



INSIDE THIS ISSUE



PAGE 6

Drone Settlement Case

A recent case highlights the importance of understanding policy exclusions in all-risk insurance. This issue unpacks a drone damage claim valued at R244,700 that was rejected due to an in-flight exclusion, offering key lessons for consumers.



PAGE 11

Ombud Council Strengthens Collaboration

The Ombud Council continues to strengthen collaboration across the financial sector to promote fair, independent, and effective dispute resolution. This issue reflects on the ongoing cooperation between the Ombud Council and the FAIS Ombud in advancing financial redress and financial inclusion.

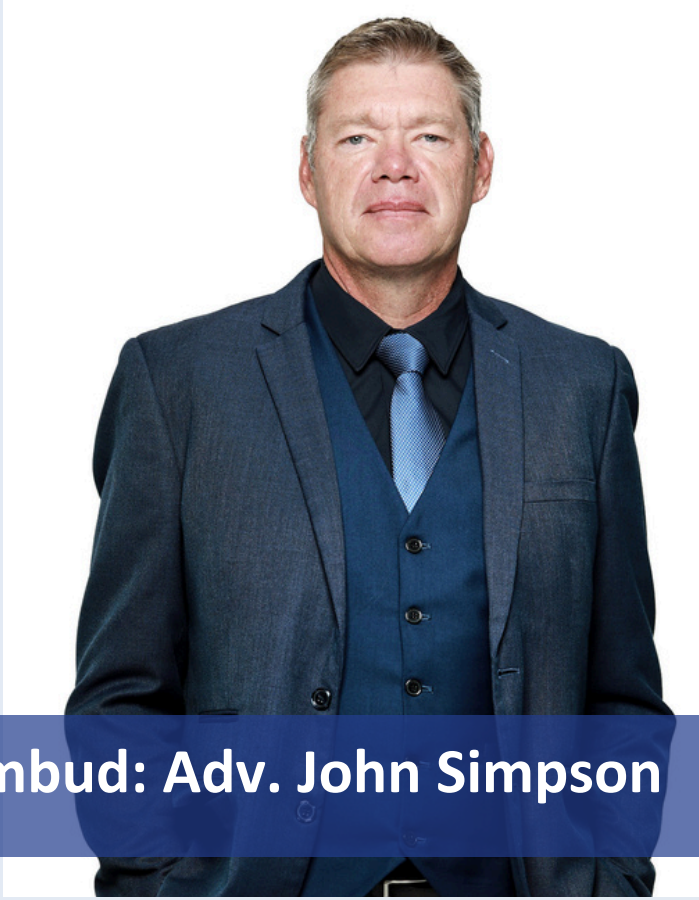


PAGE 13

Consumer Awareness Initiatives

The FAIS Ombud continued its nationwide consumer education efforts through university engagements, community workshops, and public awareness campaigns. These initiatives focused on improving consumer awareness of financial rights and ensuring communities know where and how to lodge complaints when disputes arise.

WORD FROM THE OMBUD:



Ombud: Adv. John Simpson

As the year draws to a close, I want to reflect on some of the Office's successes and what it takes to achieve them. We achieved a clean audit for the third successive year, 87% of our performance targets, improved our average case closure times and awarded R31.7 million to consumers.

All these achievements do not just happen. It takes a concerted and constant effort from every individual and department that contributes to the entity as a whole. Every department's contribution is so essential; if any aspect faces challenges, it affects the entire Office.

Our cleaning staff constantly check whether our premises are clean and hygienic. Arriving at a freshly cleaned and tidy office every day is very special and helps us to do our work.

Our IT staff procure new systems on an ongoing basis to assist and help us. They are always available and willing to assist. They constantly advise us and keep our systems safe from cybercrime.

Our finance department makes sure we comply with all the onerous regulatory and statutory requirements. The numerous internal and external clean audits confirm their dedication and skill.

Our staff's welfare is so well taken care of by the HR department. The numerous wellness and training events, along with the ongoing support they provide to staff, demonstrate a genuine care and commitment to helping in any way they can.

