THE END OF AN ERA

OBS 2000-2023
AND BEYOND WITH THE NFO

NFO
National Financial Ombud Scheme
South Africa

Annual Report
2023

obs ombudsman for banking services
SOUTH AFRICA

The OBSSA's 23rd and final year in operation.

Prelude

REFLECTING ON A MEMORABLE SUNSET... AND A PROMISING SUNRISE.

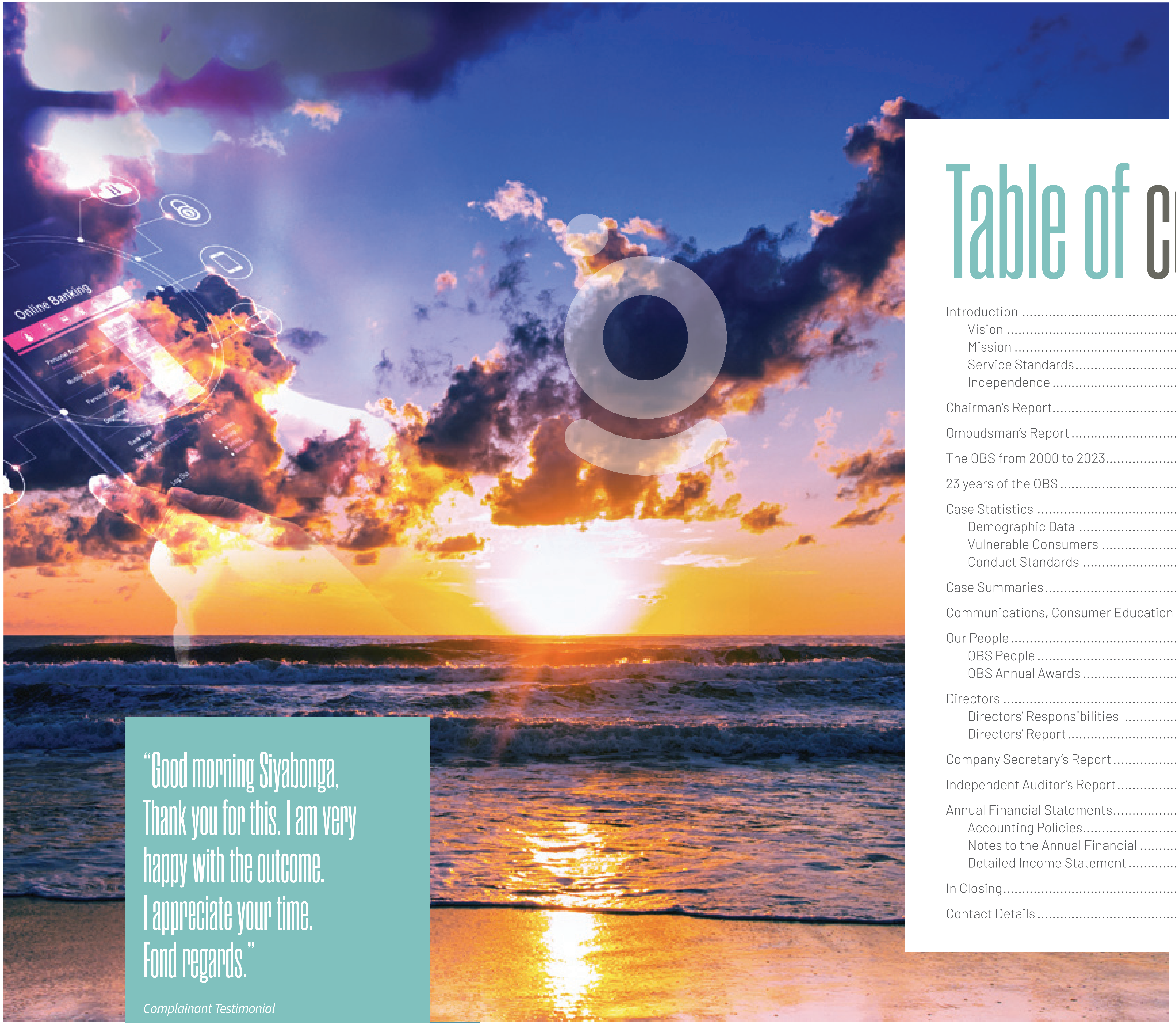
While any report of this nature is, by definition, the closing of a yearly chapter, the Ombudsman for Banking Service's Annual Report for 2023 represents that and more besides.

By our time of publication, the OBS no longer exists as a standalone entity, but is part of the unified National Financial Ombud scheme (NFO), along with the other three financial Ombud schemes – the Credit Ombudsman, Ombudsman for Short-term Insurance and Ombudsman for Long-term Insurance.

This year's report then is not only an account of 2023 in review, but a reflection on 23 years of the OBS's successes and evolution in its field of banking dispute resolution.

As you will see, in facts and figures, the OBS truly ended on a high in all respects, including cases managed and resolved, a healthy financial balance sheet, increased communications and education, and almost no staff turnover.

Without further ado, we welcome you to read on!



“Good morning Siyabonga,
Thank you for this. I am very
happy with the outcome.
I appreciate your time.
Fond regards.”

Complainant Testimonial

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> "I recently dealt with your offices on my matter, and I am glad to say that I've had excellent service from Tamaren. I was kept updated every step of the way and my matter was dealt with in the most professional manner. Thanks for the wonderful service."
>
> *Complainant Testimonial*

Introduction

1 Vision

To be known as a trusted mediator of disputes, thereby increasing consumer confidence in the Banking sector, and to proactively promote greater awareness of Banking matters on the part of consumers.

2 Mission

We are committed to resolving disputes that arise between Banks and consumers in the South African Banking sector by providing a free, fair and independent forum for dispute resolution.

3 Service Standards

The Ombudsman and her staff are committed to the following values:

- Fairness
- Independence
- Professionalism
- Accountability
- Accessibility
- Timeliness

4 Independence

It is vital to the credibility and success of the Ombudsman for Banking Services (OBS) that it is - and is perceived to be - independent of the Banking industry over which it has jurisdiction.

There must be no undue influence in this process by Banks, consumers or any other party.

The structure of the OBS ensures that it alone decides whether a Bank has acted fairly or unreasonably when investigating a complaint.

The Ombudsman is independent and impartial. Her independence and impartiality are ensured by several important factors:

1. The Ombudsman is appointed by an independent Board of Directors. She is not appointed by the Banks.
2. The independent Board of Directors has a majority of independent, non-executive Directors, unrelated to or unconnected with, Banking.
3. The purpose of the independent Board is to:
   - Ensure and protect the independence of the Ombudsman against improper pressure brought to bear by the Banks which fund the OBS;
   - Ensure that the OBS is adequately resourced. The OBS must have sufficient human, financial and operational resources, funded by the participants in the scheme, to enable the Office of the Ombudsman to function efficiently;
   - Appoint and renew the appointment of the Ombudsman;
   - Receive and approve the Ombudsman's Annual Report;
   - Approve any changes to the Terms of Reference of the OBS; and
   - Liaise closely with the Ombudsman on a regular basis.
4. The Ombudsman enjoys security of tenure. This means that the Ombudsman cannot be dismissed except in certain exceptional instances such as incompetence, gross misconduct or inability to effectively carry out her duties.
5. The Ombudsman is specifically not liable for dismissal on the grounds of handing down recommendations or rulings that are unpopular with either the Banks or consumer groups.

"No sun outlasts its sunset, but will rise again and bring the dawn."

Maya Angelou

Chairman's Report

As a rule, the word "sunrise" has conveyed the promise of a new day. With this promise, however, has often come a sense of trepidation, as mentioned elsewhere in this publication. Happily, history has shown us that those who have dealt most successfully with the challenges of "the new" are those who properly planned and prepared, and who came together in a spirit of cooperation and optimism, as this Chairman's Report succinctly spells out.

THE SUN IS SETTING ON AN ERA, BUT A MORE EXCITING FUTURE AWAITS.

People made the OBS a success

The notion of the Ombud schemes amalgamating has been around for longer than I can recall. I don't know if it was first mooted ten or fifteen years ago, but until very recently, it most certainly did not seem to be a possibility.

In 2017 the National Treasury, in a consultation policy document titled "A Known and Trusted Ombuds System for All", proposed structural reform of the financial ombud system which it considered to be too fragmented. It had for some time advocated a self-rationalisation process for the four statutorily recognised voluntary financial services ombudsman schemes. To progress reform of the financial ombud system, the National Treasury and the Financial Sector Conduct Authority (FSCA) asked the World Bank Group (WBG) to undertake a diagnostic report into the ombud system and to make recommendations. The amalgamation is largely in line with the WBG recommendations. In February 2024, National Treasury published its Policy Position Statement titled A Simpler, Stronger Financial Sector Ombud System.

In 2023, the OBS, together with the offices of the Ombudsman for Long-term Insurance (OLTI), Credit Ombudsman (CO) and Ombudsman for Short-term Insurance (OSTI), brought to life the amalgamated financial ombud scheme, named the National Financial Ombud Scheme South Africa (NFO), with the approval of the National Treasury (NT), Financial Sector Conduct Authority (FSCA) and the Ombud Council (OC).

The NFO commenced operations as a consolidated scheme, independent of industry and government, on 1 March 2024.

On behalf of the Board, I wish to record our appreciation for the continued excellent performance of the OBS staff and management team and for reaching new heights in terms of all aspects of the business. The statistics and the ever-increasing number of calls, premature complaints, and outstanding performance on the PR & Communications front, speak for themselves. Congratulations to Reana and her management team for being resourceful and visionary leaders during a very busy and challenging time. We are proud of your collective achievements.

The OBS's financial position remains healthy. We have a clean audit. We managed to end the year with a net operating surplus exceeding R 1 million, thus increasing retained earnings to just under R8 million, due to intentionally managing the office's costs efficiently.

For a third year in a row there was almost no turnover of staff, with only one person resigning to move overseas during this time.

I must commend the Board members, who displayed courage in guiding the OBS through the amalgamation. The Board and its committees continued to perform their corporate governance oversight functions, having quarterly Board meetings and bi-annual Audit & Risk and Remuneration committee meetings. We were satisfied that the management team provided sufficient transparent and comprehensive information which enabled us to assess the operational effectiveness of the organisation. The OBS not only successfully navigated the course towards a new amalgamated scheme, but it continued to fulfil its mandate and excelled in doing so. The Board is satisfied that in the period under review, the OBS complied with its Terms of Reference and maintained its independence.

I wish to thank all the members of the Board, including past members, for their leadership, wisdom and valuable contributions during these unusual times. You were part of history in the making and I thank you for your support. Thank you also to our member Banks for many years of loyal support for this office. It was a privilege to work in an environment where you knew you had the full support of the members, financially and otherwise.

To the staff, your hard work, passion, commitment, and dedication have been outstanding. Despite the challenges and uncertainty of recent years, I believe that you have lived by OBS's core values and exceeded the expectations of your stakeholders.

The lesson I have learnt while serving as a member of the OBS board can be summed up in one word: "People". It does not matter what the nature, purpose and ideals of the institution are, if you don't have the right people the institution will fail, but if you have the right people, the institution will succeed, and succeed the OBS did.

I know my fellow Board members will join me as we look forward to watching the NFO achieve new heights from the sidelines! It was a privilege to be part of this journey. May it be a great new story in the history of Ombud schemes.

As you venture into new territories on this business trip, may you find success, make valuable connections, and return with accomplishments to be proud of.

Bon voyage, dear colleagues!

Advocate JF Myburgh SC

CHAIRMAN

"There is something magical about the way a sunset can make us feel at peace, grateful, and alive all at once."

Morgan Harper Nichols

Ombudsman's Report

IF IT'S THE OFFICE OF THE BANKING OMBUD'S STATED MISSION TO HELP MAINTAIN THE HEALTH OF SOUTH AFRICA'S BANKING SYSTEM, IT'S ONE OF THE ROLES OF THE OMBUDSMAN TO HELP TEND TO THE WELLBEING OF THE SCHEME ITSELF, EVERY STEP OF THE WAY. THIS YEAR'S FINAL OMBUDSMAN REPORT IS A FITTINGLY PROFOUND REFLECTION AND SUMMATION FOR A MULTITUDE OF REASONS.

"Every sunset is an opportunity to reset."
Richie Norton

OMBUDSMAN'S REPORT: MILESTONES ON THE PATH TO A NEW DAWN.

Compiling the Annual Report has been a yearly milestone for me and my team. Applying our minds and putting pen to paper or, rather, fingers to keyboards, consistently resulted in evolving insights and growing experience, telling the readers about numbers and profound human truths. Writing this particular report entailed all of the above, but at the same time infinitely more.

The 2023 Annual Report is the last one I will be writing in my capacity as the Ombudsman for Banking Services. It marks the end of an era, leaving me with a mixture of gratitude and loss. But here is the paradox – with the loss there is also anticipation of the beginning of a new era, one which fills me with hope and excitement.

It is the end of the era that inspired the theme of the report and beautiful pictures: "Sunsets and Sunrise". So why this perfectly ordinary yet somehow mystical natural phenomenon, you may wonder? Please join me in a moment of reflection.…

Sunsets occur every day, marking the end of daylight and the beginning of twilight. And no two sunsets are ever the same. Colours, cloud formations and atmospheric conditions constantly change, ensuring that each setting sun is a unique masterpiece painted across the sky.

Of course, that's not all.

