

COMPLAINTS RESOLUTION PROCESS

Introduction

Our organisation must have written procedures for an effective and transparent complaints resolution process, including appropriate remedial capacity. For example, the Financial Advisory and Intermediary Services Act (FAIS) has specific provisions in respect of the process of handling client complaints. FAIS requires that each FSP must have a documented and properly maintained internal complaints resolution system and procedure. In addition to FAIS, the Treating Customers Fairly (TCF) guidelines set out desired outcomes relating to complaints handling (specifically outcome #6).

Definition of Complaint

A complaint is defined in FAIS as:

A specific complaint relating to a financial service rendered by a financial services provider or representative to the complainant and in which complaint it is alleged that the provider or representative:

- (a) has contravened or failed to comply with a provision of this Act and that as a result thereof the complainant has suffered or is likely to suffer financial prejudice or damage;*
- (b) has willfully or negligently rendered a financial service to the complainant which has caused prejudice or damage to the complainant or which is likely to result in such prejudice or damage;*
- (c) has treated the complainant unfairly.*

Where the client makes a statement of dissatisfaction, in the form of an accusation, an allegation or a grievance about a specific process / procedure / advice-related event, wherein he/she feels they have been treated unfairly and/or unprofessionally treated.

The dissatisfaction can be caused by alleged:

- Administrative failure
- Communication failure
- Advice-related queries

Categorisation of Complaints

Complaints are to be assigned to one or more of the following categories:

General Categories

1. **Communication complaints** – occur when the clients complain that they have not been kept up to date with respect to their portfolio. This could include clients alleging that they have not received their monthly or quarterly reports, or daily data, or had no report back meetings etc.
2. **Operational Process Complaints** – describe a client's unhappiness with any aspect of service that is provided. This would include not following a client instruction properly or timeously, doing something incorrectly, not following up on a request etc.
3. **Performance complaints** – may arise from a fund's performance versus its targets, or failure to adhere to mandated restrictions, etc.

TCF Related Categories

4. **Complaints relating to the design of a product or service** – includes complaints indicating that specific features of the product or service are unfair, inadequate, confusing or overly complex, or unsuitable.
5. **Complaints relating to information provided** – includes complaints that communications or documentation provided to clients (including marketing material) is inaccurate, unsuitable, misleading, incomplete, confusing, unclear, etc.
6. **Complaints relating to advice** – includes complaints that advice provided was inadequate, factually incorrect or misleading.
7. **Complaints relating to product performance** – complaints regarding perceived poor investment returns.
8. **Complaints relating to customer service** – dissatisfaction with the firm's administration of requests and transactions
9. **Complaints relating to product accessibility, changes or switches** – relates to complaints in respect of barriers or limitations on access of funds or the ability to transfer products or services to another provider, or the ability to make changes.
10. **Other Complaints** – a catch-all category for any complaints not falling within the above categories.

Note that where errors are discovered internally, these are not considered to be complaints. However, if a complaint arises as a result of an internal discovery, it should be incorporated in the complaints procedure.

Submitting complaints to Catalyst

The complaint must be submitted in writing and should include all relevant information, and all related documentation.

Complaints should be addressed to the Chief Operating Officer (Michael Arbuthnot) at:

