



# 2022 Customer Complaint Appeal Office Annual Report

BMO's complaint handling process is designed to respond to customer concerns efficiently and effectively. The process has three steps, and the **Customer Complaint Appeal Office (CCAO)** is the final step.

A significant new customer-focused regulation was implemented last year. On June 30, 2022, Canada's Financial Consumer Protection Framework (FCPF) came into force establishing revised requirements for how banks manage customer complaints in Canada. Key changes included a broad definition of what constitutes a complaint and a reduced timeline of 56 days (end-to-end) for banks to respond to customer complaints. Additionally, in response to the FCPF, aspects of BMO's three-level complaint handling process were revised including an updated mandate and a new name for BMO's Ombudsperson – the Customer Complaint Appeal Office.

**This is the annual report of BMO's Customer Complaint Appeal Office** for the fiscal year November 1, 2021, to October 31, 2022. This report includes information on the number of complaints addressed by the CCAO, the average length of time taken to deal with the complaint, the products and services that were most often the subject of complaints and the outcome of our reviews of the concerns.



**For additional information about BMO's Customer Complaint Appeal Office, please see BMO's [website](#).**

## What We Do

The Customer Complaint Appeal Office (CCAO) is the third and final step in BMO's 3-step complaint handling process for Canadian banking and investment customers. If a complaint remains unresolved after it was raised with the bank (step 1) and subsequently escalated to a senior officer (step 2), a customer can request that the CCAO review the matter. Our process is based on integrity and respect and our objective is to resolve complaints fairly. We consider customer complaints carefully and seek information from all parties involved when conducting our review.

If after our review the complainant feels the matter is unresolved, customers have the option of contacting an independent external complaints body for an additional review. BMO uses the [Ombudsman for Banking Services and Investments \(OBSI\)](#) for external reviews of banking and investment complaints and the [OmbudService for Life & Health Insurance \(OLHI\)](#) for insurance complaints.

## How We Help

1

### **Share your concern**

Raise your concern with a BMO representative

2

### **Escalate to a Senior Officer**

If your complaint is unresolved after Step 1

3

### **Escalate to the Customer Complaint Appeal Office**

If your complaint is unresolved after Step 2

## Roles and Responsibilities

### **The CCAO is responsible for:**

- Understanding the nature and circumstances of the complaint, and the customer's desired outcome
- Reviewing and considering the policies, regulations, standards, and voluntary codes that may apply to the circumstances of the complaint
- Working with the relevant BMO business area to gather information related to the complaint
- Determining whether the complaint can be resolved to the customer's satisfaction or whether an explanation of the decline is required
- Identifying any root cause(s) of the complaint that can be corrected to prevent a reoccurrence

### **Customers are responsible for:**

- Providing information on the nature of their complaint and the solution they are seeking
- Providing all relevant details about their complaint at the beginning of the process and advising of any new facts as they arise

# Addressing Complaints

The CCAO reviews customer complaints that remain unresolved to the satisfaction of customers involving banking products and services (BMO Bank of Montreal), investment products (BMO Nesbitt Burns, BMO InvestorLine, BMO Investments and BMO Private Banking), and insurance products (BMO Insurance, BMO Creditor and Travel Insurance, BMO Estate Insurance Advisory Services).

## What happens when a customer approaches the Customer Complaint Appeal Office with an unresolved complaint?

### 1 Acknowledge Receipt of Complaint

Acknowledge receipt of a complaint within 3 business days and provide details of the review process.

### 2 Investigate the Complaint

Initial review to determine if complaint is within the CCAO scope of review (e.g. setting of interest rates or credit decisions are out of scope).

- If the complaint is not within scope, provide the customer with the next escalation option, which is external to BMO.
- In scope complaints are assigned to an investigator for review. Depending on the nature and complexity of the complaint, the investigation may require additional information from the customer and/or from internal stakeholders and partners.

**Timeframe:** The FCPF specifies that a complaint must be reviewed internally within 56 days from the date BMO receives the complaint for banking matters and 90 days from step 2 for review of investment matters.

### 3 Outcome

Conclude review and make a recommendation to resolve the complaint, re-extend a previous offer made by the line of business or uphold the decision to take no further action on the complaint and close the matter.

### 4 Further Review

Customers are entitled to seek a further review of their complaint by an external complaint body at any time in the process and if their complaint has not been resolved within 56 days for banking matters or 90 days for investment issues. If the time to resolve and provide a final response to a banking complaint is likely to take longer than 56 days, the customer is notified in writing of the delay and informed of their options.