Throughout history, the sun rising and setting have held deep cultural significance, holding associations with and representing life's transitions, pointing to hope and new beginnings. They also symbolise the cyclical nature of life and the beauty of impermanence in everything from literature and poetry to films and life. One could say that the relevance literally radiates from the theme. I hope that the information you are about to engage with in this report will light the way from the next step to the era ahead.

JOURNEY BEYOND THE SUNSET

"Transformation is a journey of discovery - there are moments on mountaintops and moments in deep valleys of despair."
Rick Warren

A journey of 1000 miles, the old Chinese saying goes, starts with one step. Closer to home, the history of OBSSA is a voyage started many moons rather than miles ago; more than 23 years ago. To look with insight and inspiration to the future, I believe we need to build on the best of past experiences. This "journey", **the evolution from OBSSA to the NFO**, has been a learning curve stretching across peaks and valleys, from humble beginnings to heights of understanding and achievement.

Context to the countdown

This journey has its origin in 1997, when Mr Charl Cilliers was appointed as ombudsman. What seemed like a silver lining at the time soon became a dark cloud as Mr Cilliers, who had been appointed by the industry, was perceived as lacking impartiality and independence. Very soon the industry came to grips with the need to improve the public image and service levels of banks and, at the same time, up their game to keep pace with global developments in the dispute resolution space. The result was the establishment of an Ombudsman's Office later the same year.

Fast forward three years to 2000 and the journey (and our story) begin…

"Back in Y2K, we thought the world was going to end, but here we are." Anonymous

At 24:01 on 1 January 2001, the world heaved a sigh of relief that it did not end. A computer programming shortcut, unfondly known as Y2K, was expected to wreak havoc as the year changed from 1999 to 2000. In the runup to that fateful moment, a panic pandemic ensued, decimating everything from common sense to corporate budgets but, ultimately and fortunately, not the world as we know it. Hindsight being an exact science, Y2K may have been much ado about very little, but it taught us to always be prepared for the unexpected.

Against this background, here are just a few events of that time:

ON THE HOME FRONT...

- On 13 January, ANC struggle stalwart Alfred Nzo passed away.
- While South Africa remained sunny in February, the first of a wave of floods hit our neighbour Mozambique. Shortly afterwards, the Limpopo River burst its banks, the sluice gates of the Kariba Dam were opened and the South African Air Force had to send in helicopters to aid trapped tourists and locals.
- 7de Laan, the long-running and much-loved soapie, debuted on SABC2 in the same month.
- August saw President Thabo Mbeki voted Newsmaker of the Year by the Pretoria Press Club.

Elsewhere in the world…

- The first Olympic Games of the new millennium, the 2000 Summer Olympics, was held in Sydney, Australia in September.
- In December, the last reactor at the site of the Chernobyl nuclear disaster was shut and the power plant was finally closed down.

On the South African banking frontier (and still in 2000)…

While all this and much more kept the world turning, if not overturning the world, ombuds and regulators and banks back home had to negotiate a constantly changing financial landscape.

In May 2000, a new ombudsman's office was established under new rules and new leadership. Initially called the Office of the Banking Adjudicator (OBA), this new entity was incorporated as a company not for gain, with the powers of the board divided between the board, the commission and the adjudicator. To ensure the independence of the scheme, the two bodies were amalgamated into a single board in 2002, the majority of which were independent of industry, with the main function of the banks to ensure the office was adequately funded, while its independence in decision making was cemented.

- 2000 – 2007: Adv. Neville Melville, the incumbent banking adjudicator, served as Ombudsman from May 2000 until 2007. He established processes and practices that to this day form the basis of some of our work, and he is very fondly remembered by a few staff members who started their careers at the OBS under his leadership.
- 2007 - 2017: Adv. Clive Pillay was appointed in 2007 and served until his retirement in 2017 whilst the office grew in size, experience and stature.
- 2017 – 2024: saw the appointment of Ms Reana Steyn as the next banking Ombudsman – and the first woman to hold this position – making history.

From OBSSA to NFO: Mission Accomplished

The most frequently asked question is why this change? In short: to provide a streamlined, coordinated, better known and less confusing alternate dispute resolution framework for all financial customers in South Africa.

Building a better, bigger picture

In the year under review, one of our top priorities has been the amalgamation of the four voluntary schemes - ourselves, the Long-term Insurance Ombudsman, Credit Ombud and Short-term Insurance Ombudsman - into a single new entity, which we named the National Financial Ombudsman South Africa NPC (NFO).

After obtaining the green light from the World Bank and the necessary mandates from our respective boards and councils, nine sub-committees made up of staff members of all four schemes, were appointed to investigate options, plan and manage the practical logistics of this rather complicated and lengthy process.

Factors influencing our decisions included the recommendations of the World Bank and the international experts as well as the vested interest of stakeholders, staff and our respective governing bodies. Our implementation preceded the final Policy document published by National Treasury in February '24, but we are pleased to report that our pro-active approach is in line with the vision for the future of financial ombuds.

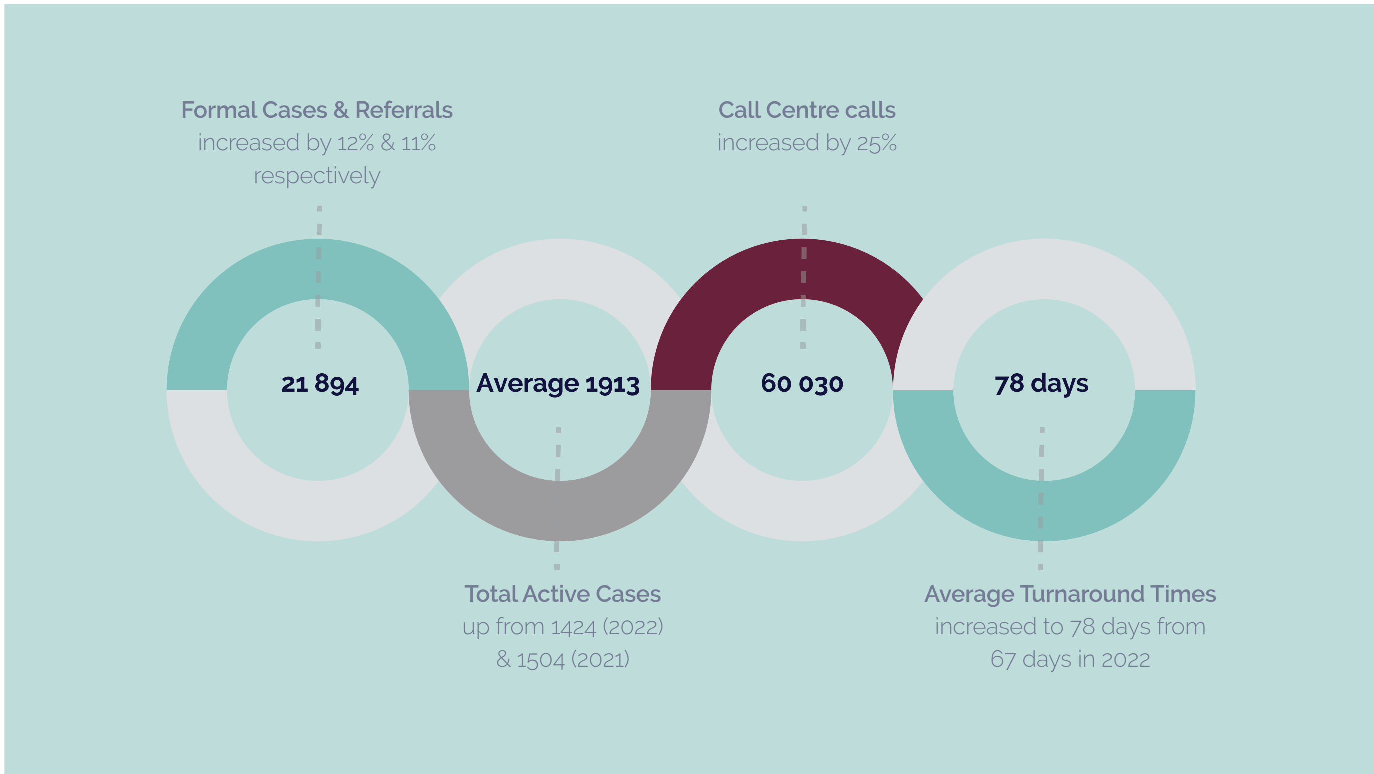
A special mention of the immense amount of work and encouragement that we received from the Ombud Council's Ms Leanne Jackson is necessary. She worked tirelessly to assist the schemes to successfully apply for recognition of the NFO in terms of the FSRA and the Ombud Council rules. Our sincere thanks go to her and the rest of her team for their contribution to reaching this milestone in the South African financial ombuds landscape.

Some of the highlights of our achievements to date include:

- Successfully registering the new entity and transitioning the governance from the founding board to the new independently elected board members.
- Finalising the MOI, NFO Rules and other governance arrangements.
- Budget alignment and setting up the joint finance department, policies and procedures.
- Finalising operational matters such as the critical ICT requirements, service providers and selecting a single case management system.
- Finalising the joint move in April '23 to new premises in Rosebank for the three Johannesburg-based offices, the OBS, Credit Ombud and OSTI.
- Identifying the HR/human capital was the most complex and time-consuming issue and appointing experts to help us with the creation of new roles, benchmarking and transitioning every staff member into the new NFO. Detailed and regular consultation sessions assisted the staff with the significant changes and we are pleased to report that all the expertise that we built up over decades remained intact to the benefit of the banks and their customers.

The launch, although originally planned for 1 January '24 was postponed by only 2 months, and we successfully opened the doors to the NFO on 1 March.

All the services and assistance previously provided to individuals and companies by the previous Ombud schemes, will now be available through the newly established NFO, at no cost to consumers.



Our media statement aptly summed it up as follows:

"The long history of assisting financial customers in their respective sectors to obtain redress for unfair treatment by financial institutions, free of charge and with minimal formality, is a hallmark of the ombud service consumers have come to expect and value."

"In addition, it will be easier to create awareness and educate consumers about the existence and mandate of the single scheme, as opposed to trying to explain the function of four separate schemes."

"Other benefits of the new scheme include improved efficiencies at the administrative level and a harnessing of the institutional knowledge, expertise and staff experience of the previous schemes, built up over more than 20 years. Each of the predecessor schemes will operate as a division of the NFO."

Highlights of 2023

Despite providing the briefest of overviews of the time from 1997 to 2023, we must use this last opportunity to highlight some of the achievements of the past year, before the sun finally sets on the OBS.

The Ombud Council performed their first in-depth on-site inspection of the OBS at the end of '23 and although we all understood that the amalgamation was imminent, no concerns were raised in respect of material deficiencies or areas of non-compliance.

As a member of the INFO Network, the International Association of Financial Ombudsman Schemes, 2023 was a career highlight for three staff members. As the Chair, I worked on the meticulous planning of the first international conference in 4 years. Two staff members, Kwanda Vabaza and Nerosha Maseti, were invited to speak at the members' conference held in Kuala Lumpur, Malasia. It was well attended, and we engaged with, and learned a lot from other Ombuds and the excellent content of the programme.

HUMAN RESOURCES

The OBS's strategic objective and drive to be the employer of choice ensured that management constantly had to up its game to ensure the best outcomes for both the business and staff. The emphasis on empathy and wellbeing, agility and adaptability, innovation and providing leadership and mentorship to a remote workforce, consistently challenged us.

Management recognised that going through intense periods of sudden change and prolonged uncertainty is hard and it wreaks havoc on our mental health.

Four-day work week

Our major breakthrough on the staff wellness front has been the formalisation of our pioneering four-day working week. Aimed at enhancing our team's life-work balance, the concept in general and its uniquely flexible Employee Value Proposition in particular have been a game changer. In some quarters the practice was questioned, but the Board and management were satisfied that the results were objectively measurable and positive. Not only did productivity increase, but the staff satisfaction and wellness, whilst producing better results, was the real success.

