



NOTICE FOR THE ESTABLISHMENT OF A COMPLAINTS HANDLING FUNCTION WITHIN FINANCIAL INSTITUTIONS

NOTICE NO. FCI/N1/2021/1

1. INTRODUCTION

- 1.1 This Notice is issued pursuant to Section 54 of the Autoriti Monetari Brunei Darussalam Order, 2010 and applies to all banks and financial institutions in Brunei Darussalam.
- 1.2 As part of AMBD's continuous effort in strengthening financial consumer protection, the purpose of this Notice is for banks and financial institutions to establish a complaints handling function, in order to give financial consumers an effective redress mechanism of their complaints on financial products and services.
- 1.3 This Notice shall be read in conjunction with the following:
 - 1.3.1 Early Detection of Cyber Intrusion and Incident Reporting [Notice No. FTU/N-1/2017/1];
 - 1.3.2 Guidelines on Fit and Proper Criteria for Financial Institutions' Frontline Staff Guidelines [No. FCI/G1/2018/1]; and
 - 1.3.3 any other notices, directives, circulars and other guidelines, which Autoriti Monetari Brunei Darussalam ("the Authority") may issue from time to time.
- 1.4 This Notice supersedes Notice No. FCIU/N1/2017/1 – Amendment No. 1.
- 1.5 This Notice shall have effect from 1 July 2021.



2. DEFINITIONS

2.1 For the purposes of this Notice –

“affiliate”, in relation to an entity, means any corporation that controls, is controlled by, or is under common control with a bank or financial institution.

“Authority” means Autoriti Monetari Brunei Darussalam.

“bank(s)” has the same meaning as Section 2 of the Autoriti Monetari Brunei Darussalam order, 2010.

“complaint” means any oral or written expression of dissatisfaction, whether justified or not from, or on behalf of, a person about the provision of, or failure to provide, a financial service or a redress determination, which: -

- a) alleges that the complainant has suffered (or may suffer) financial loss, material distress or material inconvenience; and
- b) relates to an activity of that bank or financial institution, or any other bank or financial institution that has some connection in marketing or providing financial services or products with the former bank or financial institution.

“complaints handling officer” means an officer whose duty includes ensuring the bank’s or financial institution’s compliance with this Notice.

“complaints handling unit” means a unit whose duty includes ensuring the bank’s or financial institution’s compliance with this Notice.

“customer” means prospective and existing customer of a bank or financial institution, including borrowers, depositors, insurance policy holders, and takaful participants.

“digital financial products and services” means financial products and services offered by banks or financial institutions via digital platforms such as via



electronic channels and devices including Internet and mobile devices, self-service and point-of-sale terminals.

“financial institution” has the same meaning as Section 2 (1) of the AMBD Order, 2010.

“group” refers to the bank or financial institution Head Office or parent bank or financial institution, subsidiaries, affiliates and any entity (including their subsidiaries, affiliates and special purpose entities) that the bank or financial institution exerts control over or that exerts control over the bank or financial institution.

“outsourcing” means an arrangement whereby a bank or financial institution engages in a third party (the service provider) to provide a bank or financial institution with a service that may already or may conceivably be performed by the bank or financial institution itself which includes the following characteristics:

- a) the bank or financial institution is dependent on the service on an ongoing basis but excludes services that involve the provision of a finished product;
- b) the service is integral to the provision of a financial service by the bank or financial institution and/or the service is provided to the market by the service provider in the name of the bank or financial institution; and
- c) it is prohibitive to change the service provider as substitutes are lacking in the market or may only be replaced at significant cost to the bank or financial institution.

“service provider” means any party which provides a service to the bank or financial institution, including a member of the group to which the bank or financial institution belongs

“special purpose entity” means a subsidiary company either having asset/liability structure and legal status that makes its obligations secure from



the parent, and is created to fulfil specific or temporary objectives mainly to isolate from financial risk.

“subsidiary” shall have the same meaning as subsidiary company defined under section 126 of the Companies Act, Cap 39.