Postal Address: Catalyst Fund Managers (Pty) Ltd

P O Box 44845

Claremont

7735

or e-mailed to: michael@catalyst.co.za

Telephone number: 021 657 5500

Internal Complaint Resolution Procedure

1. If a verbal client complaint is received, the staff member receiving the complaint must inform the client of the procedure for lodging a complaint, i.e. that it has to be submitted in writing, as per the above. The staff member should record the client's name, contact number and date of call. The staff member must not admit any liability to the client – the complaint must still be investigated. The Head of Operations, Compliance Officer/COO must immediately be notified.
2. If any staff member receives a complaint about another staff member, that staff member must inform the client of the procedure for lodging a complaint, i.e. that it has to be submitted in writing as per the above. The Head of Operations or team manager must immediately be notified who will in turn notify the Compliance officer/COO. Again the staff member must not admit liability.
3. Once the complaint is received by the Compliance Officer/COO, he/she must provide the client with a written and dated acknowledgement of receipt within 24 hours of receiving the complaint, advising the client that the matter is receiving attention, and to provide the contact details of the Compliance Officer/COO. A staff member is to be appointed to investigate under the direction of the Compliance Officer/COO and, to the extent possible, finalise the complaint within a period of 5 working days of receiving the complaint from the client. For example, if the complaint arose directly due to a trade instructed by a Portfolio Manager (PM), the PM will be responsible for investigating the complaint and reporting back to the Compliance Officer/COO. If an extended period is required to investigate and finalise the complaint, the Compliance Officer/COO must be notified of the expected new date and the reasons for the delay.
4. The Compliance Officer/COO must copy the above complaint acknowledgement to the Head of Operations, who will log the complaint in the Complaints Register. The compliance officer/COO must monitor progress of the complaint. The Compliance Officer/COO is to table the Complaints Register at each Risk, Audit & Compliance (or relevant committee) meeting, for discussion.
5. Once the investigation is complete and course of remedial action decided, the Head of Operations is to:
 - inform the client by telephone and in writing of the proposed action to be taken and reasons for the outcome – legal officer to review written communication beforehand,
 - If the outcome is that compensation is to be paid to the client, the compensation and payment amount must first be approved in accordance with clause 10 below,
 - if payment is to be made, forward a copy of the Complaints Register to the finance department for processing,
 - forward a copy of the Complaints Register to the Compliance Officer/COO for tabling at the Risk, Audit & Compliance (or relevant committee) meetings,
 - monitor payment to the client to ensure that it is made within a reasonable time, and
 - attach a copy of the letter in response to the client to the original Complaints Register and retain it in the client's file for not less than **5 years** from the date of resolution of the complaint.
6. Should the complaint **not** be resolved to the satisfaction of the complainant within 5 working days (or extended period as per clause 3 above), the complaint is to be escalated to the Chief Executive Officer for resolution. Any outcome notified to the client must be vetted by the legal officer.
7. Should the complaint still not be resolved within 3 weeks of lodging, then the client is to be notified in writing about the delay and the expected timeframe for finalisation.

Procedure for complaints to the Ombud for Financial Services Providers

8. If for whatever reason, the complaint remains unresolved to the satisfaction of the complainant, within **6 weeks** of receipt of the complaint, then the Head of Operations must:

8.1 refer the client to the relevant **Office of the Ombud for Financial Services Providers**, whose contact details are:

P.O. Box 74571, Lynwood Ridge, 0040

Telephone no: 012 – 470 9080

Fax no: 012 – 348 3447

Website: www.faisombud.co.za or www.fsb.co.za

8.2 inform the client that if he/she wishes to take his/her complaint to the Ombudsman, it:

- must be submitted in writing,
- must contain all relevant information and copies of relevant documents must be attached to it,
- may be faxed, posted or sent via the internet and,
- must be submitted within **6 months** of the date of notification by Catalyst that it was unable to resolve the complaint, failing which, it will fall outside the Ombudsman's jurisdiction.

9. The Compliance Officer/COO must liaise with the office of the Ombudsman, according to the procedural rules of that office, in order to facilitate the Ombudsman's investigation and to monitor and record the outcome. Any recommendation or ruling made by the Ombudsman must be communicated to the Chief Executive Officer and be tabled at the relevant company EXCO and Risk, Audit & Compliance (or relevant committee) meetings by the Compliance Officer/COO.

10. General policy is not to pay any claim related to a client complaint except in exceptional circumstances which may be determined only at the discretion of the executive directors of the relevant company. If such exceptional circumstances are determined and a payment is recommended, then authorisation for payment of that amount must be given in writing on the complaint form by:

- the Chief Executive Officer only, if payment of an amount of R25 000 or less is recommended or,
- if payment of more than R25 000 is recommended, then written authorisation by two directors is required.

11. After resolution of the complaint, the Compliance Officer/COO and Head of Operations must determine whether the complaint triggers a necessary change to policy and/or controls so as to prevent reoccurrence.

Maintenance of Records

12. All records relating to the complaint are to be kept for a period of 5 years, together with an indication of whether the complaint was resolved.

Completion of a Complaint

13. A complaint will be deemed to be completed when:

13.1. the client has received full written reasons why his/her complaint was not upheld and is referred to the Ombudsman, if applicable or

13.2. the complaint is resolved in favour of the client, and Catalyst has provided appropriate redress to the client.