Rewarding service excellence

We would like to congratulate and honour the following staff members for their outstanding service to the OBSSA:

5-year Service Awards

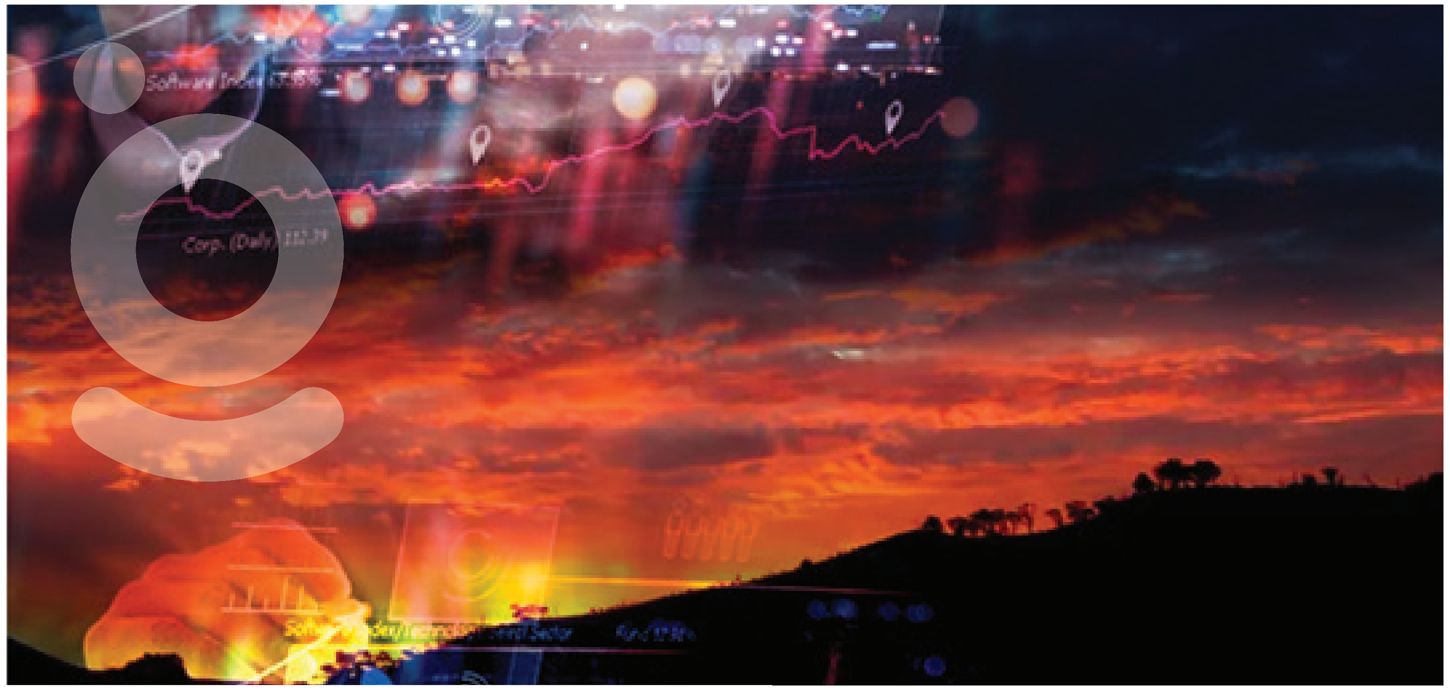
- Gerrit van der Merwe
- Manishka Moodley
- Barry Hlabangana
- Valerie Pitse and
- Siyabonga Ledwaba

Kwanda Vabaza was awarded with a certificate of 10 years of service.

Employee of the Year

Palesa Zwane, for proving to all that "dynamite does come in small packages".

CARING THROUGH SHARING



OPERATIONS

The force of numbers

On page 18 of this report, the reader will see all the key figures at a glance and the detailed statistics later in this report. I only highlight a few. Our formal cases increased by 12%, and the referrals (now called premature complaints) increased by 11%, resulting in an increase in staff complement in these departments. The total record number of cases opened added up to 21 894. Just as impressive is the 25% increase in calls handled by the Call Centre, also requiring additional resources to deal with the increased workload. The only negative is the increase in the turnaround time to 78 days, attributable to the increased complexity of the matters, since the banks, from an executive level, increased their focus on quickly resolving matters that are capable of such in the referral space. Cases that remained unresolved were only the most complicated and controversial ones, requiring more time to investigate, meet and negotiate, before resolution could be reached.

More highlights:

TOTAL ACTIVE CASES

Average for 2023 - 1913

Average for 2022 - 1424

Average for 2021 - 1504

Average Turnaround Times

2021: 70 days

2022: 67 days

2023: 78 days

The categories of complaints that kept us most busy were current accounts, personal loans, savings accounts, credit cards and home loans, in that order.

We continue to identify certain complainants as "vulnerable consumers" and had numerous successes when we brought these facts to the attention of banks. We will continue to improve, refine and expand this concept in the NFO.

Vulnerable Consumers Per Category Per Bank

199 complaints were recorded as vulnerable consumers. Top 5 Sub-categories of Vulnerable Consumers were:

Age 65 – 75:	30%
Age 75 – 85:	35%
Life Event: Retrenchment:	9%
Life Event: death of life partner/spouse	9%
Age 85+:	9%

CALL CENTRE STATISTICS

Increase of 25% in 2022

Total received 2023 – 60 030

Total received 2022 - 47 819

Total received 2021 - 41 880

Total received 2020 - 39 239

QUALITY ASSURANCE

We remain steadfast in our belief in the value of the work of our quality assurance manager, Ms Ronel van der Merwe. An astute lawyer with almost two decades of experience at the OBS, she not only checks the quality of hundreds of cases before they are finalised, but she also plays an important role in ensuring that the group of adjudicators are aligned in their approach and she constantly trains and imparts knowledge with every case that she assesses.

COMMUNICATIONS

We leave behind a proud history of being at the forefront of creating awareness, media exposure and interactions with consumers by an Ombud scheme. The appointment of Kwanda Vabaza in 2019, an experienced adjudicator, to perform a dual role in investigations and communications, proved to be one of the success stories of the OBS. We continued to ensure that we regularly engage with the media, sharing information that cut across linguistic and cultural diversities, and on a variety of traditional and online digital media platforms.

Looking at the scoreboard, The Advertising Value Equivalency (AVE) achieved amounted to more than R42 million, a noteworthy achievement when one considers that we did not spend any money on advertising and relied on sending out our own press releases and being responsive to all requests from journalists for interviews, irrespective of the time or day or short notice! Additional information appears in a separate section later in this report.

TRIBUTE TO STAKEHOLDERS

We could not exist nor excel without the cooperation and sometimes daily engagement with our stakeholders. Every one of the 21 641 cases that we logged had to be actioned by a bank timeously and thoroughly. In most instances they excelled in this task and provided our team of adjudicators with well-reasoned and substantiated responses. Often, compromises were reached based on goodwill and considerations of client retention or the client's personal circumstances. Our ongoing engagements with Banking Association of South Africa's (BASA) Market Conduct Committee proved very fruitful and we look forward to continuing same in the future. Our heartfelt thanks to every staff member at the banks, dispute departments, the Designated Officers and executives who believed in the value of OBS in dealing with clients' disputes. Similarly, we would not have existed (or thrived) if the banks did not provide their unconditional financial support without ever interfering with our independence in decision making.

TRIBUTE TO OBS BOARD & TEAM

On this philosophical note, looking both backwards and forwards, I wish to thank our Board members for their continued commitment to the OBSSA and their support, strategic direction and guidance. I want to extend my deep gratitude to our Chairman for his exemplary leadership, strategic and wise counsel through all these years. Not once was he not available to me when I needed his guidance. But more than that, I will always appreciate his regular calls to me to check if "all is well" and his genuine interest to find out if there was anything that he could assist me or the OBS with.

Last but not least, I want to thank my team. From the call centre to the adjudications team, and everything and everyone in between, it remains a privilege to work with people of your calibre. I hope that I have been able to show my appreciation and admiration, in person, for the work you are all doing. To the management team who made it possible for the OBS to achieve what we did, the old saying of "standing on the shoulders of giants" has never been more true. To Edrich, Ronel, Kwanda, Shelley and Nerosha, words cannot express my gratitude for what you made possible at the OBS. I know that you will take the same excellence into the NFO. We have already embarked on the most exciting journey of our lives.

"Every sunset is also a sunrise. It all depends on where you stand" Karl Schmidt

The OBS
from 2000 to 2023...and Beyond with the NFO!

INTO THE FUTURE; 2023 AND BEYOND

It's nearly a quarter century since the Ombudsman for Banking Services (OBS) opened its doors, its mission to resolve disputes between banks and their customers. Below you will find heartfelt reflections on the calibre of people who've made this quest a success.

Before that however, it's worth touching briefly on how banking technology itself has changed over this period, and with it the challenges for consumers and hence the OBS to negotiate.

For instance, in 2000, the chequebook was still in everyday use, though usage had peaked in the mid to late 90s. Needless to say, the OBS team would continue to resolve cheque disputes well into the 2000s. South Africa had been an early adopter of automatic teller machines (ATMs) in the late 80s. By the time of OBS's establishment, the number of ATMs had mushroomed, as would the variety of services offered by the machines, and the chance of disputes raised by banking customers. Though ATM usage has tailed off, in 2023 Capitec and Standard Bank still claimed to operate 7 898 and 5300 machines respectively across SA. The queues at ATM halls on payday still attest to their enduring popularity.

It was the arrival of digital technology, the personal computer, broadband and internet banking, followed by the smartphone revolution that would definitively change the face of banking. Today, 22 million South Africans (one in three) use smartphones and many employ these for banking transactions, eliminating the need to visit their bricks and mortar banks at all.

Naturally, over the years, OBS and its staff would have constantly needed to keep pace with a huge variety of such sea changes, including the scheme's own equipment and technologies, the computer literacy of employees and their skillsets, and sheer variety of possible disputes.

Now, in 2024, with the new Banking Division already firmly installed within a unified NFO, and a heritage team of experienced, highly skilled (and constantly upskilled) staff at its disposal, South African banks and their customers can rest assured that they're in good hands.

23 YEARS OF THE OMBUDSMAN FOR BANKING SERVICES

For the past 23 years, the OBS has been more than just a workplace; it has been a vibrant community and a home to countless memories. From its humble beginnings to becoming a cornerstone in the industry, The OBS has continuously evolved, driven by the passion and dedication of the incredible people who have been part of this journey.

THE EARLY DAYS

The story of the OBS began with a small but ambitious team, determined to create something extraordinary. With a shared vision and a relentless drive, the founding members laid the foundation for what would become a legacy. Those early years were marked by long hours, tireless efforts, and an unwavering commitment to excellence. Every success was celebrated, and every challenge was met with resilience.

BUILDING THE LEGACY

As the years passed, the OBS grew not only in size but also in reputation. New faces joined the team, bringing fresh ideas and diverse perspectives. Collaborations with industry leaders and innovators pushed boundaries and set new standards. Together, we navigated through technological advancements, market shifts, and economic fluctuations, always emerging stronger and more unified.

THE PEOPLE BEHIND THE SUCCESS

At the heart of the OBS's success are the people. From the visionary leaders who guided us, to the dedicated employees who put their heart and soul into their work, every individual has played a crucial role. We have had the privilege of working with some of the brightest minds and the most passionate hearts. Colleagues became friends, and friends became family. The spirit of camaraderie and mutual respect has been the cornerstone of our culture.

MEMORABLE MOMENTS

Over the years, we have shared countless memorable moments. From groundbreaking projects and significant milestones to team outings and celebratory events, every moment has contributed to the rich tapestry of our history. These memories are not just captured in pictures but are etched in our hearts.

A VISUAL TRIBUTE

The past 23 years represent a remarkable journey, filled with hard work, dedication, and countless memories. It is the people who have been part of the OBS that have made this journey so special. Here's to celebrating our past, cherishing our present, and looking forward to an even brighter future together as the NFO.

This write-up encapsulates the essence of the OBS's 23-year journey, highlighting the contributions of its people together with some memorable moments. We invite you to take a visual journey through the years. The pictures that follow are a testament to our shared experiences and the incredible journey we have undertaken together.

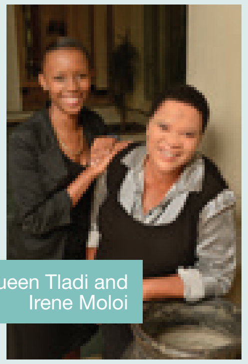
23 years of the OBS

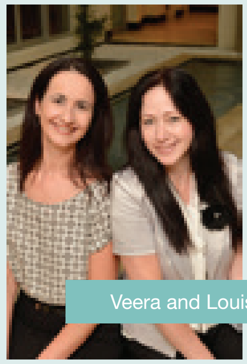

Tumelo Babusi, Ismail Surtee, Audrey Tau, Nqobile Ngwenya and Lucia Moloi


Investigations Team


Clive Pillay and Cas Coovadia


Audrey Tau and Tamaren Ten Oever


Queen Tladi and Irene Moloi


Veera and Louise Hall


Edrich Buytendorp, Irene Moloi and other staff during a Mandela Day initiative


Nerosha Maseti and Louise Hall on Team Building


OBS Team at the Rand Show event


The OBS Team during a Mandela Day Initiative


Dennis Jooste and LeAnne Jackson


Ina Steyn and Adv John Myburgh

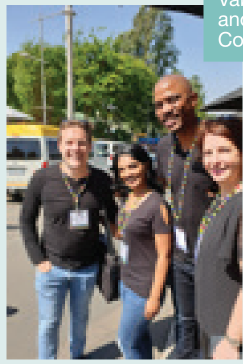

Antoneitte Pieterse and Johan Conradie


Ina Steyn and Thomas Naidoo


Official opening of the offices in Houghton


Louise Hall, Manie Van Schalkwyk, Leanne Jackson and Uzile Gugushe


Nerosha Maseti, Frans Maja and Bonita Hughes


Johan Brouwer, Kwanda Vabaza, Nerosha Maseti and Reana Steyn – Info Conference


Nerosha Maseti, Edrich Buytendorp, Reana Steyn, Kwanda Vabaza and Johan Brouwer – Info Conference