3. ESTABLISHMENT OF A COMPLAINTS HANDLING FUNCTION

3.1 Principles of A Complaints Handling Function

3.1.1 Banks and financial institutions shall establish a complaints handling function that will provide its customers with accessible, affordable, independent, fair, accountable, timely and efficient means for resolving complaints with regard to their financial transactions, and/or the banks’ and financial institutions’ practices and services.

3.1.2 Such complaints shall be used as feedback for improving the banks’ and financial institutions’ products, services and operations.

3.1.3 The complaints handling function shall be the first stop for customers to lodge complaints against the bank or financial institution.

3.2 The Complaints Handling Function

3.2.1 In proportion to the nature, scale and complexity of the bank or financial institution, either a separate complaints handling unit shall be established, or at least one complaints handling officer shall be appointed.

3.2.2 Depending on the nature and complexity of complaints, banks and financial institutions shall ensure that complaints are handled, assessed and resolved independently from the business unit which the complaint is made, to avoid any potential conflict of interest and ensure a fair and transparent process.



- 3.2.3 Banks and financial institutions shall ensure that complaints handling staff are competent, and sufficiently and regularly trained. Amongst others, staff should be trained in knowledge and understanding of consumer protection, the banks' and financial institutions' products and services, the banks' and financial institutions' procedures, data protection issues, mediation, negotiation and other customer service skills such as handling customers' feedback, dealing with difficult people, problem solving and conflict resolution.
- 3.2.4 Banks and financial institutions shall establish multiple free-of-charge, easy, accessible and efficient means for customers to make a complaint, at the minimum, by letter, telephone, or in-person. At the discretion of the bank or financial institution, these means may be further extended to any other electronic form, for example e-mail, text message, website, and/or mobile application, keeping efficiency and customers' convenience and needs in mind.
- 3.2.5 Banks and financial institutions shall ensure customers are aware of their right to complain and shall ensure information on where to channel complaints is widely and readily available to customers, and displayed conspicuously physically (e.g. via leaflets, posters or signs at premises) and/or virtually (on website, mobile application, or social media platforms).
- 3.2.6 Banks and financial institutions shall provide information that illustrates how to make a complaint via the available means, as well as how a complaint is handled by the bank or financial institution. This information shall be simple and transparent, and in a language that is accessible for all customers to understand and utilize.

3.3 Complaints Handling Procedures

- 3.3.1 Banks and financial institutions shall have written complaints handling policies and corresponding procedures and systems in place to ensure effective complaints handling and resolution. Such



procedures and systems shall be documented in order to enable relevant staff to understand and follow procedures, and promote accountability and transparency of the procedures.

- 3.3.2 Amongst others such policies, procedures and systems shall:
- a) Have processes to assess the eligibility, validity, merits, and level of severity of all complaints. These include complaints made anonymously but are substantiated by evidence; and complaints lodged by a third party on behalf of the complainant, with the authorisation of the complainant;
 - b) Have processes and organisational structures to handle and investigate complaints based on the outcome of such assessment, including detailed decision-making steps and escalation processes within the institution;
 - c) Include processes to monitor, track and manage the progress of the complaints;
 - d) List the types of remedies available (such list need not be exhaustive) for resolving typical and common complaints; and
 - e) In the case of products and services offered by a service provider under an outsourcing arrangement (for example the involvement of telecommunication providers in the delivery of digital financial products and services, or vehicle service providers such as roadside assistance), have processes detailing the responsibilities of each party, ensuring close coordination and collaboration with the service provider for effective resolution. This may include, but is not limited to, complaints relating to unauthorised or mistaken transactions, system outages and delayed towing services, etc.
- 3.3.3 To ensure complaints are handled in a timely manner, banks and financial institutions shall set a reasonable time frame for handling and resolving complaints. The bank or financial institution shall put in place procedures, at least, for the following:



| | Process | Maximum Time Limit |
|----|---|---|
| a) | Acknowledging to the complainant of the receipt of the complaint, either verbally or in written/electronic form, as preferred by the complainant. Upon receipt of complaint, banks and financial institutions shall assign the complaint a unique identifier that is communicated to the complainant as a way to follow up on his/her complaint. As far as possible, the acknowledgement should also include the complaints handling procedure, how long it is likely to take to resolve the complaint and when the complainant will next be contacted. | Within 3 business days from the date of receiving the complaint. |
| b) | Assessing the complaint, which may require interviewing the complainant for further clarification. It is good practice to ask the complainant how they would like to see their complaint resolved and what outcome they are seeking, in order for the bank or financial institution to take into account the complainant's expectations. If a complaint is refused, the bank or financial institutions shall provide reasons for the refusal. | Within 14 business days after the date of receipt of the complaint. |
| c) | If a final response has not been sent, providing an interim response, whether verbal or written, to inform the complainant of the progress of the complaint. | |



| | | |
|----|--|---|
| d) | Sending to the complainant– i. A final response with the resolution, including the terms of the proposed resolution, if any; or ii. In the event that the complaint requires more than 30 business days to be resolved, a written response informing the progress of the assessment. | Within 30 business days after the date of receipt of the complaint. |
|----|--|---|

3.3.4 Banks and financial institutions shall inform complainants of their right to escalate their complaint to the Authority, if:

- a) The bank or financial institution is unable to resolve the complaint within 90 business days after the date of receipt of the complaint; and/or
- b) The complainant is dissatisfied with the final response provided by the bank or financial institution.

The Authority may direct the complaint to the Brunei Darussalam Arbitration Centre for mediation, if necessary or applicable.

3.3.5 Upon request from the Authority, the bank or financial institution shall submit to the Authority, in writing, a brief background of the complaint and other related information within 14 business days.

3.3.6 Complaints handling policies and procedures are to be reviewed from time to time to ensure its relevance and effectiveness. Such policies and procedures shall be updated as appropriate to reflect any changes in the industry, for example the increasing use of digital technology to offer digital financial products and service, and to take into consideration possible disputes that may arise from such changes.



3.4 Record Keeping of Complaints

3.4.1 Banks and financial institutions shall maintain an electronic centralised complaints database to record information of all complaints received.

3.4.2 For the purposes of paragraph 3.4.1, banks and financial institutions shall keep information of every complaint received, including, at the minimum, up-to-date records of –

- a) details of the complainant, including their name, unique identifier, contact details, and other data/demographics that the bank or financial institution deems necessary or applicable;
- b) details of the complaint, including the date, means of complaint, type of product/service/issue, description, assessments carried out, steps undertaken to resolve the complaint, the final response provided to the complainant, resolution (if or if not achieved) and date of resolution (if or if not achieved);
- c) all correspondence in relation to the complaint, including the assigned staff responsible for the handling of the complaint; and
- d) all materials and information received and assessed by the complaints handling unit/officer in relation to the complaint.

3.4.3 Banks and financial institutions shall retain the documentation referred to in paragraph 3.4.2 for a period of not less than 7 years after the date on which the final response is sent to the complainant.

3.5 Analysis of Complaints

3.5.1 Banks and financial institutions shall take reasonable steps to analyse complaints data to identify and examine business conduct issues, emerging risks and underlying root causes, in order to remedy any specific as well as recurring or systemic problems. Such analysis shall be conducted at least on a quarterly basis.



3.5.2 Information from such analysis shall be taken into consideration when reviewing and improving policies, procedures, products and staff training, and introducing measures to be undertaken to mitigate prevalent complaints. In developing proposed actions, the bank's or financial institution's compliance/risk management/internal audit function shall be consulted, in order to review governance, risk management and control processes.

3.5.3 Banks and financial institutions can consider obtaining customer feedback, subject to their willingness, in order to be analysed to improve their complaints handling policies and procedures, including enhancing personnel capabilities.

