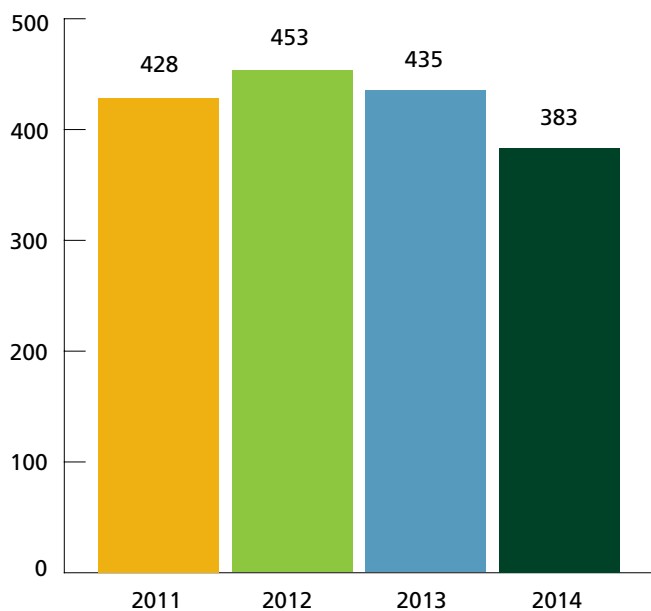
The number of complaints from TD Canada Trust branches saw a decline in 2014, but remained the source of the majority of complaints to our office at 52%. General service issues such as lack of clarity in information provided, and process errors or delays continue to dominate from the branch network. In addition, problems stemming from mortgage prepayment charges continue to be escalated.

In other areas such as credit card insurance and TD's phone, web and ATM channel, the number of complaints remained stable or slightly declined in 2014.

Preventative measures continue to be recommended by our office, providing guidance to all TD businesses about how to improve their processes in order to reduce the number of cases that are escalated.

How many cases do we handle?

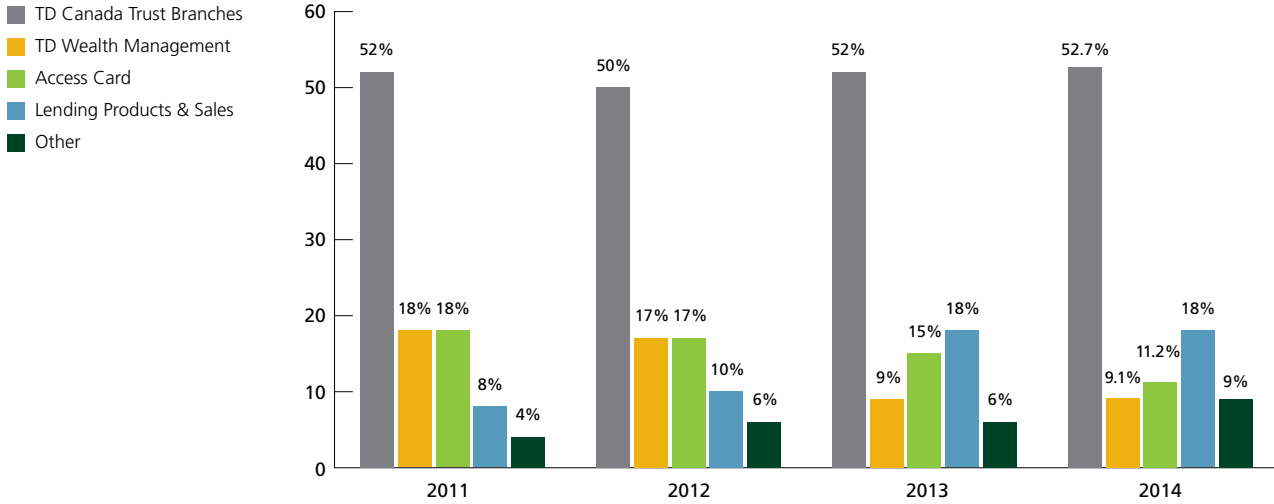
Cases opened



Four-year Comparative Data

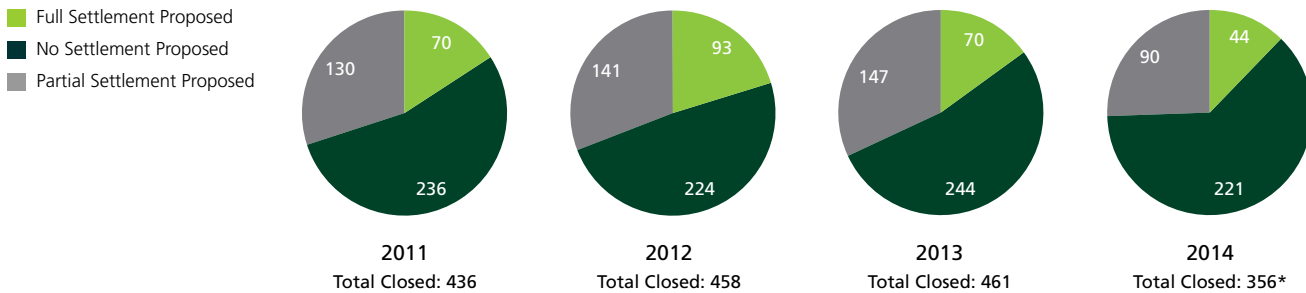
What areas of TD do our cases come from?