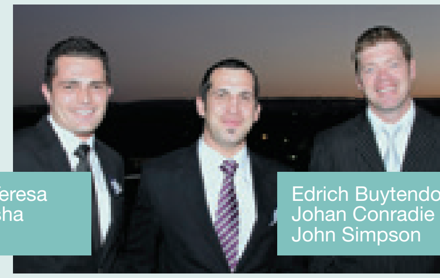

Uzzi Gugushe and Frans Maja


Adv John Myburgh and Gabriel villa da Mota


Ronel van der Merwe


Irene Moloi and Antoinette Pieterse

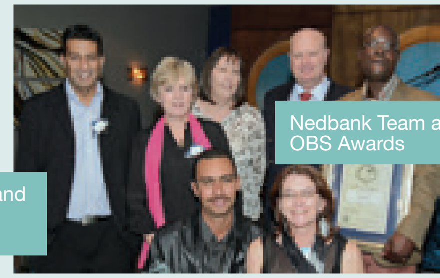

Bonita Hughes, Teresa Spang and Nerosha Maseti


Edrich Buytendorp, Johan Conradie and John Simpson


Tamaren Ten Oever and Jacqueline Platinga

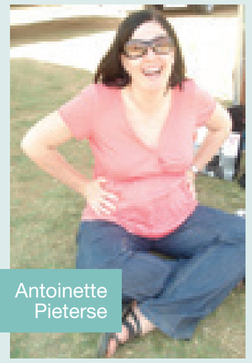

Adv John Myburgh


Johan Conradie and Clive Pillay

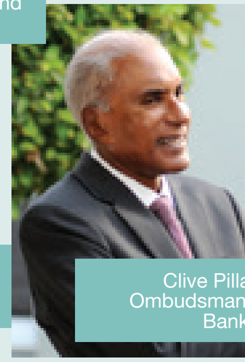

Nedbank Team at OBS Awards


Priya Rajah and colleague


Past Board Member Tanya Venter

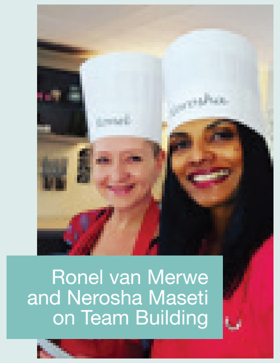

Antoinette Pieterse


Maggie Forbes, Nieshta Soutter and Ayanda Baepi


Clive Pillay – Ombudsman for Banking

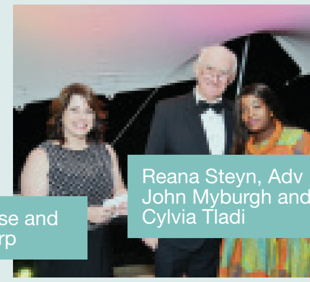

OBS Team Building Event


OBS Team at an outdoor Team Building


Ronel van Merwe and Nerosha Maseti on Team Building


Tamaren Ten Oever, Johan Conradie and Karin van Rooyen


Antoinette Pieterse and Edrich Buytendorp


Reana Steyn, Adv John Myburgh and Cylvia Tladi

23 years of the OBS


Boitumelo Mpitsang and Mpho Sejabeng at the 2020 Awards


Karin Van Rooyen and Frans Maja


Manishka, Reana, Tamaren and Nerosha at the 2020 Awards


Adv John Myburgh with Emmanuel and Reana at the 2020 Awards

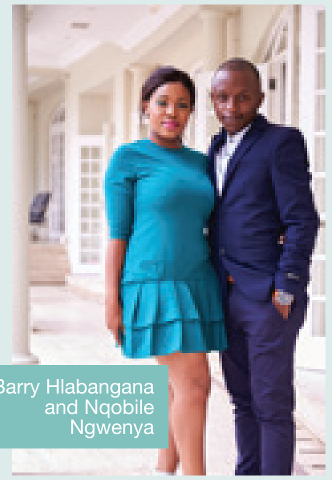

Edrich, Cylvia and Karin with their Long Service Awards


Members of the Adjudications Team at the 2020 Awards


Manishka, Shelley, Tamaren and Nerosha at the 2020 Awards


Edrich, Reana and Nerosha - 2020 Awards


Adv John Myburgh with Priya Rajah and Reana Steyn at the 2020 Awards


Barry Hlabangana and Nqobile Ngwenya


Dhirishka & Valerie at the 2020 Awards – Summerplace

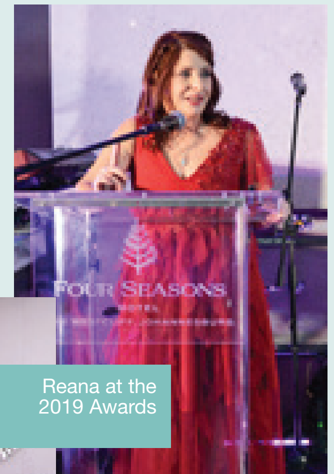

Reana, Gerrit and Adv John Myburgh at the 2019 Awards


Shelley McMaster


A group photo of the OBS Team in 2020


Wandile, Reana and Adv John Myburgh at the 2022 awards


Shelley at the 2019 Awards



Reana at the 2019 Awards


The OBS Team at the 2022 Awards


Lisbeth, Irene, Tumelo and Charne at 2019 Awards


OBS Team at a strategy session at Askari.

60030
calls received

TOTAL AMOUNT RECOVERED FOR CONSUMERS
R25 735 594,17

COST PER FORMAL CASE
R4 962,38

FORMAL CASES OPENED
8 521

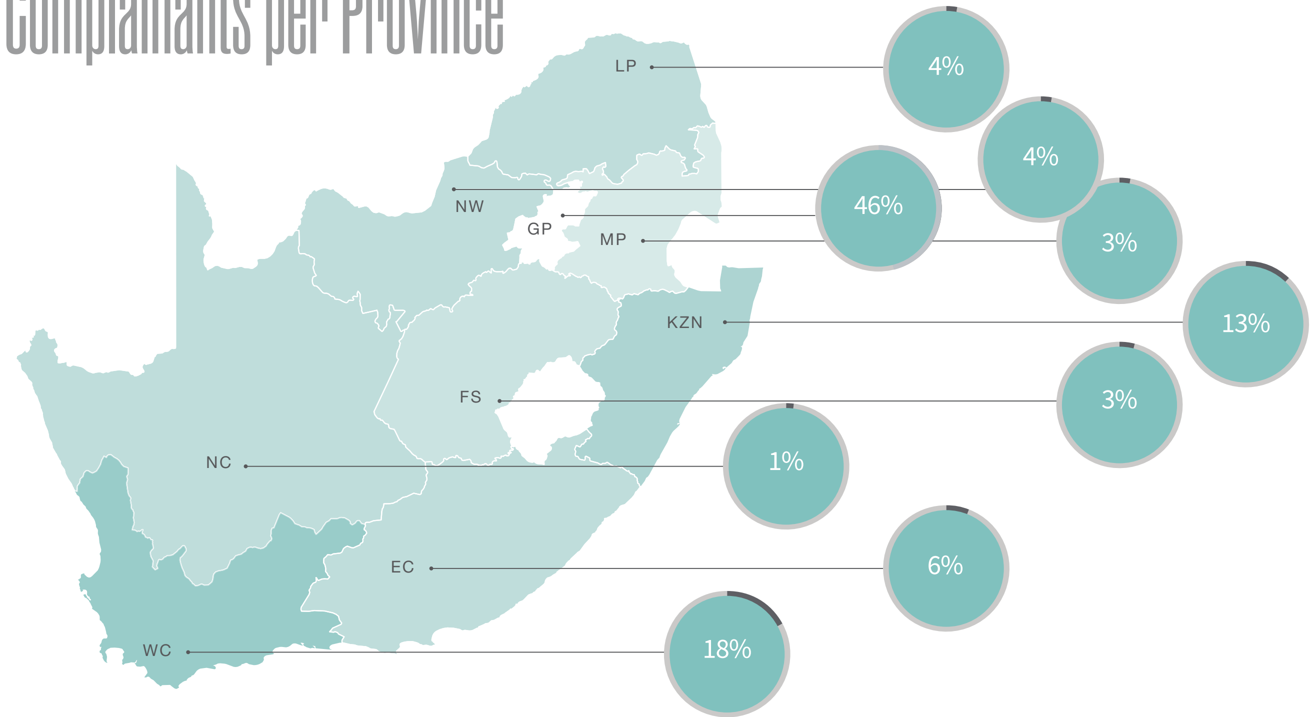
FORMAL CASES CLOSED
8 008

NUMBER OF PREMATURE CASES (REFERRALS : NO COSTS LEVIED)
13 373

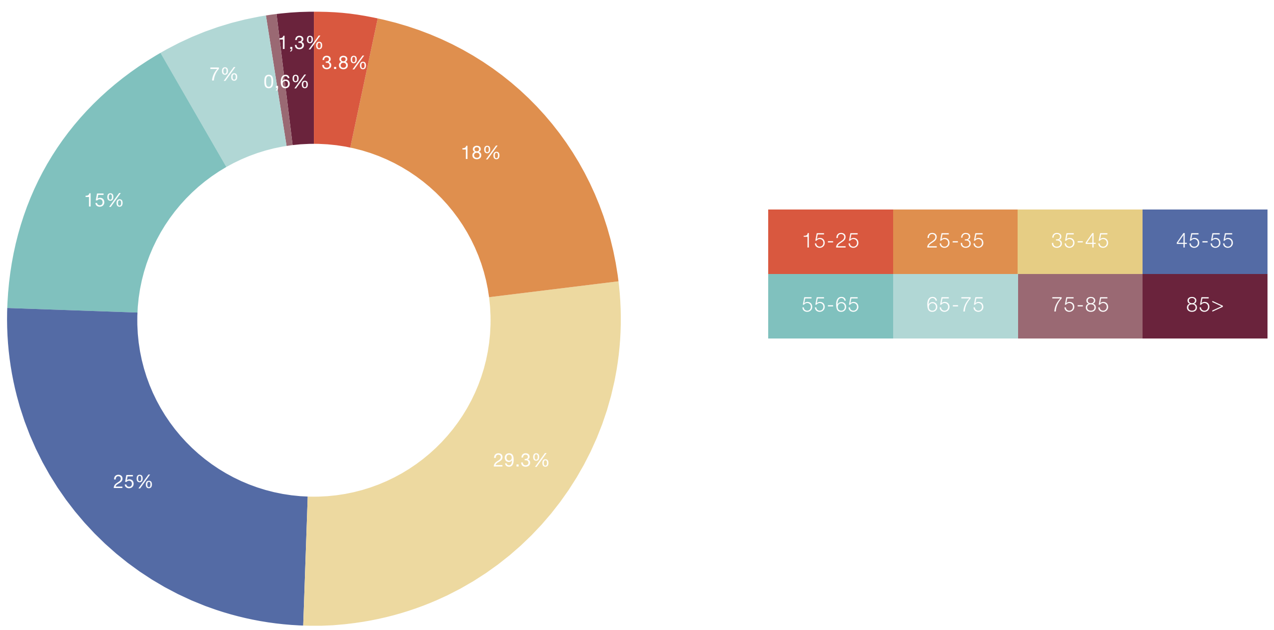
TOTAL ADVERTISING VALUE EQUIVALENCY (AVE) FOR 1 JAN – 31 DEC 2023
R42 000 000

Case Statistics 2023

Complainants per Province



Percentage of Age Ranges of Complainants



CASE STATISTICS 2023

	2021	2022	2023
Walk-ins	82	40	119
Referrals	10,338	12,032	13,373
Formal cases opened	8,257	7,869	8,521
Formal cases closed	8,150	7,574	8,008
Calls received by Call Centre	41,880	47,819	60,030

The number of cases opened by OBS in 2023 increased by 11% from 2022 and 29% from 2021. The number of cases closed by the OBS in 2023 increased by 6% from 2022 but showed a slight decrease from 2021.

Our call centre received 26% more calls in 2023 than it did the year before. All of the above indicate the increase in reach the OBS marketing campaigns have had over the past year.

TOTAL ASSETS PER BANK: R7 662 062 022

	2021	2022	2023
Standard Bank	1,610,775,290	1,770,216,367	1,901,407,182
First Rand	1,441,824,011	1,558,188,108	1,638,771,725.29
ABSA	1,393,478,296	1,500,632,424	1,533,059,035
Nedbank	1,113,596,492	1,155,844,288	1,275,894,226
Other	1,016,184,020	1,085,557,772	1,034,378,679.423
Capitec Bank	176,108,574	183,267,368	203,022,853
African Bank		29,246,962	33,786,110
Discovery Bank	15,207,143	17,958,391	22,563,663
Bidvest Bank	11,499,677	10,818,912	11,624,175
Tyme Bank	3,499,663	4,410,028	7,554,374

REFERRALS

Referrals are matters that are sent to the bank to afford the dispute resolution department 20 days to resolve the matter directly with the complainant. Should the matter not be resolved to the satisfaction of the complainant or our office does not receive the bank's response within 20 days, the matter is converted to a formal case.

REFERRALS CASES OPENED PER BANK

	2023
FNB	2960
Capitec	2690
Standard Bank	2210
Nedbank	2032
ABSA	1712
African Bank	733
Tyme Bank	420
Discovery Bank	176
Bidvest Bank	114
Postbank	58
Investec Bank	35
Sasfin Bank	17
Ubank	16
Grindrod Bank	11
Access Bank	10
Finbond Mutual Bank	7
Habib Overseas Bank	5
GBS Mutual Bank	3
Unibank	3
HSBC Bank	2
CitiBank	2
Ithala Limited	2
Bank of China	1
Deutche Bank	1
HBZ Bank	1
State Bank of India	1
Albaraka Bank	1
Teba	1
First Rand Bank	
JP Morgan Chase Bank	
Standard Chartered Bank	
No bank	149
Total	**13373**

Referrals opened per year increased 11% year on year and 29% from 2021.