**Timeframe:** Within 180 days of receiving the bank's final response, customers may escalate the matter to OBSI. OBSI has 120 days to review and make a final written recommendation to the parties. OBSI must also make a summary of their review available on their website 90 days after making their final recommendation.

# Complaints Handled

The CCAO has observed an increase in customer complaint volume over the last few years driven in part by the global pandemic's impact on customer service, social and economic impacts of inflation and rising interest rates and an increasing complexity of consumer frauds and scams. Key changes in the FCPF are the broad categorization of a complaint to include expressions of dissatisfaction over a bank product or service or the way it was sold; the requirement to log these issues as complaints, and proactively offer the option to escalate if the customer is not satisfied. Consistent with industry trends, these changes have resulted in increased volumes of complaints being addressed by all three steps in BMO's complaint handling process.

For complaints received by the CCAO prior to the FCPF coming into force, reviews were completed in an average of 12 days. Information on the length of time a complaint was managed at step 1 and step 2 was not previously collected.

After the FCPF came into force, BMO received 40,957 customer complaints subject to the new rules at step 1 of the complaint handling process. Step 2 received 3,448 complaints while step 3, the CCAO, received 540 complaints. Complaints escalated for review by the CCAO were resolved or closed in an average of 41 days from first being raised with BMO. For the small number of files that exceeded the allotted 56-day review period, customers were offered the option to continue with BMO's review and advised of their option to escalate their complaint to OBSI.

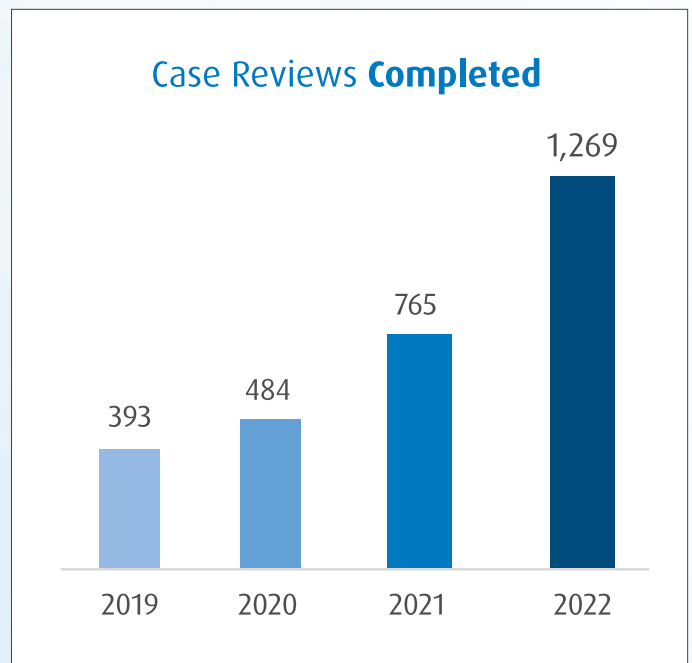
While most of the matters were addressed by the bank (step 1), some complaints escalated to a senior officer (step 2) and beyond to the CCAO (step 3).

In 2022, less than 3% of all complaints were escalated to the CCAO. 1,269 complaint reviews were completed, focused mainly on banking products. This increase of 66% over the same period in 2021 was largely because the new rules broadened the definition of a complaint.