Our governance and compliance staff ensure that we comply with the numerous required reports that the Office must submit on an ongoing basis. Their friendly and engaging approach makes gathering and submitting all the information an easier task.

Our communications and marketing staff ensure that as many people as possible are aware of our Office and what we do. Together with the reception staff, they are often the face of our organisation and contribute enormously to our good reputation.

Our case administration, client care and adjudication divisions form the bedrock of our organisation. The public and the financial industry rely on the inquiries, cases referred, and assessments made on a daily basis by all these departments. The high quality of their assessments and their engagement with the financial industry make a vital and material contribution to South Africa's entire economy.

Thank you to all of you for everything you do and for your dedication. Together we will reach for the stars!

Lastly, we of course rely on the participation and interaction of the public, the financial industry and the media to achieve our mandate and goals. Thank you for helping us and contributing to our success.

NEW APPOINTMENTS



We are pleased to introduce the newest members of our team. Each brings valuable skills, fresh perspectives, and a strong commitment to service excellence.



MR. NYIKO RICK MABASA – CLIENT CARE GRADUATE TRAINEE

Nyiko Rick Mabasa holds a Bachelor of Administration degree from the University of Mpumalanga, majoring in Public Administration, Industrial Psychology, and Business Management. He is self-motivated and has a strong interest in administration, client care, and governance, with a long-term goal of contributing to effective institutions and empowering communities.

Nyiko previously worked as an Internet Café Attendant, where he developed strong interpersonal, adaptability, and problem-solving skills while assisting a diverse range of clients. These experiences nurtured his attention to detail and client-focused approach, which he now applies in the Client Care environment. Passionate about fairness and accountability, he is committed to contributing positively to the team and learning more about the Ombudsman process.



MR. TLOU MATLHATLHA – CLIENT CARE GRADUATE TRAINEE

Tlou Clifford Matlhatlha holds a Postgraduate Honours Degree in Public Administration from the University of Limpopo. He has gained experience through various workplace integration and training programmes, including roles as an Administrative Assistant within the public sector and as a Personal Financial Advisor in the finance and insurance industry.

Driven by a strong passion for public service and a commitment to continuous learning, Tlou is eager to contribute meaningfully to the organisation's success. He is enthusiastic about developing his skills further within the Client Care environment and upholding the institution's values of fairness, accountability, and service excellence.

NEW APPOINTMENTS



MS. GLENDA RACHEKHU – JUNIOR ADJUDICATION

Glenda Rachekhu is an admitted attorney with a Bachelor of Laws degree (UNISA). She has gained valuable experience across various legal fields, including civil litigation, labour law, family law, and insurance law. With a keen interest in alternative dispute resolution, Glenda aspires to pursue a Master's degree in Corporate Law to deepen her expertise in this area.

She describes herself as a team player who is motivated, reliable, and committed to promoting fairness and ensuring that justice is accessible to all. Passionate about continuous learning and self-development, Glenda strives to stay up to date with legal developments and enhance her professional skills to better serve clients and her community.



MR. DIMAKATSO NDHLOVU – RISK OFFICER AND BUSINESS CONTINUITY COORDINATOR

Dimakatso Ndhlovu is a seasoned Internal Audit Professional who holds a BCom in Internal Auditing from the University of Pretoria (UP), a Postgraduate Diploma in Business Administration from the University of the Witwatersrand (Wits), and a Postgraduate Diploma in Internal Auditing from the University of South Africa (UNISA). He is currently pursuing his Certified Information Systems Auditor (CISA) designation.

With over eight years of experience across the public and private sectors, Dimakatso has advanced governance, risk management, and compliance assurance through roles at Mintek, Professional Provident Society (PPS), and the Technology Innovation Agency (TIA).

Known for his achievements in process automation, timely audit reporting, and strengthening internal controls, he brings a passion for learning, challenge, and positive impact to his role in the Governance, Risk, and Compliance Department.