CONVERSION RATE OF REFERRALS

to formal matters (only banks with 50 or more referrals shown) .
Total of 6971 cases converted to Formal Cases

	2023
Capitec	64%
FNB	37%
Standard Bank	40%
Nedbank	64%
ABSA	48%
African Bank	79%
Tyme Bank	63%
Discovery Bank	49%
Bidvest Bank	67%
Postbank	55%
Overall industry conversion rate	52%

REFERRALS OPENED PER PRODUCT

	2023
Current Account	38%
Personal Loans	15%
Car Finance	7%
Credit Cards	8%
Home Loans	7%
Estates and Trusts	4%
Savings Account	14%
Savings and Investments	2%
Insurance	2%
Business Transactional Account	1%
Business Loans	1%
Infrastructure and Systems	1%

FORMAL CASES

CASES OPENED PER BANK

	2021	2022	2023
Capitec Bank	1 651	1 826	2 053
Nedbank	1 273	1 508	1 563
Standard Bank	2 070	1 385	1 311
FNB	1 452	1 147	1 320
Absa	1 068	1 063	978
African Bank	285	464	616
Tyme Bank	233	195	312
Bidvest Bank:	90	100	99
Discovery	55	84	127
Investec	25	36	38
PostBank	1	15	42
Ubank	17	11	16
Finbond Mutual Bank	3	9	2
Sasfin	10	7	15
Access Bank	2	4	8
Habib Overseas Bank Ltd	0	0	4
Grindrod	0	3	5
Albaraka	2	2	
Standard Chartered	1	2	
State Bank of India	0	2	1
Unibank	0	2	2
Deutsche Bank	0	1	
VBS	0	1	
Citibank	0	1	
JP Morgan Chase	0	1	
Ithala	7	0	2
HSBC	1	0	2
Teba Bank	0	0	1
Citibank			1
Bank of Beroda	1	0	
Bank of Taiwan	0	0	1
HBZ	0	0	
Habib Overseas Bank Ltd	0	0	1
Bank of China	0	0	1
Total	8 247	7 869	**8 521**

CASES OPENED PER PRODUCT

	2021	2022	2023
Current Account	19%	22%	39%
Personal Loans	9%	13%	15%
Credit Cards	14%	7%	9%
Home Loans	12%	7%	7%
Car Finance	5%	7%	7%
Savings Account	2%	6%	15%
Estates and Trusts	4%	4%	3%
Insurance	3%	2%	2%
Savings and Investment	2%	1%	2%
Business Transactional Account	1%	1%	1%
Business Loans	0%	0%	0%
Infrastructure and Systems	0%	0%	0%

At the beginning of 2023 we started reporting per product and not per category as we used to. This has caused a dramatic increase in current account cases as a lot of our previous categories like ATM and Digital banking fall under current account.

CASES OPENED PER SUB-CATEGORY 2024

	2023
Digital Banking	33%
Misconduct	20%
Card	12%
Collections	10%
Credit Information Disputes	8%
Fees and Charges	6%
Contract	6%
Debit Order	4%
Overdraft	1%
POPI	0%
Suretyship	0%
Accessibility	0%
Foreign Exchange	0%

HOW CASES WERE CLOSED IN 2023 PER PRODUCT

	% in favour of Bank	Number of cases	% in favour of complainant	Number of cases	Total Number of cases
Business Loan	95%	18	5%	1	19
Business Transactional Account	67%	57	33%	28	85
Credit Cards	68%	509	32%	238	747
Current Account	75%	2 408	25%	798	3 206
Estates and Trusts	51%	117	49%	113	230
Home Loans	81%	435	19%	103	538
Infrastructure and Systems	100%	2	0%	0	2
Insurance	75%	88	25%	29	117
Personal Loans	77%	921	23%	271	1 192
Savings Accounts	80%	881	20%	227	1 108
Savings and Investments	73%	95	27%	36	131
Car Finance	84%	427	16%	82	509
Grand Total 2023	**76%**	**5 958**	**24%**	**1926**	**7 884**
2022	77%	5 808	23%	1687	7 495

HOW CASES WERE RESOLVED IN 2023:

	2021	2022	2023
The complainant withdrew the case	24 (0,3%)	20(0,3%)	33 (0,5%)
The complaint was fully upheld	1276 (15,9%)	910 (12,1%)	1004 (12,7%)
Only a portion of the complaint was upheld	363 (4,5%)	297 (4%)	244 (3,1%)
The complaint was not upheld	5846 (72,7%)	5790 (77,2%)	5917 (75,0%)
No award was made, but information provided	530 (6,60%)	480 (6,4%)	663(8,4%)
Dsimissed No Cooperation from complainant			23 (0,3%)

PERIOD FROM OPENING TO CLOSING OF FILES

	2021	2022	2023
Closed within 0-2 months:	47.48%	52.00%	33,48%
Closed within 2-4 months:	41.60%	37.35%	47,52%
Closed within 4-6 months:	9.79%	8.33%	15,7%
Closed after 6 months:	1.13%	2.32%	3,3%

Cases closed within 60 days increased by approximately 4,5% which largely contributed to our reduced days to close.

SERVICE STANDARD TARGETS

	2021	2022	2023
Percentage of files closed in 4 months	89%	89%	81%
Percentage of files closed in 6 months	98.87%	97.68%	96,7%
Average days to closure (including weekends)	69	67	78
Average days to closure (business days)	47	47	52

CASES CLOSED PER DEPARTMENT

	2021	2022	2023
Case Processing (settled by bank after formal case opened but before further investigation)	12%	9%	9%
Adjudication	88%	91%	91%

3% less cases were settled at the case opening stage of our process. This is an indication that matters that were not settled as referrals are indeed complex matters that needed further investgation by the adjudication department

AMOUNTS RECOVERED FOR CONSUMERS (TOTAL R25 735 594.17)

Patrimonial awarded	18 424 473,79
Patrimonial offered	6 756 599,63
D and I awarded	493 334,75
D and I offered	61 186,00

HOW THE COMPLAINANT LEARNED OF THE OBS

	2021	2022	2023
Word of Mouth	33%	30%	33%
Other	23%	20%	17%
Through the Bank	29%	18%	16%
Search Engine/Google	3%	18%	16%
Social Media	2%	5%	7%
Radio	4%	4%	4%
Newspaper	3%	2%	2%
Television	2%	2%	4%
Exhibition	0%	1%	0%
Magazines	1%	0%	0%
Referred by Other Organisation	0%	0%	0%

2024 STATISTICS - 1 JANUARY TO 29 FEBRUARY

	2023
Files Opened	1373
Files Closed	1747
Referrals Opened	2327
Referrals Converted	47%
Patrimonial Claimed	R33 124 011,55
Patrimonial Awarded	R2 009 710,02
Patrimonial Offered	R698 584,72
Distress Claimed	R13 213 000
Distress Awarded	R33 000
Distress Offered	R50 000
Total Amount Recovered for Consumers	**R2 791 294,74**

Vulnerable Consumers

The Ombudsman for Banking Services (OBS) recognises that some banking customers with whom we engage can be defined as "vulnerable consumers". In 2023 the OBS classified 199 consumers vulnerable due to their personal circumstances. As an alternative dispute resolution body, we have a duty and an obligation to ensure that appropriate mechanisms are in place to address the needs of vulnerable consumers when investigating complaints.

We fully support the growing international and local movement towards the identification of "vulnerable consumers" in the financial sector. We aim to ensure that this category of complainants receive all the care, protection and guidance that they may need.

A vulnerable consumer is defined as "someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care."

When banks design products and services that do not consider the needs of vulnerable customers, there is a risk that these consumers may suffer harm due to their needs not being met from the start of any engagement. Inequality of bargaining power has become an accepted rationale for the enacting of consumer protection legislation to regulate the financial services industry. The greater emphasis on fair and appropriate outcomes for financial services consumers provides the foundation for this new way of thinking. It is accepted that a "one size fits all" approach is no longer good enough; instead, the individual consumer's needs must be considered.

Financial service providers are expected to provide consumers with appropriate products and services and a level of care that has due regard to the capabilities of the consumers in question. The level of care that would be deemed appropriate for vulnerable consumers may be different from that which would suffice for other consumers. It is crucial that financial firms acknowledge this and implement processes and procedures to cater for the needs of vulnerable consumers, as these customers may face a significant risk of harm.

There is not as yet a definitive list of criteria for determining who is a "vulnerable consumer" as this is still an evolving concept. In compiling our categories of vulnerable consumer, we had due regard to the types of complaints we have dealt with over many years as well as to international precedents.

"Don't forget: Beautiful sunsets need cloudy skies..."

Paulo Coelho

TOP CATEGORIES OF VULNERABLE CONSUMERS

Age	75%	149 cases
Life Event	21%	42 cases
Disability	3,5%	7 cases
Financial Literacy	0%	0 cases
Discrimination	0,5%	1 case

TOP 5 SUB-CATEGORIES OF VULNERABLE CONSUMERS

Age: 65-75	30%
Age:75-85	35%
Life Event: Retrenchment	9%
Life Event: Death of partner/spouse	9%
Age: 85+	9%

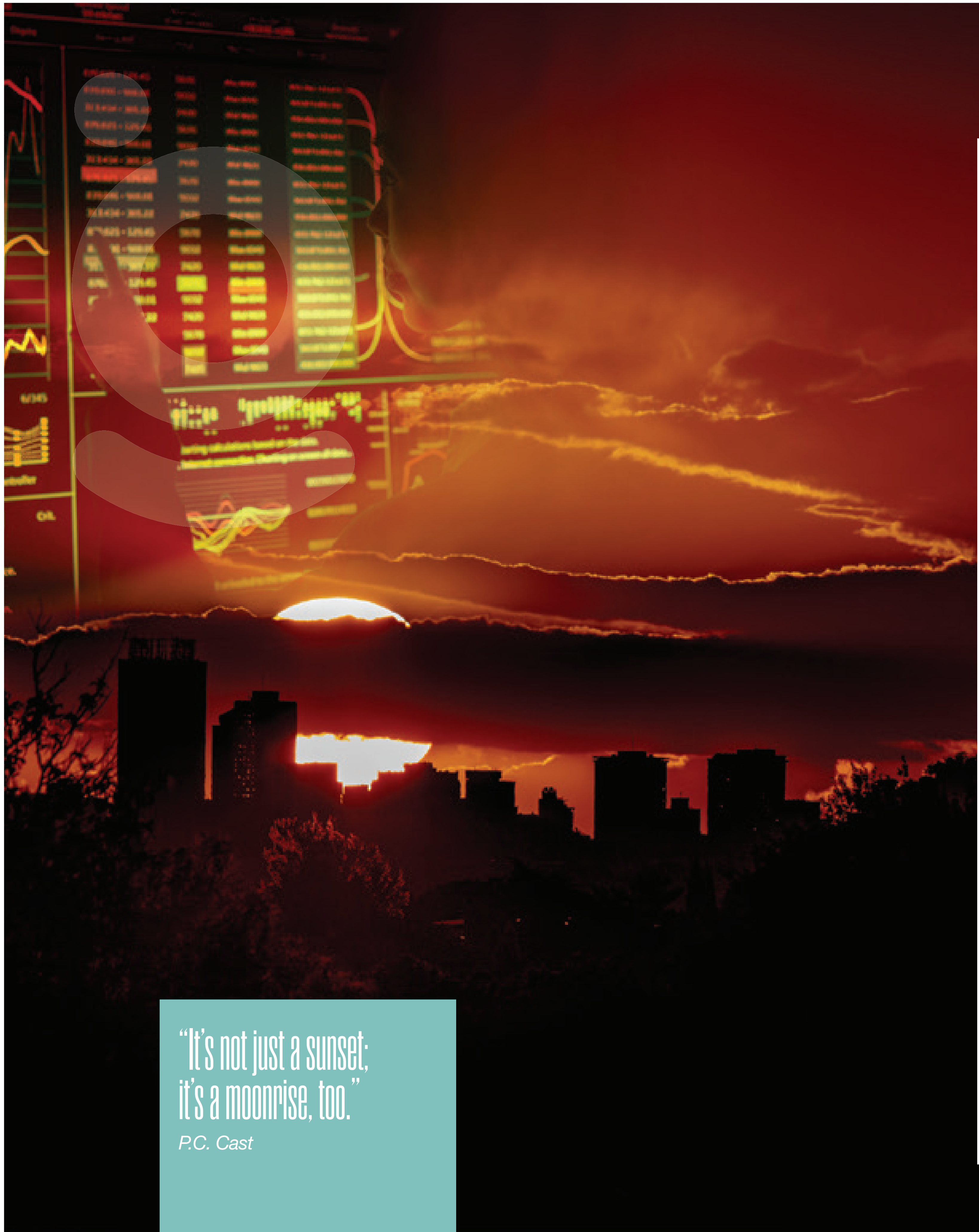
VULNERABLE CONSUMERS PER CATEGORY PER BANK

	Age	Life Event	Literacy	Disability	Discrimination
Absa	13	9	-	2	
African Bank	5	1	-		
Capitec	30	4	-	1	
Discovery Bank	2		-		
FNB	9	8	-		1
Nedbank	40	11	-	3	
Standard Bank	48	9	-		
Tyme	2		-		
Ubank			-	1	
TOTALS	149	42	-	7	1

Conduct Standards

Conduct standards for Bank were set up in terms of The Financial Services Regulation Act 9 of 2017. This regulatory framework enables the FSCA to critically and urgently supervise the market conduct of the banking sector in South Africa, in accordance with its mandate, as outlined in the Financial Sector Regulation Act. In terms of Section 8 of the conduct statndards for Banks, the Bank must establish, maintain and operate an effective and adequate complaints managment framework to ensure the fair treatment of consumers. It further sets out 9 categories into which complaints should be categorised. Below are the categories captured by the OBS:

	Complaint about accessibility of funds, charges or switches between financial product or services	Complaint about advice to financial customer	Complaint about customer service, staff conduct, payments processing and breaches to confidentiality	Complaint about design of financial product or service including fees and charges	Complaint about disclosures to and information provided to financial customer	Complaint about performance of financial product or service	Complaint about customer services
ABSA	24		216	252	199	221	27
Access Bank			1		3	1	
African Bank	13		52	135	228	95	10
Bank of Taiwan						1	
Bidvest Bank			4	35	12	24	2
Capitec	17		272	962	262	504	15
Citibank						1	
Discovery Bank	2		21	53	13	35	
Finbond Mutual Bank				1	1		
First Rand Bank				2			
FNB	20	1	338	367	349	246	19
Grindrod Bank			1	3			
Habib Overseas Bank	1		1	1	1		
HBZ Bank					1		
Investec Bank			6	22	5	3	
Ithala Limited			2	1		1	
Mercantile Bank			2	4	1	4	
Nedbank	27		252	411	357	328	32
Postbank			4	1	4	11	
Sasfin Bank			4	2	5	1	
Standard Bank	23		230	484	208	309	16
State Bank of India					2		
Tyme Bank	1		39	137	27	45	1
Ubank			2	4		5	
Unibank			1		1		
Grand Total	**128**	**1**	**1448**	**2877**	**1679**	**1835**	**122**



> "It's not just a sunset; it's a moonrise, too."
> *P.C. Cast*

Case Summaries

THE SUN SETS ON THE OBS CASE LOAD.