## 2022 Case Review Highlights

### Fiscal 2022 By the Numbers

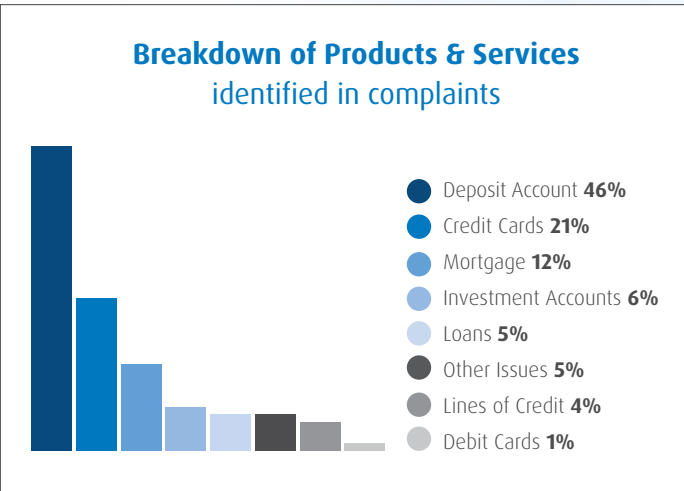
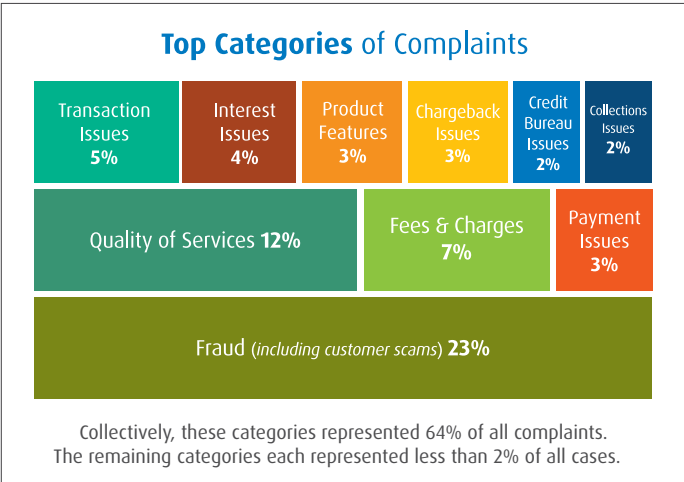
We determined that 66 complaints were related to matters that were out of the CCAO's scope (e.g. setting of interest rates or credit decisions).



# Case Reviews by Product and Category

## Banking Complaints

Consistent with previous years, most banking complaints were related to the impact of third-party fraud or scams on customers, service quality issues or disputes regarding fees and charges. Chequing and savings accounts, credits cards and mortgages represent the products or services most involved in a customer complaint, given the large volume of transactions that BMO processes daily. Due to the complexity and speed of BMO’s business operations, operational or human errors can occur. When identified, we actively work with the impacted line of business to address and fix for the next time. Unlike the last few years, complaints related to interest rate sensitive products such as mortgages and loans declined year-over-year, likely due to rising interest rates.



## Complaint Issues – Investments

Complaint volume was roughly equal between registered and non-registered accounts with a small number of matters related to other issues. There was no general pattern to the complaints. Concerns covered a range of topics from issues with advisory services, problems with the processing of transaction requests or other administrative matters. Four complaints related to life insurance were related to advisory services, fees & charges and suitability or performance topics.

## Nature of Complaints

In response to the FCPF, BMO began collecting additional information regarding the nature of the complaints, in addition to product or service (e.g., credit cards) and the complaint category (e.g., fees & charges). This additional information provides us with additional perspective on the factors associated with their complaints thus allowing us to make improvements.

A large percentage of complaints are characterized by customer frustration with their interaction with the bank – challenges accessing or using a product or service, bank delays in dealing with concerns, transaction issues or errors.

Frustration was cited in 74% of complaint cases. Issues regarding communications or advice given regarding products or services were noted in 24% of complaints. A small number of complaints (1.5%) alleged discrimination in their banking experience or cited market conditions (0.5%).

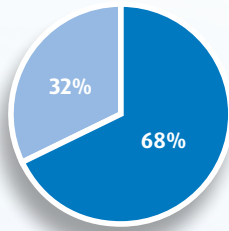
The persistent impact of the pandemic on the availability and timeliness of service and transaction completion, increased costs associated with the rapid onset of inflationary cost pressures and the dramatic effect of rising interest rates on new and renewing mortgages are pressures affecting our customers and may be factors associated with their complaints.

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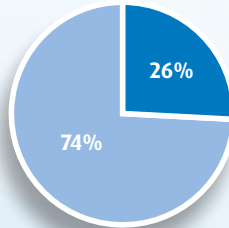
## Outcomes

We carefully review each customer complaint and consider both the circumstances which led to the complaint being raised and how it was addressed through BMO's complaint handling process.

Of the files the CCAO reviewed in fiscal 2022, we determined that 68% of the files (866) were resolved to the satisfaction of the customer. Customers with whom we did not agree, tended to be unsatisfied with the outcome.



We made recommendations for compensation in 26% of the complaints (e.g., reimbursements, fee rebates, Air Miles, etc.) and determined there was no basis for compensation or additional compensation beyond which had been offered by an earlier step in the remainder of the files.