MS. KUTLWANO REJOICE THAMAGE – ADJUDICATION GRADUATE TRAINEE

Kutlwano Rejoice Thamage graduated with a Bachelor of Laws (LLB) from the University of Johannesburg (UJ) earlier this year and is currently pursuing a Postgraduate Diploma in Financial Planning with Milpark Education. She also holds a Practical Legal Training (PLT) certificate from JHB LEAD, the Johannesburg-based Legal Education and Development division of the Law Society of South Africa.

Kutlwano describes herself as someone who may appear blunt at first, but is very friendly once you get to know her. As a Graduate Trainee in the Adjudication Department, she is passionate about dispute resolution and is eager to contribute meaningfully while continuing to grow in the field.

NEW APPOINTMENTS



MS. NTANDOYENKOSI ZULU – ADJUDICATION GRADUATE TRAINEE

Ntandoyenkosi Slindile Zulu is an admitted attorney with a Bachelor of Laws (LLB) degree and a Master of Laws degree from North-West University. She completed her Practical Legal Training (PLT) at the Illovo Paralegal College of Education, which strengthened her foundational legal skills and practical understanding of the profession.

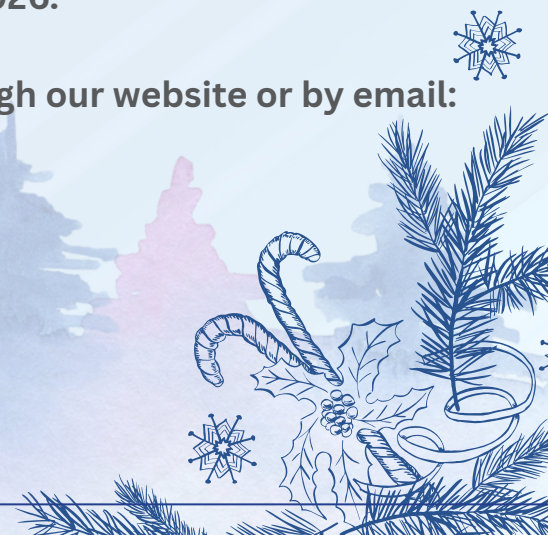
Driven by a strong interest in how legal frameworks influence everyday decisions and a commitment to continuous learning, Ntandoyenkosi is eager to contribute meaningfully to the work of the FAIS Ombud’s Adjudication Department. She is enthusiastic about further developing her skills and applying her knowledge to support fairness, accountability, and effective dispute resolution.

Office Closure

Please note that our office will be closed for the festive break from 22 December 2025 and will reopen on 05 January 2026.

During this period, you can still lodge a complaint through our website or by email:

www.faisombud.co.za
info@faisombud.co.za



SETTLEMENT



Flying Blind? What a Drone Claim Reveals About All-Risk Insurance

All risk cover, and specifically for our discussion today, Business All-Risk Policies are broad insurance covers protecting listed business assets (like laptops, phones, equipment, or stock) against loss, damage, or theft from **any cause not specifically excluded in the policy**, offering coverage for portable items and peace of mind for unexpected events, even away from the business premises.

The highlighted section is bold for a reason, as there is a widely held assumption among consumers that this type of coverage, which is more expensive than your standard coverage, will provide for any and all eventualities. However, there will be events that are excluded either specifically under the exclusions section of the policy wording or added as endorsement riders to the policy when it is issued.

Always ensure that you are aware of and understand the implications of any exclusions or endorsements placed on your policy to ensure that the policy you have in place meets your specific needs.

Background

- 1.) The Complainant purchased two drones for his agricultural business and requested comprehensive coverage with no excess in June 2024.
- 2.) The drones were added to the updated policy on 27 July 2024, but when one of the drones was damaged due to a power line crash while in flight mode, the insurer rejected the claim (valued at R244,700.00).
- 3.) The rejection was based on an exclusion in the policy that did not cover damage while drones were in flight. The Complainant stated the exclusion was never explained, and the policy did not suit his needs.
- 4.) The Respondent argued that its role was limited to administrative tasks, as the drones were added to the all-risk insurance policy at the explicit written request of the Complainant's office, and that it had no obligation to provide advice or highlight exclusions.