Origin of cases opened



What are the outcomes of our cases that we closed?

Case outcomes



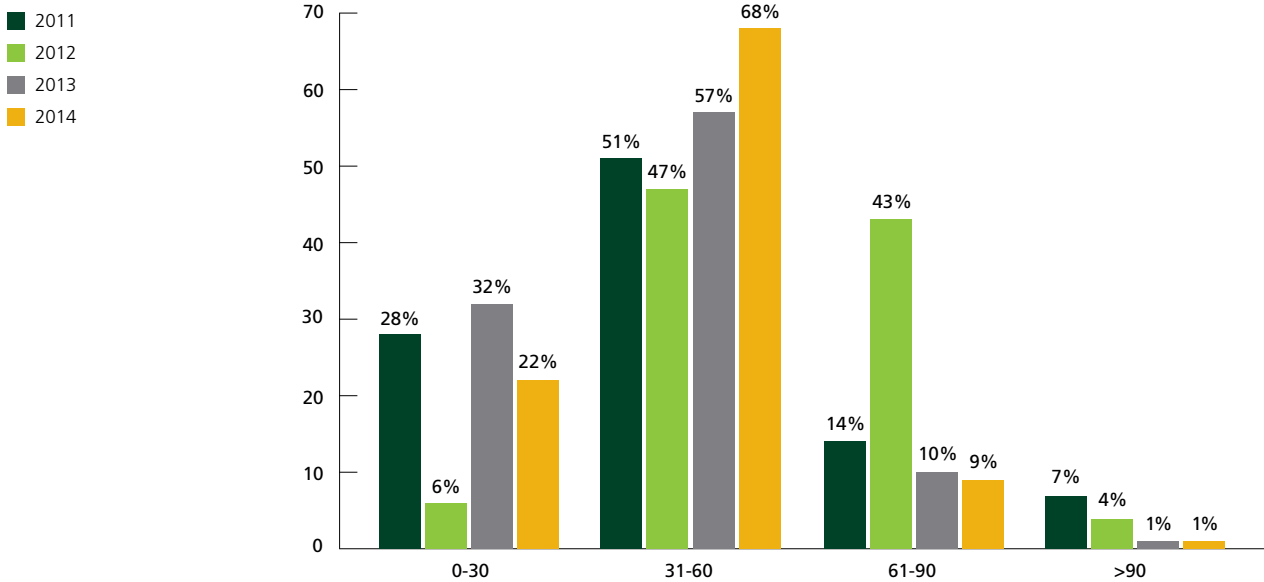
*one case was withdrawn by the customer

Proposals to resolve concerns were made to 134 customers. This represented 38% of all closed investigations in 2014, down from 47% in 2013.

Four-year Comparative Data

How long does it take to complete case reviews?

Days to complete



The average time to close our cases was 43 days.

What are your options if we are unable to resolve your complaint?

You may appeal your complaint to an independent external ombudsman service:

1. For investment complaints, the external service is the Ombudsman for Banking Services and Investments (OBSI).
2. For banking complaints, the external service is the ADR Chambers Banking Ombuds Office (ADRBO).
3. For general insurance complaints, the external service is the General Insurance Ombudsman (GIO).
4. For life and health insurance complaints, the external service is the OmbudService for Life & Health (OLHI).



During the fiscal 2014 year, 116 TD banking and investment customers appealed their cases to the external ombudsman services compared to 115 in 2013. The external ombudsman services concluded reviews in 123 cases, down from 136 in 2013. In 86 per cent of the cases that they closed, the external ombudsman services came to the same conclusion that we did, in line with 2013.



About Kerry Robbins

Kerry Robbins has been the TD Ombudsman since September 2014. Kerry has worked at TD for over 17 years in increasingly senior roles in a wide variety of areas, including Direct Channels, Branch Banking, and Real Estate Secured Lending. Kerry has a BA from King's College at the University of Western Ontario and a Masters of Business Administration from Anglia Business School in Cambridge, England. She also serves as a Director on the board of the London Children's Museum. Kerry is recognized in the bank for her breadth of experience and business knowledge and her wide network of contacts, sense of fairness, and integrity.

For more information regarding TD's Customer Problem Resolution process, please consult the link noted below.

Further information

Please visit the following pages on the TD Bank Group website:

TD's Customer Problem Resolution Process:
www.td.com/comments.jsp

Protecting our Customers:
www.td.com/customer.jsp

TD Ombudsman:
www.td.com/ombudsman.jsp

Or contact us:
E-mail: td.ombudsman@td.com
Telephone: 1-888-361-0319 or 416-982-4884
Facsimile: 1-866-891-2410 or 416-983-3460