The cases tackled and resolved by the OBS team in 2023 were as varied, interesting and instructive as ever. Here is a small sample of case studies that illustrate the point.

1 "SAFE AND (UN)SECURE"

The complainant fell victim to an incident of mobile banking application fraud.

A fraudulent SIM swap had been conducted on the complainant's registered cell phone number.

The facts showed that the complainant's mobile banking application PIN was reset at the time of the fraudulent transactions being concluded.

The issue to be considered by our office was whether there was negligence on the part of the complainant, or if the workings of the bank's mobile banking application PIN reset process itself were unsafe or unsecure.

As part of the mobile banking application PIN reset process, only the complainant's identity number, cell phone number and debit card number were required.

Our office concluded that the mobile banking application PIN reset process was not safe and secure as no confidential banking information was required as part of the mobile banking application PIN reset process. As such, there was no evidence of the complainant being negligent in compromising any confidential banking information.

Our office recommended to the bank to reimburse the complainant's loss suffered in the amount of R30 000.00. The bank agreed with our recommendation and the complainant was reimbursed accordingly.

PRINCIPLE: In accordance with the Code of Banking Practice, the bank has a duty to provide safe and secure banking services. provisions regarding in duplum and prescription.

2 "NOT SO SWIFT(LY) PAYMENT"

The complainant initiated an international payment through the bank on 3 October 2022. The bank uses the SWIFT network to process international payments.

The terms and conditions provided by the bank indicated that the standard timeframe for international payments to reach the intended beneficiary's account is 2 (two) business days, but further advised that the payments can be delayed under certain circumstances.

The international payment was only credited to the international bank on 12 December 2022, being more than 2 (two) months after the payment was initiated by the complainant.

Our office investigated the reason(s) for the delay between 3 October 2022 and 12 December 2022 in the payment being credited to the international bank.

The evidence placed before our office indicated that additional information was requested by the intermediary bank on 06 October 2022.

The bank however only actioned the request from the intermediary bank on 01 November 2022.

The complainant timeously provided the bank with all the required information.

The intermediary bank conducted compliance investigations upon receipt of the requested information from the bank.

Our office submitted to the bank that the period of nearly 1 (one) month for the request from the intermediary bank [for additional information] to be sent to the complainant by the bank and the further period of more than 1 (one) month for the intermediary bank to conduct their compliance investigations on the international payment cannot be considered as reasonable under the circumstances when compared to the standard timeframe of 2 (two) business days.

Our office was not furnished with evidence of the international payment being delayed due to any special processing requirements other than the information as requested by the intermediary bank or that the complainant was informed of the reason(s) for the delay in the international payment being processed.

Our office recommended to the bank that they write off the interest debited to the complainant's credit card account in respect of the international payment between 3 October 2022 and 12 December 2022 due to the payment only being received by the international bank on 12 December 2022. The bank agreed to write off the interest debited to the complainant's credit card account between 3 October 2022 and 12 December 2022.

The service experienced by the complainant in this instance was not what should be expected from a reasonable bank. As such, our office recommended that the bank proceed to make payment of a distress and inconvenience award in the amount of R2 000.00 as compensation for any distress and inconvenience experienced by the complainant due to the unreasonable delays on the part of the bank and/or the intermediary bank and/or any failings on the part of the bank and/or the intermediary bank, which resulted in the international payment to the international bank being delayed for a period of more than 2 (two) months. The bank agreed with our recommendation.

PRINCIPLE: Banks should act fairly and with the due skill, care and diligence required and taking into consideration the interest of their customer.

3 "TO HOLD OR NOT TO HOLD - THAT IS THE QUESTION"

The bank placed a hold on a secondary investment account of the complainant held with the bank on 14 December 2020.

The hold was placed by the bank in accordance with a third party reporting alleged fraud to the bank in respect of a business account of the complainant.

It should be stated that in terms of the Code of Banking Practice, the bank is entitled to place a hold on an account if the bank has reason to believe that the account is being used for any illegal purposes.

In this instance the bank placed holds on all the accounts held with the bank by the complainant.

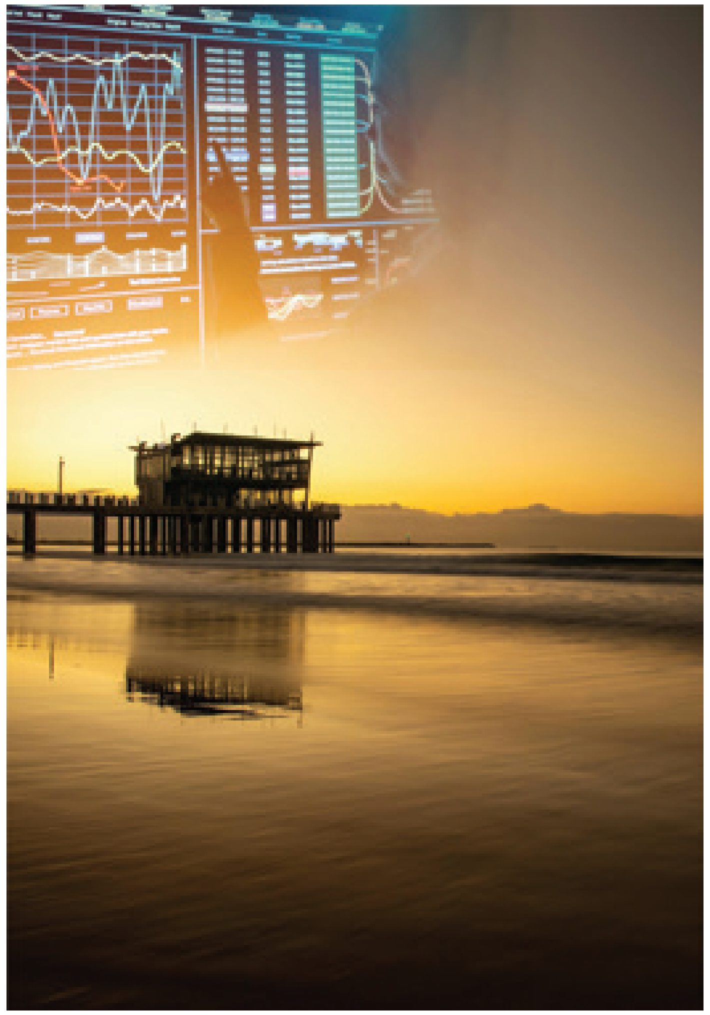
The complainant was only informed of the hold being placed on the business account and not of the hold on the investment account.

Once a hold has been placed, the bank will investigate the suspected fraud and if, after the investigation has been conducted, there appears to be no basis for the hold, the hold will be lifted.

The hold was lifted from the business account on 18 January 2021.

The complainant attempted to withdraw funds from the investment account on 7 August 2023 while at a branch, but was advised that same could not be processed because of a hold being placed on the investment account.

The bank lifted the hold from the investment account on 11 August 2023.



The complainant was again required to contact or visit a branch for the funds from the investment account to be released.

The evidence provided indicated that the complainant was not notified of the hold on the investment account and as such was not placed in a position to mitigate any inconvenience suffered because of the hold being placed on said account. The bank had failed to lift the hold from the investment account simultaneous with the hold being lifted from the business account.

Our office accordingly recommended to the bank to pay a distress and inconvenience award of R1000.00 taking into consideration the numerous calls made to the bank by the complainant, the service failure on the part of the bank and the fact that the complainant was required to attend to a branch on more than one occasion to have the matter resolved. The bank agreed with our recommendation.

PRINCIPLE: The bank should ensure that their own internal administrative duties are performed in an efficient manner to prevent customers being inconvenienced.

4 "A TALE OF A DISPUTED DEPOSIT AND SEEKING REDRESS"

Once upon a banking transaction, a consumer embarked on a journey to deposit R10 000.00 through a Cash Accepting ATM. Little did she know, this seemingly routine endeavour would unfold into a tale of frustration and financial uncertainty.

The complainant discovered that her hard-earned funds never made it to their intended destination. The ATM had erred, leaving her without the credited amount and, to her dismay, the money was not returned. Determined to right this wrong, the consumer sought not only the reimbursement of R50 000.00 but also a unique request—a cleansing and forgiveness ceremony for her ancestors. The stress and trauma incurred led her to demand compensation for medical consultations, adding another layer to her quest for justice.

In response, the bank acknowledged the ATM errors, credited the funds to her account, and extended a telephonic apology. Yet, this was not the end of the story. The complainant returned with a new demand of R60,000.00 as compensation for the inconvenience caused.

Our office investigated the matter and noticed that the bank shortly after the ATM malfunctioned refunded the complainant with the disputed amount. We emphasised and explained to the complainant the complexity of consequential damage claims, indicating that to succeed, one would need to prove the bank's negligence and satisfy all elements for delictual liability.

With the bank refunding the disputed deposit, the story took a turn toward its conclusion. The office, tasked with assessing the situation, found no reasonable prospect of a favourable outcome for the complainant as the bank within a reasonable time credited the complainant with the disputed amount. We explained to the complainant that bank errors do sometimes happen and that we expect customers to bear the ordinary and normal degree of inconvenience associated with correcting an unexpected problem and only where sufficient merit exists will an award for distress and inconvenience be made.

PRINCIPLE: Bank customers must be aware that errors on their bank's part can and do occur, and that inconvenience may be experienced within normal bounds.

5 "IN THE INTEREST OF A FIXED RATE"

The complainant entered into a vehicle finance agreement with the bank. The customer, excited about owning a new vehicle, signed the agreement on September 14, 2022, believing that the interest rate would remain fixed throughout the loan term. However, to his dismay, he later discovered that the interest rate was variable, causing his monthly payments to steadily increase.

Feeling aggrieved, the customer lodged a complaint, urging that the bank should revert the interest rate to the initially agreed fixed rate and refund any excess payments. Alternatively, he wanted to return the vehicle and cancel the agreement.

In response, the bank advised that the complainant had indeed signed an agreement acknowledging the variable interest rate, which was tied to the prime rate and subject to change. Despite the customer's claim of requesting a fixed rate, the bank insisted that only a variable rate was offered and accepted.

The bank further indicated they can only assist with the cancellation of the agreement if the complainant voluntary surrenders the vehicle after which the vehicle will be sold and if there is a shortfall, he would be held liable for it.

After our office's investigation, it was revealed that there were actually two agreements signed. The first agreement contained handwritten amendments that changed the variable interest rate to a fixed rate, with signatures next to the changes. However, the second agreement only reflected a variable rate. Additionally, the dealership provided a statement confirming that the complainant had requested a fixed rate, but the agreement they received reflected a variable interest rate.

The dealership explained to the complainant that in order for the vehicle to be released, a signed contract was required, and reassured him that the agreement could be re-signed once an amended contract with a fixed rate had been received from the bank.

Our office made the following recommendation: As per the agreement and the dealership's feedback, it is clear that the complainant wanted a fixed interest rate. From the two agreements and the discrepancies between them, it seems evident that the complainant had been misled. Our office does not believe that the complainant was treated fairly, and we requested the bank to consider this information and assist their customer who clearly intended, and was under the impression, that he would receive a fixed interest rate.

The bank then advised that the dealership had consented to cancel the initial agreement and settle the vehicle finance account. A new agreement will be concluded with the customer on a fixed interest rate, which will be fixed at the prime rate.

PRINCIPLE: Banks must ensure due diligence when agreements are signed and that the agreements are prepared based on the terms and conditions discussed between the parties.

6 "TILL DEBT DO US PART"?

The deceased held a Revolving Credit Loan account with the bank. A complaint was lodged by the executor querying why the insurance held over the account did not settle the outstanding balance of approximately R131 198.82.

The bank's response was that the policy had lapsed prior to the deceased's death and therefore the policy was not active.

As part of our investigation, we perused the insurance policy and noted that where a customer has defaulted on two premiums, the policy would be cancelled. From perusal of the account statements, it was confirmed that the customer did default on payment of insurance premiums for three months.

It was further noted from the policy terms and conditions that it was required of the insurer to give the customer one month's notice of cancellation.

