

Press Release: 01 July 2024

Ombud Council Rules for the Ombud for Financial Services Providers: Compensation Limit Raised to R3.5 million

The Office of the FAIS Ombud welcomes the publication of the Ombud Council Rules for the Ombud for Financial Services Providers, 2024 on 1 July 2024. The Ombud Council Rules are binding in terms of the Financial Sector Regulation Act, 2017 (FSR Act) and come into operation on the publication date. The Ombud Council Rules replace the previous Rules on Proceedings of the Office of the FAIS Ombud that were in operation since 2004.

The revised Rules do not change the practical, fair and efficient approach the Office follows in resolving complaints. The revisions include using updated descriptions for processes and aligning the Rules to best practices. The Office will no longer receive complaints against unregistered Financial Services Providers. Complaints in this regard will be referred to the Financial Services Conduct Authority, as the regulator with the appropriate enforcement powers. Consumers are constantly encouraged to verify whether they are transacting with registered financial services providers, as the Office's services will not be available if the complaint relates to unlawful unregistered entities.

The most significant change to the Rules is the increase in the jurisdictional limit from R800 000 to R3 500 000.

Previously, complainants with losses exceeding R800,000 often needed to forgo the excess before this Office could proceed with its investigation. The increase in the Office's jurisdiction, which has remained unchanged since its inception in 2004, allows it to offer greater assistance to complainants. Complaints involving retirement advice, especially post-retirement transactions involving annuities, can often exceed

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R800 000. Inflationary effects since 2004 have also seen financial planning advice-related complaints increasingly exceed the original R800 000 jurisdictional limit.

The Office has resolved complaints for amounts in excess of the R800 000 limit due to the applicable Financial Services Providers agreeing to this Office's jurisdiction being exceeded. We acknowledge and appreciate the efforts of Financial Services Providers to treat customers fairly in this regard.

The Office does anticipate a possible increase in complaints it receives and investigates but is confident that it will meet the challenge.

One of the most important Rules that remain is that for a complaint to be justiciable by the Office of the FAIS Ombud, this Office must be satisfied that the complainant has endeavoured to resolve the complaint with the respondent and that the respondent must have failed to address the complaint satisfactorily within six weeks of its receipt. If the respondent has not been provided with an opportunity to resolve the complaint, it is first sent to the respondent using the Premature Complaints Handling Process. This process has resulted in many complaints being resolved within the six-week period without the need for a formal investigation.

The Ombud Council [Rules](#) for the FAIS Ombud are available on the Ombud Council's website, www.ombudcouncil.org.za, together with a statement of need, intended operation and expected impact of the Rules, and a Consultation Report responding to issues raised during the public consultation on the Rules.

The Ombud Council's objective is to help ensure that customers have access to and can use affordable, effective, independent, and fair alternative dispute resolution processes for complaints about financial institutions, financial products, financial services and services provided by market infrastructure.

If consumers believe they have been financially prejudiced due to the financial services provided concerning a regulated financial product, they are encouraged to lodge a written complaint directly with the service provider. If the complaint remains unresolved after six weeks, they can visit our Complaints Portal at www.faisombud.co.za and select 'Lodge Complaint.' Alternatively, they may submit a complaint in writing to info@faisombud.co.za or call our Client Care Centre at (012) 762 5000 or Sharecall at 086 066 3274 for assistance in submitting a complaint.

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