5.) The Respondent maintained that all disclosures were made through the policy schedule and documentation shared with the client, which were sufficient for the Complainant to make an informed decision.

6.) Furthermore, the Respondent emphasized the Complainant's duty to read and understand the policy terms.

Assessment of Evidence

1.) The issue relates to whether the broker provided advice or intermediary services regarding the addition of a new product (drone) to the Insured policy.

2.) The Ombud concluded that adding the drones to the policy constituted the introduction of a new product, and that the transaction fell within the definition of advice in terms of the Financial Advisory and Intermediary Services Act 34 of 2002, thereby obligating the broker to disclose exclusions and material terms.

3.) Section 7(1)(a) of the Code of Conduct stipulates that an FSP must provide a reasonable and appropriate general explanation of the nature and material terms of the relevant contract or transaction to a client and generally make full and frank disclosure of any information that would reasonably be expected to enable the client to make an informed decision

4.) Furthermore, Section 8 of the Code of Conduct states that a provider must take reasonable steps to seek from the client appropriate and available information regarding the client's financial situation, financial product experience and objective and identify the financial product or products that will be appropriate to the client's risk profile and financial needs, subject to the limitations imposed on the provider under the Act or any contractual arrangement.

5.) Additionally, Treating Customers Fairly (TCF) Principles 3 and 4 require that clients be properly informed about exclusions and that advice be suitable for their circumstances.

6.) The Respondent's actions did not align with these regulatory provisions, nor did they meet the required standards of care and disclosure under the Code of Conduct and TCF principles, as when rendering any financial service, the Respondent is obliged to inform a client of the exclusions of the policy and any other material aspect that may influence the client's decision to go ahead with such policy. The financial product must also be suitable for the client's needs.

7.) The Ombud did, however, note that the Complainant did receive the updated policy schedule wherein the conditions and exclusions were clearly stated twice – in the main line and the exclusions. The Complainant reasonably should have read the schedule and noted the exclusion

Outcome

1.) Upon review of the evidence given, the Ombud recommended that the Respondent pay 50% of the claim amount, totalling **R122,350.00**, due to its omission to fully comply with the Code of Conduct and the TCF Principles.

2.) The Respondent accepted the recommendation, and the Complainant agreed to the settlement, closing the matter.

Lessons Learnt:

- All-Risk Cover, like any other type of cover, will contain exclusions as part of the policy wording or added as an endorsement to the policy when it is issued.
- Your financial services provider has a duty to ensure that the cover recommended is appropriate to your specific needs and that you are made aware of any material terms such as exclusions and instances where cover will not be provided.
- Empower yourself by familiarising yourself with the policy you are about to enter into, ensuring that you are aware of and understand the implications of any exclusions or endorsements placed on your policy, and that the policy you have in place meets your specific needs

SETTLEMENT

Life Annuity – A Retirement Option

A life annuity (or guaranteed annuity) is an insurance product that uses your retirement savings to purchase a guaranteed, regular income for the rest of your life, providing security against outliving your funds. This differs from a living annuity, which offers investment flexibility but carries market risk. With a life annuity, you get a predictable income that won't decrease, with options for annual increases (fixed or inflation-linked) or a guaranteed term, but you give up control over the capital in exchange for lifelong security.

Background

1.) The Complainant filed a complaint with the Office of the FAIS Ombud on 16 January 2025 regarding the financial advice provided and the implementation of her late husband's life annuity policy.

2.) In the complaint, the complainant cited two respondents. The 1st Respondent was the independent intermediary for the financial service and advice provided to the Complainant's late husband, the policyholder.

3.) The 2nd Respondent was the product provider for the service, and the lack of disclosure provided when the life annuity was amended.

4.) The Complainant's late husband invested R1,300,000 into a life annuity with the 2nd Respondent on 26 March 2021, as advised by a representative of the 1st Respondent.

5.) While the annuity provided guaranteed income and a life cover benefit, upon the insured's passing, only R250,924.95 of the life cover was paid out when the policyholder passed away. The Complainant was of the view that the product did not align with what was discussed and recorded in the Record of Advice, that no proper needs analysis was conducted, and that she had been financially prejudiced due to the reduction of the life cover.