In addition to the policy terms and conditions requiring the insurer to give the customer one month's notice of cancellation, there are also statutory requirements on the insurer in this regard, as per the Long-Term Insurance Act.

The bank confirmed that the required notices were not sent to the deceased at the time that the policy was cancelled.

The purpose of the notice is to firstly draw to the customer's attention that premiums have not been paid and that they are now at risk of the policy being cancelled. This notice would therefore allow a customer an opportunity to either reinstate the policy or seek appropriate alternate cover elsewhere.

By failing to alert the customer to the policy having been cancelled, the customer was not afforded the opportunity to seek alternate cover prior to his death to ensure he was adequately covered for all eventualities.

Consideration was also given to section 3 of the Conduct Standards for Banks, which speaks to culture and governance and places a duty on the banks to act fairly with due skill, care and diligence amongst other things.

In consideration of such duties placed on the bank together with the terms of the policy and statutory requirements, which requires notice to be sent, we recommended that the bank reconsider the death claim and that same be approved and the account settled

We confirm that the bank accepted our recommendation, and the account was settled in full and closed.

PRINCIPLE: Banks must ensure that they abide by the terms and conditions contained in their agreements and that customers be given fair warning regarding cancellation of insurance policies.

7 "STRAIGHT ROADS NEVER MADE SKILFUL DRIVERS".

The complainant hired a rental car which he confirmed he returned to the rental company in a damaged condition. According to the complainant, he was informed by the rental company that he would be contacted regarding the costs to repair the damages to the vehicle.

However, a week later, the complainant's account was debited by the rental company to the amount of R19 607.00. The complainant disputed this charge and requested that the bank assist him to reverse the charge on his credit card account.

The bank advised that the dispute was between the complainant and the car rental company. They further submitted that the customer had provided the merchant with his card details when he hired the vehicle and that the bank only acted as a facilitator in the payment process.

Furthermore, the bank relied on the fact that the complainant confirmed that the vehicle was returned damaged and made reference to the agreement between the complainant and the merchant which stated that the complainant would be held liable for any damages.

As part of our investigation, we considered the Mastercard Rules pertaining to chargebacks related to charges for loss, theft, or damage.

The rule requires authorisation for any additional charges, whether or not the agreement is making provision for this or not. The cardholder rules consider these additional charges a separate transaction for which authorisation must be obtained from the cardholder.

The bank was unable to furnish evidence that the merchant had provided any proof that the complainant was made aware or agreed to this charge prior to the merchant debiting the account.

In this instance we noted that when the chargeback was raised with the bank, the bank was supposed to request that the merchant provide proof of compliance with the rules.

In the absence of the customer's specific authorisation that this amount could be charged to his account, we recommended a full refund as we were of the view that the bank had sufficient grounds to proceed further with the chargeback.

The bank accepted the recommendation and refunded the complainant in full.

PRINCIPLE: Banks must ensure that they adequately assist customers where a valid chargeback right exists against a merchant. A merchant requires a separate authorisation from a customer should they wish to debit additional charges to a customer's account.

8 "WHAT SOUND DO BIRDS MAKE? - CHEAP CHEAP".

The complainant held a home loan account which he defaulted on. The bank proceeded with legal action due to the arrears on the account.

Judgment was obtained and a warrant of attachment for the immovable property was granted. The court set a reserve price of R426 775.00.

The bank proceeded with the sale and the property was sold above the reserve price. This sale however did not proceed as the purchaser was unable to provide the required guarantees.

The bank applied for the sale to be set aside which was granted by the court. A new warrant of attachment was granted by the court; however, this order did not include a reserve price.

The bank proceeded with the sale of the property and the property was sold for R16 000.00.

The sale realised a shortfall of R589 953.56, which the complainant remained liable for.

From a fairness and reasonableness perspective, we were of the view that it was unreasonable for a property to be sold for R16 000.00, especially when the bank was aware that there was a reserve price initially set for R426 775.00 and that the bank had previously received an offer for more than the reserve price.

It was therefore our recommendation that the bank give the customer the benefit of the reserve price and reduce the shortfall amount that he remained liable for.

The bank accepted our recommendation, and the bank wrote off an amount of R473 074.35 on the home loan shortfall amount.

PRINCIPLE: Banks must ensure that the principles of fairness and reasonableness are considered in every dealing with a customer.

9 IGNORANCE IS BLISS

The complaint related to a Vehicle Finance account held with the bank. The complainant advised that they had last made payment towards the account during August 2018 and that they had been requesting the vehicle registration certificate (NaTIS document) from the bank since August 2022 without any success. The complainant submitted that they had heard nothing from the bank for 4 years and they sold the vehicle during July 2022.

The bank confirmed that payment was last made towards the account during 2018 but advised that the outstanding balance on the account had not been settled. The bank therefore remained the title holder of the vehicle, although the debt in terms of the account had prescribed.

In this regard it should be noted that the credit agreements that you voluntarily entered into with the bank clearly stipulates the terms and conditions applicable. There is no maladministration on the part of the bank in enforcing its contractual rights. Our office cannot compel the bank to waive its contractual right as it is in accordance with contractual law.

In the case of a Vehicle Finance Agreement the terms and conditions would provide for, amongst others, the amount of credit which would be extended to the consumer by the bank and the rate and manner in which they would repay the bank. The Vehicle Finance Agreement however further specifically states that the bank will remain the owner of the vehicle until the outstanding balance in terms of account is settled in full. No evidence had been provided to our office that the outstanding balance in terms of account had been settled in this instance and the bank therefore indeed remained the owner of the vehicle.

It was not in dispute that the debt in terms of the account had indeed prescribed in terms of the Prescription Act, 68 of 1969. This means that the bank is no longer legally entitled to pursue the outstanding balance on the account. The bank nevertheless remains the owner of the vehicle and may institute legal action for the return of the vehicle.

We were unable to make a finding in favour of the complainant and/or force the bank to concede to his request that the vehicle registration certificate be released. Based on similar complaints dealt with by our office, it has however been noted that the banks will accept reduced settlement amounts in such instances and not necessarily hold a consumer liable for the total outstanding balance. This will however be done at the discretion of the bank.

PRINCIPLE: The fact that debt in terms of a Vehicle Finance account has prescribed, in terms of the Prescription Act, does not necessarily mean that you become the owner of the vehicle. The bank may no longer pursue the debt legally. However, contractually, the bank remains the owner of the vehicle and has no obligation to provide you with the vehicle registration certificate until the full outstanding balance in terms of the account has been settled.

10 "FAILURE TO ALERT THE BANK ACCORDINGLY LEAVES ONE AT A LOSS FOR MORE THAN WORDS"

The consumer's phone was stolen while on a shopping spree. The consumer diligently called the bank to advise them to block their account, however failed to advise the bank that their phone had in fact been stolen. By the time the bank blocked the account, there was already an unauthorised transaction in the amount of R250 000.00 stolen off of the consumer's account.

Our office investigated the duty of care placed on a consumer and the duty of care placed on the bank. It is evident that the payment had generated a potential fraud alert, and the bank's security team duly contacted the consumer via email in order to verify the transaction. The consumer unfortunately failed to verify the transaction. In terms of the common law, our banks do owe a duty of care towards its customers. The bank and customer relationship is primarily one of contract and mandate - the bank has a duty to act on its customers' valid and lawful instructions.

Our office investigated this further and advised the bank that with regards to the duty of care, and how banks react to transactions that are flagged as suspicious, it is important to note that the banks endeavour to strike a balance between declining and allowing transactions going through to improve client experience whilst aligning at all times to their fraud risk framework.

It is evident that the consumer therefore duly received an emailed transactional notification and a fraud notification linked to the transaction in question. The consumer, however, failed to react to these notifications timeously as it was after 9pm in the evening. It can be noted that majority of banks clients make faster payments/real-time payments for various reasons and some of these payments are time sensitive.

Therefore, a delay in such payments results in loss of interest income and could lead to client embarrassment. It is for this reason that clients are sent transaction and fraud notifications so that they may verify the legitimacy of these transaction/s and engage the fraud team where applicable.

Therefore, the fact that the bank did not place a hold on the funds being transferred does not amount to maladministration on their part.

We advise further that not all suspicious transactions result in fraud. Therefore, the client plays a critical role in confirming the transaction when required to do so.

The consumers online profile was accessed using their ID and password on the mobile device registered to their profile. The ID and password would be known only to the account holder and these details were used to authorise the transaction in question. There was therefore nothing that the bank could have done differently to prevent the transaction, and consequently no basis on which to hold the bank liable. The consumer was a victim of crime due to their cell phone being stolen and failing to advise the bank of same. Their log on details where furthermore compromised.

The bank did however offer a 50% gesture of goodwill payment in the amount of R125 000.00 which our office found to be fair and reasonable as our office was of the view that both the bank and the consumer were negligent.

PRINCIPLE: A duty of care rests equally on both the bank's and the account holder's shoulders.

11 "A TIME TO REFLECT"

The consumer tried making a deposit of R20 000.00 at the ATM. The ATM machine rejected R100.00 and then proceeded as normal with the rest of the deposit. During the deposit, the ATM then gave an IBM error message and shut down. The consumer's account was credited with R19 900.00 then same was debited off the account again.

The consumer lodged a dispute with our offices. During the investigation of the matter, the bank refunded an amount of R6 800.00 only, as that was the "surplus" on the bank's balancing report. Our office however investigated the balancing report and noted quite a few discrepancies which indicated that the ATM had malfunctioned numerous times and that this was not an isolated incident.

Our office brought the discrepancies to the bank's attention and the bank agreed to refund the remaining R13 100.00 due to the discrepancies noted. During this whole investigative process, the consumer had however closed off his bank account as he was under the impression that the money was lost and did not want to bank with the specific bank anymore.

When our office made the ruling against the bank and they agreed to refund the consumer, the bank came back and advised that the refund could not be made as the consumer no longer had an account with the bank. Our office again stepped in and advised the bank that the stance taken by the bank was not fair and reasonable and that it remains the consumer's freedom of choice with whom they wish to bank, and not refunding the amount into an account selected by the consumer is not in line with the TCF principles.

The bank agreed to the above and requested banking details from the consumer and deposited the R13 100.00 in the consumer's designated account.

PRINCIPLE: The banks need to bear in mind that they are regulated through the Financial Sector Conduct Authority and any conduct in contravention of the conduct standards can lead to severe repercussions.

12 “BALLOONS AREN’T ALWAYS FUN IN THIS INSTANCE”

The consumer purchased a vehicle and at the end of the vehicle term, a balloon payment needed to be paid. The consumer wasn’t aware of the balloon payment, disputed same and approached our offices for assistance.

Our office investigated the matter and read the contractual agreement.

It was evident in this instance that the final payment was a balloon payment or same could be refinanced in order to pay it off.

We could therefore not make a favourable finding in the consumer’s favour as the balloon payment was embedded in the vehicle asset and finance agreement which the complainant was legally bound to.

A duty rests on the consumer to diligently and thoroughly read the credit agreement that they are entering into in order to acclimatise themselves to the terms and conditions thereof.

The consumer remains liable for the outstanding balance of the vehicle and asset finance account and a refinance option in order to pay of the balloon payment was offered to the consumer.

PRINCIPLE: Always read the fine print, and if it seems too good to be true it usually is.

13 “A SNAIL WITH CHAMELEON TRAITS”

The complainant holds transactional accounts with Bank A and Bank B. She elected to apply for a credit card with Bank A. Bank A approved her application and sent an agreement for her to sign. The complainant signed the agreement and waited in vain for a credit card to be delivered or even for a credit account to be opened for her.

Noticing the snail’s pace from Bank A, she took bigger steps and approached them asking for the credit account to be opened as per agreement. At the branch, she was told the account could not be opened due to technical glitches being experienced by Bank A. A month later, she was told by Bank A that they were still experiencing technical problems so they could not open the credit account for her. Six months later, she was informed that her financial position had changed, and as such they could not issue her with a credit card.

She logged a complaint with our office. In its submissions to our office, Bank A argued that the complainant did not select both her accounts at Bank A and Bank B for purposes of processing the credit card debit order repayments.

Our office found that Bank A’s varying reasons were not acceptable. If the issue was her failure to accept debit orders on both Bank A and Bank B’s accounts, this could have easily been communicated to her on her first visit to the branch and would have been resolved. She would have received her credit card as per the signed agreement.

In this regard, we found that a contract had been validly concluded between the parties and the Bank was bound by the terms of the contract. We further found that the their action amounted to a breach. We recommended that Bank A must comply with the contract and open a credit account for the complainant.

Bank A was not willing to continue with the agreement, and elected to cancel the contract. As they were in breach, the complainant was entitled to damages and Bank A agreed to pay R50 000,00 as damages to the complainant.

PRINCIPLE: Banks should ensure that their conduct is fair and reasonable and that they follow due process when opening an account. Any delays or failures by the bank to do so which results in distress and inconvenience being suffered by a customer, will bear consequences for the bank.

14 “AS A MATTER OF INTEREST…”

An elderly law abiding member of society went to her bank to arrange for the bank to process a payment for her taxes for SARS. She was advised by her banker that since payment to SARS was due more than a month later, she could invest the money for a month and when the amount was due to SARS, she could withdraw the investment with interest and thereafter pay her taxes having earned some interest.

According to her submissions, she gave instructions to her banker to open the investment account as discussed and transfer the money on her behalf to the newly opened investment account. She left the bank with the impression that the money was safely invested. It later transpired that the money never left her transactional account and was never invested. She wanted the bank to pay her the interest she could have earned had they invested the money as per her instructions.

