

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 1198 [NW1292E]
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1198. Ms Z Jongbloed (DA) to ask Minister of Finance:

What (a)(i) is the purpose of the Ombud for Financial Services Providers and (ii) services does it offer (b)(i) is the funding mechanism of the Ombud and (ii) was the total income and expenditure of the Ombud over the past three financial years, (c) was the performance of the Ombud over the past three financial years in terms of cases (i) heard and (ii) resolved, (d) was the original cost of setting up the Ombud, (e) is its staffing structure, (f) is/are the location/s of its offices and (g) is the way in which the Ombud delivers services?

NW1292E

REPLY:

Question (a)(i): The Office of the Ombud for Financial Services Providers (FAIS Ombud) was established in terms of section 20 of the Financial Advisory and intermediary Service Act 37 of 2002 (FAIS Act). The purpose of the Office is outlined in section 20(3) which states that:

'The objective of the Ombud is to consider and dispose of complaints in a procedurally fair, informal, economical and expeditious manner and by reference to what is equitable in all the circumstances, with due regard to-

(a) the contractual arrangement or other legal relationship between the complainant and any other party to the complaint; and
(b) the provisions of this Act.'

Question (a)(ii): The FAIS Ombud is funded through a budget allocation emanating from levies collected by the Financial Sector Conduct Authority.

Question (b)(ii) The FAIS Ombud receives an approved budget at the beginning of each financial year and expenses incurred by the Office are commensurate with the budget so received. The financial information for the 2017/2018 financial year is not yet available as this information is still to be audited by the Auditor General in accordance with section 40 of the PFMA. The information for the three financial years immediately preceding the 2017/2018 financial year are detailed below.

2014/2015 financial year

	Approved budget	Actual amounts on comparable basis	Variance between final and budget actual
Total revenue from non-exchange transactions	R35 798 004	R35 822 198	R24 194
Expenditure	R(36 774 175)	R(34 216 736)	R2 557 439
Deficit / surplus	R(976 171)	R1 581 592	R2 557 763

2015/2016 financial year

	Approved budget	Actual amounts on comparable basis	Variance between final and budget actual
Total revenue from non-exchange transactions	R43 422 676	R43 438 733	R43 438 733
Expenditure	R(44 229 905)	R(37 181 431)	R7 048 474
Deficit / surplus for the year	R(807 229)	R6 241 679	R7 048 908

2016/2017 financial year

	Approved budget	Actual amounts on comparable basis	Variance between final and budget actual
Total revenue from non-exchange transactions	R39 127 718	R39 136 919	R9 201
Expenditure	R(44 792 334)	R(46 544 026)	R1 751 692

Deficit for the year	R(5 664 616)	R(7 417 137)	R(1 752 521)
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(c) In order to respond to the question of the performance of the FAIS Ombud in the past three financial years, it is first appropriate to explain that the Office does not, as court of law, 'hear' matters and the matters that have been resolved in the period for which feedback has been requested, were decided on the on the papers, as it were. This is one of the key distinctions between this Office and the manner in which matters are adjudicated in a court of law even though this Office retains, largely, those functions available to a court when disposing of matters.

With that background in mind, the performance of the FAIS Ombud in the past three financial years, is detailed below and is provided in terms of the matters received in the applicable financial year as well as how the matters were resolved, that is by dismissal, settlement, referral or determination.

(i) 2014/2015 financial year

Number of new complaints received – 9 003.

Of the 9 003 complaints received, 3 699 complaints were justiciable.

How the complaints were resolved:

- (a) Dismissed – 3 414
- (b) Settled – 976
- (c) Determined – 45
- (d) Referred to other fora – 4 741

(ii) 2015/2016 financial year

Number of new complaints received – 9 891.

Of the 9 891 complaints received, 4 263 complaints were justiciable.

How the complaints were resolved:

- (a) Dismissed – 3 409
- (b) Settled – 1 150
- (c) Determined – 24
- (d) Referred to other fora – 4 706

(iii) 2016/2017 financial year

Number of new complaints received – 10 864.

Of the 10 864 complaints received, 5 630 complaints were justiciable.

How the complaints were resolved:

- (a) Dismissed – 5 183
- (b) Settled – 1005

(c) Determined – 68

(d) Referred to other fora – 4 769

(d) Original cost of setting up the office?

The information pertaining to the costs incurred in setting up the Office while available, could not be obtained in time to submit the response by the date requested. The information has been requested from the relevant authority, that is, from the board of the former Financial Services Board and will be provided made available to you on receipt thereof.

(e) The staffing structure of the FAIS Ombud is comprised firstly of the Ombud, as the accounting officer for the Office and is then divided into two structures or teams which are further subdivided. These teams are the technical team and the support team. The technical team comprises of the Adjudication Case Management and Case Administration departments while the support teams are the finance, IT, HR, office and risk management departments.

(f) The FAIS Ombud is located in Pretoria South Africa.

(g) The FAIS Ombud resolves those matters, described in the answer to question (b)(ii) in the manner prescribed by section 20(3) of the FAIS Act, namely through mediation, conciliation and arbitration. These methods employed by the FAIS Ombud are provided for in and approved by section 27 of the FAIS Act.

The FAIS Ombud delivers its services through the processes prescribed by the FAIS Act and as outlined in the Rules promulgated thereunder (the Rules on Proceedings of the Office of the Ombud for Financial Services Providers).

It is also worthwhile to note that the services of the FAIS Ombud are free and accessible. The accessibility of the Office is achieved in a number of ways, including, firstly, through not prescribing that complaints be couched in a manner that would otherwise marginalise or exclude certain groups of the populace through the use of legalese or technical language. In addition, accessibility is also achieved because the Office does not prescribe that complaints be lodged in a particular language but accepts complaints lodged in any of the official languages. Communication to stakeholders, which include complainants and financial services providers, is also pitched at an appropriate level with due regard of the intended recipient of the communication. The FAIS Ombud, in complying with the processes that must be observed in the provision of its services, thus maintains that its services are for people from all backgrounds and the manner in which it renders its services, fosters an environment that will realise the ethos of the organisation.