6.) The Complainant requested that the 1st Respondent implement the annuity as initially recommended and compensate her for the financial prejudice caused by its negligence.

7.) In response, the 1st Respondent submitted that the deceased had purchased the annuity and life cover in January 2021 after having been provided with the relevant proposals. He had signed the required documents, including the Minutes of the Meeting, Record of Advice, and Application Form.

8.) The Respondent was of the view that these documents confirmed the deceased's intention to purchase a life annuity of R1,300,000, to withdraw a tax-free lump-sum of R400,000, and to keep his wife, the Complainant, as the sole beneficiary.

9.) The 1st Respondent insisted that the deceased had subsequently reduced the life cover independently to lower his monthly premiums from R2,434.95 to R509.57 without seeking additional advice, and it denied any misrepresentation or failure to comply with their obligations.

10.) The 2nd Respondent responded that it had made the deceased aware of the consequences of reducing the life cover benefits; however, it also confirmed that it could not respond to the financial service rendered or the advice provided, as it had been provided by an intermediary that was independently registered with the FSCA.

Assessment of Evidence

1.) The Ombud noted that the deceased was not provided advice in a timely manner, as the Record of Advice was signed after the policy quotation was signed.

2.) In addition, the Ombud also found inconsistencies in the records and advice provided by the 1st Respondent. The Record of Advice noted that the deceased had initially opted for an escalating annuity with a 10-year guaranteed period, but no such guaranteed period was reflected in the signed policy.

3.) Therefore, the policy enacted did not align with the advice rendered, which was deemed incorrect, misleading and not in line with Section 3(1)(a) (i-iv), which requires financial service providers to ensure that representations and information provided to clients are factually correct, clear, and not misleading.

4.) It also mandates that advice must be adequate, appropriate, and provided in a timely manner, allowing clients to make informed decisions.

5.) In respect of the decrease in the life cover benefit, it was found that the deceased had exercised his discretion as a policyholder to reduce the premium; and that he had been advised by the 2nd Respondent on the effect of the decrease in premium from R2,434.95 to R494.57, i.e. that it would reduce the benefit to R260,000.

6.) This interaction between the deceased and the 2nd respondent satisfied the requirements of Section 3(1)(a) (i-iv) of the General Code of Conduct as well as Section 3(1)(d) which states that when a provider renders a financial service, the service must be rendered in accordance with the contractual relationship and reasonable requests or instructions of the client.

Outcome

1.) Based on the outcome of the investigation, the 1st Respondent offered the Complainant a goodwill payment of R250,000.

2.) The Complainant rejected the offer to allow the Office to provide guidance on what is a just and equitable quantification for the damages suffered due to the Respondent's non-compliance with Section 3(1) (a) (i-iv) of the General Code of Conduct.

3.) The 1st Respondent was requested to provide a revised offer based on an actuarial calculation, which would include a 5% per annum escalation on the remaining payments that would have been payable had a 10-year guaranteed term been in place.

4.) This led to an increased offer of R 613 088, which the Complainant accepted.

Lessons Learnt:

- The decision you make at retirement in respect of your retirement savings, whether you choose a life or a living annuity, is permanent and can have serious consequences, especially for a surviving spouse or children who are still financially dependent on you.

- Your financial services provider has a duty to ensure that the option recommended at retirement is appropriate to your specific needs and that you are made aware of any material terms that could have an impact on your or your dependents' financial security.
- Empower yourself by familiarising yourself with the option you are about to enter into, ensuring that you are aware of and understand the implications of the choice being made so that you are in a position to make an informed decision.



CONTACT US:

Should you require assistance in submitting a new complaint, wish to follow up on an existing complaint, or have any other general enquiry, please contact us, and your query will be directed accordingly.