3.6 Complaints Data Reporting

3.6.1 Banks and financial institutions are required to prepare reports on complaints, which shall, at the minimum, include:

- a) Information on the types of, reasons for, and number of complaints received during the reporting period;
- b) Which branch generated the most complaints, if applicable;
- c) Which products generated the most complaints;
- d) A breakdown of the time for resolution, indicating complaints which remain outstanding more than 30 and 90 business days after the date of receipt of the complaint;
- e) The actions undertaken to resolve complaints, including any remedial actions taken such as, but not limited to, any compensation provided.
- f) The number and values of complaints upheld, partially compensated and denied;
- g) The outcome of the analysis carried out under paragraph 3.5;
- h) Proposals on what steps should be undertaken to limit the number of most typical complaints, which may include



recommendations on how to modify product design, marketing, sales processes, communications, or other business processes.

- 3.6.2 Banks and financial institutions shall establish an internal reporting structure to submit these reports to the bank's or financial institution's compliance/risk management/internal audit function, and senior management and/or board of directors at least on a quarterly basis.
- 3.6.3 Reports shall also be submitted to the Authority on a half-yearly basis. Reports shall be:
- a) Signed by the Chief Operation Officer or equivalent;
 - b) Submitted to the Authority no later than 30 days after 30 June and 31 December of each calendar year respectively;
 - c) Submitted to the Authority together with Form [1] as set out in **Appendix 1**. Any reference to Form [1] shall be construed as a reference to the current version of the form which is displayed at the website at www.ambd.gov.bn.
- 3.6.4 Form [1] shall be completed in accordance with such directions as may be specified by the Authority. The Authority may refuse to accept Form [1] if it is not completed or submitted in accordance with this Notice.
- 3.6.5 Where strict compliance with Form [1] is not possible, the Authority may allow for the necessary modifications to be made to the form, or for the requirements of that form to be complied with in such manner as the Authority thinks fit.

MANAGING DIRECTOR
AUTORITI MONETARI BRUNEI DARUSSALAM

Issue Date: 19 Rejab 1442/ 3 March 2021



APPENDIX 1

FORM 1

SUBMISSION OF HALF-YEARLY COMPLAINTS STATISTICS UNDER NOTICE NO. FCI/N1/2020/1

| | |
|---|----------------|
| Name of financial institution: | _____ |
| Reporting period: | _____ to _____ |
| Total no. of customers as at (dd/mm/20yy): | _____ |

I. Complaints received during reporting period

| A. Total number of complaints | | |
|--|--------------------------|-------------------|
| | No. of complaints | Value (\$) |
| 1. Involving monetary disputes | | |
| a. Upheld ¹ | | |
| b. Partially Compensated ² | | |
| c. Denied ³ | | |
| 2. Not involving monetary disputes | | |
| B. Progress of complaints | | |
| | No. of complaints | |
| 1. Where a final response was sent within 30 business days | | |
| 2. Where a final response was sent more than 30 business days after date of which the complaint was received | | |
| 3. Which remain outstanding more than 30 business days after date of which the complaint was received. | | |
| 4. Have been referred to the Authority after 90 business days of not being resolved by the institution | | |
| 5. Have been forwarded to the institution by the Authority | | |

¹ Complaints where the total monetary amount disputed was offered to and accepted by complainant, excluding any in-kind reimbursements.

² Complaints where a complainant was offered partial compensation in money or in-kind reimbursement (e.g. waiver of fees, points, etc.).

³ Complaints where a complainant has claimed for a monetary amount but such claim was refused and no monetary or in-kind reimbursement was offered to the complainant.



II. Unresolved complaints brought forward from previous reporting period

| A. Total number of complaints | | |
|--|--------------------------|-------------------|
| | No. of complaints | Value (\$) |
| 1. Involving monetary disputes | | |
| a. Upheld | | |
| b. Partially Compensated | | |
| c. Denied | | |
| 2. Not involving monetary disputes | | |
| B. Progress of complaints | | |
| | No. of complaints | |
| 1. Where a final response was sent within 30 business days | | |
| 2. Where a final response was sent more than 30 business days after date of which the complaint was received | | |
| 3. Which remain outstanding more than 30 business days after date of which the complaint was received. | | |
| 4. Have been referred to the Authority after 90 business days of not being resolved by the institution | | |
| 5. Have been forwarded to the institution by the Authority | | |

III. Complaints data analysis

| Findings of complaints data analysis - To identify and examine business conduct issues, emerging risks and underlying root causes. |
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