## Process Improvements

The CCAO considers the implications of every customer complaint beyond the impact to the affected individual. We understand that every matter escalated to our office is important to that customer because they have taken the time and effort to raise their concerns. While not every complaint represents an opportunity for improvement, we assess whether there is scope for enhancements to BMO's documentation, communications, processes, training, or technology. As part of BMO's commitment to world-class loyalty and growth, we work with the lines of business and customer complaint review groups to implement changes when we believe our recommendations could reduce or eliminate reasons for customer complaints and improve customer satisfaction.

## External Review of Complaints

If a customer remains dissatisfied at the conclusion of our review, they have the right to appeal our decision to an external complaints body - the Ombudsman for Banking Services and Investments (OBSI - [obsi.ca](https://obsi.ca)) or the OmbudService for Life & Health Insurance (OLHI - [olhi.ca](https://olhi.ca)). These organizations are independent and impartial dispute resolution services.

Last year, customers escalated 225 files to the OBSI as they were dissatisfied with our decision and in 61 cases bypassed the CCAO and went directly to the OBSI. After their review, OBSI concurred with BMO's decision 92% of the time.

# Case Study

Given the enormous amount of marketing and social media communication around cryptocurrency, criminals have sought to exploit people's interest in the area.

The CCAO noticed an increase in the number of customer complaints involving cryptocurrency exchanges. Customers were funding their cryptocurrency accounts at these exchanges with direct deposits or e-transfers. In some cases, after depositing funds into legitimate cryptocurrency exchanges, customers subsequently transferred the cryptocurrency to what they believe was the account of an investment company. Unfortunately for these customers, the investment "opportunity" was not legitimate, and they lost their funds. While many Canadians invest in cryptocurrency using exchanges without issue, the same exchanges are also being used by scammers as a method to acquire funds and make the payment difficult to trace or recover.

To help our front-line staff identify customers who may be being victimized in this form of scam and prevent it, we held information sessions with branch managers, provided training materials to regional branch supervisors and encouraged them to discuss the common elements of the scam with employees. We also proactively produced customer facing information to raise awareness about the potential for scams in general.

## Fraud Prevention

Online banking and shopping have become a normal part of our everyday life. Unfortunately, criminals continue to find new ways to defraud (unauthorized payment transactions) and scam (payer manipulation transactions) people across the country. BMO takes its role in protecting the integrity of Canada's banking system seriously, including protecting our customers using our digital payment systems (ATM, online, mobile and telephone banking).

BMO's **Security Centre** offers support on how customers can protect their identity, their accounts and their transactions. Suggestions include.

- Install IBM®\* Trusteer Rapport® to secure your desktop browser
- Use OnGuard®+ to protect your identity online
- Use Verified.Me (recently renamed as *Interac®* verification service) to confirm your identity when you sign up for digital services
- Set up BMO Alerts to get email or text notifications of transactions on your accounts and credit cards
- Use verification codes (one-time passcodes) to validate transactions

The Security Centre also offers a range of **Security Tips**, security alerts about common **scams**, information on how to **protect** yourself and your business, and **details** on how to report fraud or suspicious emails.

# About the CCAO

## **Ula Ubani is the Chief Ethics Officer and Head, Customer Complaint Appeals for BMO Financial Group**

She is a seasoned industry senior leader with a reputation for simplifying complex situations and developing practical solutions for the benefit of all involved.

Ula and her team manage the escalation of unresolved Canadian customer complaints about BMO's products or services. The team has been carefully chosen for their extensive knowledge and experience with customer complaints and financial services. Collectively the team has more than 60 years of complaints resolution experience across many industries and levels of complaint, from first line to external resolution services.

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## Contacting CCAO

You may contact BMO's Customer Complaint Appeal Office by mail, fax, email, or phone.

**Mail**

Customer Complaint Appeal Office  
1 First Canadian Place  
P.O. Box 150  
Toronto, ON M5X 1H3

**Phone**

1-800-371-2541

**Fax**

1-800-766-8029

**Email\***

[complaint.appeal@bmo.com](mailto:complaint.appeal@bmo.com)

**Visit**

[bmo.com/customercomplaintappealoffice](https://bmo.com/customercomplaintappealoffice)

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<sup>®</sup>\* IBM Trusteer Rapport is a registered trademark of IBM Corporation

<sup>®</sup> Interac verification service is a product of Interac Corp., licensed from SecureKey Technologies Inc.

<sup>®</sup>† OnGuard is a registered trademark of Sigma Loyalty Group Inc.

\* IMPORTANT: Please do not send personal and/or financial information via unsecured email.

<sup>®</sup> Registered trademark of Bank of Montreal.

(03/23)