Tel: +27 12 762 5000
Sharecall: 086 066 3274
Email: info@faisombud.co.za
Website: www.faisombud.co.za



Ombud Council Strengthens Collaboration to Advance Financial Redress and Financial Inclusion

Established by the Financial Sector Regulation Act, 2017 (FSR Act), the Ombud Council is mandated to assist in ensuring that financial customers have access to fair, independent, and effective alternative dispute resolution processes for complaints about financial institutions. As such, collaboration has been a powerful tool to help the Ombud Council in ensuring fair outcomes for financial customers, promoting financial literacy, and deepening financial inclusion, advancing both the Ombud Council's strategic objective and that of the [Ombud for Financial Services Providers \(FAIS Ombud\)](#).

We congratulate the FAIS Ombud on the launch of their Annual Report for the 2024/2025 financial year, shared in a webinar on 28 October 2025, noting the amendments made by the Ombud Council to the Rules of the FAIS Ombud, published on our website on 28 June 2024. The most significant changes were the increased claim jurisdiction from R800 000 to R3 500 000. We would also like to thank the Ombud, Advocate John Simpson, and the FAIS Ombud office, for their ongoing cooperation with the Ombud Council as we provide guidance and support towards our shared objectives.

Collaborating with the [FAIS Ombud](#) to help financial customers understand the financial ombud system, their right to fair treatment, and how to complain if they are treated unfairly, has been a powerful and impactful approach. It supports financial literacy and awareness, financial consumer access and inclusion, and promotes a framework of responsible business conduct and culture of providers and intermediaries.

As part of advancing these objectives, the Ombud Council, [FAIS Ombud](#), [Office of the Pension Funds Adjudicator \(OPFA\)](#), and the [National Financial Ombud \(NFO\)](#) made headway with their joint social media campaign around Black Friday, presenting the financial ombud system as a coordinated, accessible resource to financial customers.

The campaign aimed to help financial customers understand how to access fair financial dispute resolution and raise awareness of potential spending and fraud risks during Black Friday and other high-volume periods, including protecting their pension funds.

The effort included collaboration between the ombud schemes and other stakeholders in campaigns such as the Consumer Goods Consumer Goods and Services Ombud (CGSO)'s Black Friday Consumer Awareness exhibitions in malls across Gauteng, engaging with the public to promote responsible spending habits, sharing tips to smartly navigate Black Friday, and highlighting the availability of fair financial dispute resolution for financial customers.

These collaborations reinforce the shared responsibility of industry participants in supporting financial literacy and informed decision-making during high-pressure spending periods. In addition, the Ombud Council continues to work closely with regulators, financial institutions, and industry partners to align policy, gain insight, and close ombud system jurisdictional gaps.

Opportunities for the Ombud Council to promote awareness of the ombud system over the past few months included the following:

- The Chief Ombud, Ms Leanne Jackson participated as a panellist at the Financial Intermediaries Association (FIA) Advice Summit 2025 – Unscripted, contributing to discussions on emerging trends, regulatory impacts, and how regulatory decisions affect advisory outcomes and financial customers.
- In August 2025, the Council attended the Shift Happens: Shift Proofing Compliance event hosted by the Compliance Institute Southern Africa (CISA), gaining insights into the evolving role of compliance and the importance of collaborative engagement between regulators and institutions to develop practical solutions for the financial sector.
- The Chief Ombud participated in another panel discussion on risk management in the financial sector at the Africa Governance, Risk and Compliance Summit hosted by the Institute of Corporate Learning, as well as a panel discussion with other financial sector regulators on Consumer Complaints and the regulatory

landscape in South Africa at the re-launch of the Ombuds Association of South Africa (TOASA).

- Ms Avitha Nofal, Head of Regulation and Oversight, was a panellist at the annual PRISMS Summit hosted by the Public Relations Institute of Southern Africa (PRISA), contributing to the critical discussion of “Weaponisation of Communication – How Propaganda, Media Buying, and AI-Driven Narratives Distort Truth.” Hosted under the theme ‘The Human Factor’, the Summit brought together industry leaders to explore how communications can uphold authenticity, ethics and trust in a rapidly evolving landscape.

During Money Smart Week South Africa (MSWSA), spearheaded by the National Treasury, the Council collaborated with [“Let’s Talk Finances with Tarie”](#) on a video series, presented at the Gauteng Provincial Government Department of Economic Development’s (GPGDED) webinar on Financial Wellness and participated with the National Credit Regulator (NCR) in the FSCA’s webinar on Money Management and Debt Counselling. The Council, together with the financial ombud schemes, featured on the [Beyond the CV podcast](#) and joined mall activations, raising awareness of the financial ombud system and empowering financial customers with knowledge.

Through these initiatives, the Ombud Council continues to demonstrate that collaboration is not only central to creating awareness of the financial ombud system and the ombud schemes it oversees, but also to the collective goal of building a fair, inclusive, and financially informed society.

As the year draws nearer to a close and financial customers enter the festive season, the Council will remain focused on advancing financial literacy, strengthening access to redress, and fostering inclusive practices that empower financial customers across South Africa. The Council looks forward to continuing engagement with the financial ombud schemes, regulators, industry partners, and financial customers in the coming year.

CONSUMER OUTREACH INITIATIVES



The FAIS Ombud is committed to equipping South Africans with the knowledge and tools to make informed financial decisions. Through university outreach, community workshops, and targeted consumer campaigns, the Ombud helps consumers understand where and how to lodge complaints, ensuring they can protect their financial rights and build confidence in navigating financial services.



Free State University – QwaQwa Campus | 01-02 October 2025

The FAIS Ombud joined the Financial Sector Conduct Authority and other stakeholders to conduct a financial literacy exhibition and participate in a radio interview. Students attended presentations on budgeting, money management, and understanding their financial rights. An interactive exhibition provided practical insights and tools to support informed decision-making.



Walter Sisulu University – Potsdam Campus | 08-09 October 2025

As part of the Financial Sector Conduct Authority's (FSCA) ongoing tertiary-level outreach, presentations introduced students to key concepts such as responsible money management and financial rights. The interactive exhibition reinforced these lessons through demonstrations and direct engagement with students, encouraging informed financial behaviour.



Moorreesburg Civic Centre | 06 October 2025

Residents received guidance on financial services, consumer rights, and accessing support to make informed financial decisions.

Darling Community Hall | 07 October 2025

Youth-focused sessions on personal finance, understanding financial products, and responsible money management.

Kalbaskraal & Riverlands POP Centres | 08 October 2025

Community members of all ages were engaged in practical guidance on consumer rights.

Riebeeck Kasteel & Riebeeck Wes POP Centres | 09 October 2025

SASSA recipients and children received targeted education on monitoring accounts, savings, and developing responsible money habits.

Abbotsdale Library | 10 October 2025

A session for aspiring entrepreneurs on business finances, responsible money management, and consumer rights.

Malmesbury & Broodkraal Community Centres | 04 November 2025

Presentations aimed at strengthening awareness of financial and consumer rights and encouraging engagement with Ombud services.

Mamelodi Thusong Centre | 10 October 2025

In celebration of International Ombud Day, the FAIS Ombud engaged the public with lectures and exhibitions on financial and consumer rights, providing practical tools to access Ombud services.

Wallmansthal Workshop for the Elderly | 13 November 2025

A targeted workshop for elderly community members in Wallmansthal, focusing on financial rights, responsible money management, and accessing support to make informed financial decisions.

Diepsloot & Heidelberg Malls | 11-12 November 2025

The FAIS Ombud participated in the CGSO Black Friday Consumer Education Exhibitions under the theme "Buy Smart, Save Money." Shoppers were educated on responsible spending, identifying potential scams, understanding financial rights, and engaging effectively with financial service providers.



*Physical Address:
Menlyn Central Office Building,
125 Dallas Avenue, Waterkloof Glen,
Pretoria, 0010*

**FOLLOW US ON OUR SOCIAL
MEDIA PLATFORMS:**

-  **Facebook:** FaisOmbud
-  **X:** Faisombud
-  **LinkedIn:** Fais Ombud SA
-  **Instagram:** Faisombud