Her bankers dismissed her claims. According to her banker, they only helped her with opening the investment account and she personally was supposed to transfer the money from her transaction account to the investment account which she never did. They argued that they could not be liable for her failure to transfer the money from her transactional account to the investment account.

Our office found that the complainant was at the bank on the day in question and the records further supported her assertions that the bankers were supposed to transfer the money on her behalf from her transactional account into the investment account.

From the available evidence, we found that the bank was liable to pay out the interest that she could have earned. The Bank agreed with the recommendation and paid out the interest to the complainant.

PRINCIPLE: The relationship between the bank and a customer is one based on mandate. The bank must ensure that they carry out valid instructions received from a customer.

15 “THATA MACHANCE, THATA MA MILLIONS”

A staunch lotto player used her banking app to play the lotto. According to her, the app malfunctioned, which resulted in her playing the same slip twice. She was under the impression that the first transaction had failed when in fact it was successful. As a result, her bank account was debited twice. She wanted the Bank to refund her one of the transactions. True to form, both lotto tickets crashed.

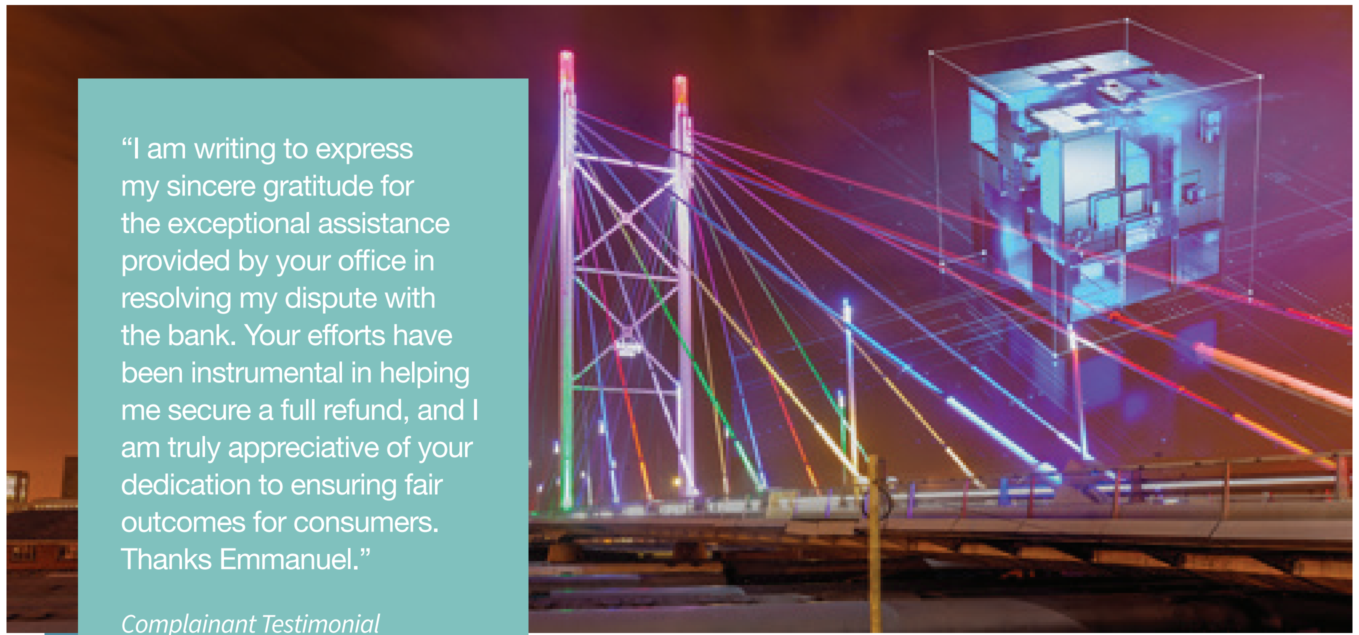
The bank argued that they are not responsible for errors on the part of their partners and that it is her responsibility to check her account to see whether a transaction is successful or not.

Our office advised the bank that there is a distinction between an error on the part of the third party and an error on the part of the bank. The disclaimer relied upon by the bank applies to errors on the part of third parties. The disclaimer was not applicable when an error was caused by the bank and its applications.

The bank had to show to our office that the error was not their fault, failing which they were liable to refund the complainant.

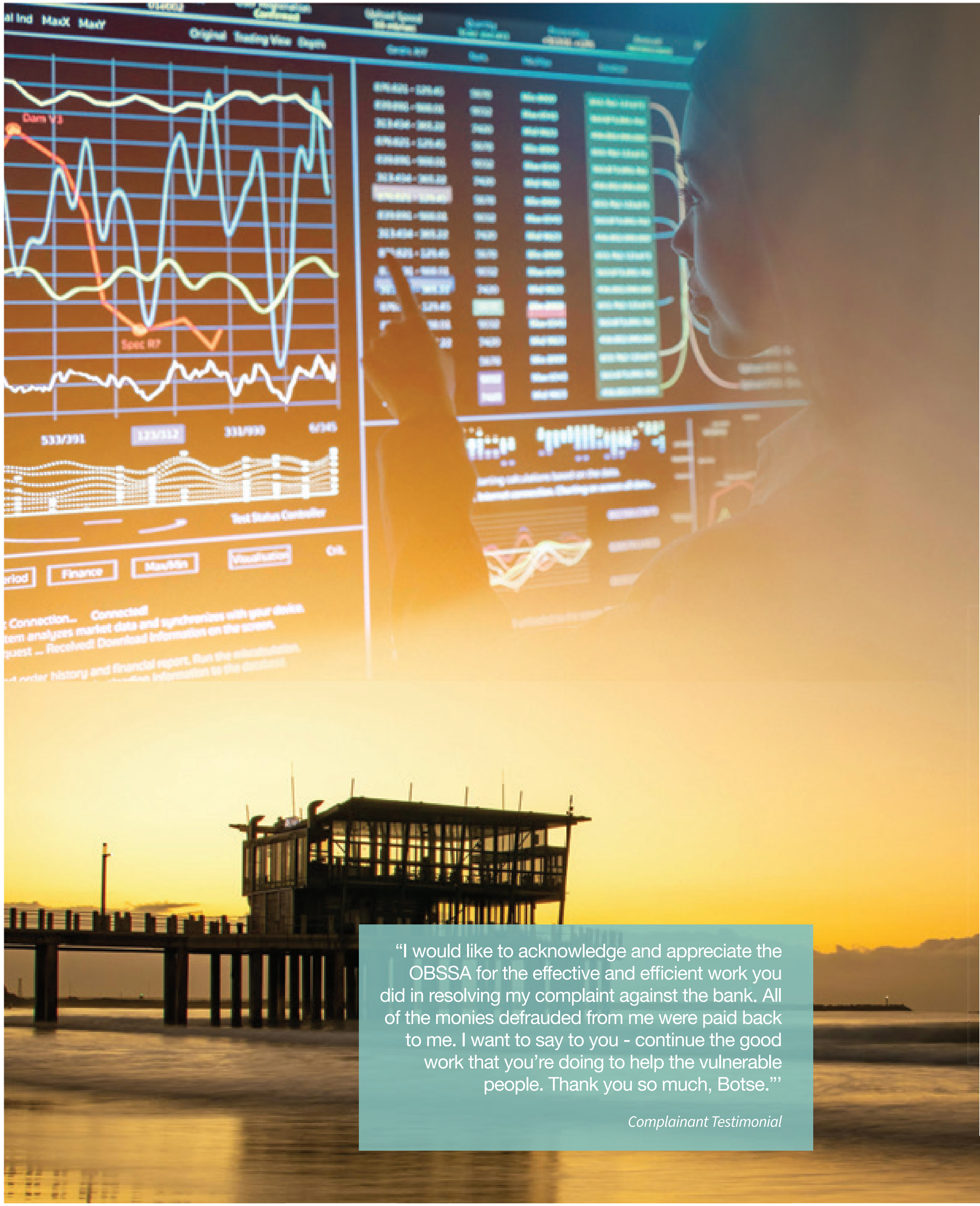
The bank could not provide the required information and therefore acceded to the submissions and refunded the complainant her R25.00.

PRINCIPLE: Where an error is caused by the bank and its systems and applications, the bank will be held liable for any losses incurred by a customer.



“I am writing to express my sincere gratitude for the exceptional assistance provided by your office in resolving my dispute with the bank. Your efforts have been instrumental in helping me secure a full refund, and I am truly appreciative of your dedication to ensuring fair outcomes for consumers. Thanks Emmanuel.”

Complainant Testimonial



"I would like to acknowledge and appreciate the OBSSA for the effective and efficient work you did in resolving my complaint against the bank. All of the monies defrauded from me were paid back to me. I want to say to you - continue the good work that you're doing to help the vulnerable people. Thank you so much, Botse."'

Complainant Testimonial

Communications, Consumer Education & CSR

ENSURING THAT OUR CUSTOMERS WEREN'T LEFT IN THE DARK.

Even as the sun went down on the OBS in its final year, we remained steadfast in our mission to keep consumers up to date and in the know. In fact, we improved on our previous communications efforts across all metrics and standards over the 2023 reporting year.

In line with our strategic plans, we renewed our focus for the Communications department in 2023. Throughout the year in review, our commitment to effective communication went beyond distribution of information regarding the work of the OBS. We also shifted our focus to consumer education to ensure that our consumers felt supported and empowered throughout the complaints resolution process. We achieved this, inter alia, by utilizing clear and accessible communication on different channels aimed to ensure that consumers were aware of their rights.

Through our numerous press releases and newspaper articles, we strived to simplify rather complex banking procedures, ensuring that the banking public were equipped with the knowledge to exercise their rights effectively. Moreover, we believe that our targeted awareness campaigns, interviews and collaborative outreach initiatives were instrumental in arming thousands of consumers with the necessary tools to identify and hopefully prevent fraudulent activities on their bank accounts.

This proactive approach contributes to a safer financial environment for all and more trust in financial institutions.

MEDIA AND SOCIAL MEDIA COVERAGE

During the year under review, we reached, and at times, actively engaged, with our audience through published press releases, social media posts, radio interviews and television appearances.

We launched a LinkedIn page in addition to maintaining visibility on Facebook and X (formerly Twitter). All platforms were used to distribute messages and content varying from warning consumers about fraud and scams to educating them and/or raising awareness about the Free service offered by our office; their rights in instances where they are not treated fairly by their banks and/or bank agents; prescription and repossessions, and so on.

Due to the high media visibility, the OBS was mentioned in the media, including online, newspapers, magazines, and broadcasts, over 742 times in 2023 which is a 9% increase from 2022 where we were mentioned 678 times.

Our Advertising Value Equivalency (AVE) reached a record high of over R42 million in 2023, up from the previous year's record of R37 268 568. We appeared in 5 articles, and did 17 radio and television interviews. Our Facebook page also reached a new high of 11000 followers, while our Twitter following also saw a steady increase from 4 272 followers in 2022 to 4 827. Therefore, our social media following is now at 15 827, which is an impressive feat for a non-profit organisation like ours in RSA.

INCREASED ACCESSIBILITY THROUGH WHATSAPP

The WhatsApp platform continued to be a very useful platform for increasing our accessibility and inclusivity to consumers from all walks of life. We continued to grow the large number of daily engagements with consumers and complainants, some of whom were unable to reach us via phones or emails due to lack of airtime or access to a computer. We were able to assist them with submitting their complaints to the OBS by directing them to our website or sending them application forms on the platform. Once completed, some customers without access to emails would submit their forms through this platform. In other cases, we were able to provide customers with case updates after verifying their identity with a few security questions. We also redirected consumers to the correct body or other ombud organisations in instances where they did not know who to contact and were "lost".

Some of the very useful and greatly appreciated toiletry bags donated by OBS to the Freedom Network.

Marina Reyneke from the Freedom Network with the donated toiletries from OBS.

CONNECTING THROUGH COMPASSION

For Mandela Day, the OBS and staff members once again embraced the spirit of giving. We were able to donate essential items to a local charity based in the heart of the East Rand in Katlehong, called Fountain of Love. Through our collective efforts, we had the privilege of bringing joy and laughter to underprivileged children and hopefully giving them a sense of hope. Witnessing the joy from our beneficiaries served as an important reminder of the profound impact that acts of kindness, no matter how modest, can have on the human spirit.

We also continued to support the Freedom Network, an organisation which provides shelter and security to human trafficking victims and survivors by sponsoring a collection of toiletry bags filled with some much-needed essentials for the ladies. In highlighting the practice of compassion and empathy, we reaffirmed our commitment to nurturing not only financial well-being, but also the collective fabric of our communities.

As part of the NFO, the Banking Division will continue to shine an ever brighter light on dispute resolution matters, consumer education, and social upliftment in South Africa.

Kwanda Vabaza, Manager: Communications OBS, receives a certificate of appreciation from Mama Rose, Fountain of Love Founder.

Michelle Burton (67 Blankets, left), Kwanda Vabaza, and Mama Rose with Fountain of Love children.

Kwanda Vabaza and Michelle Burton from 67 Blankets, with certificates of appreciation from Mama Rose.

Kwanda Vabaza with Mama Rose and Fountain of Love children.

> "Sunsets are proof that no matter what happens, every day can end beautifully."
>
> *Kristen Butler*

Our People

Saying "Good Night" to Illovo, and "Good Morning" to Rosebank.

THIS YEAR IN REVIEW STRADDLED TWO DISTINCT PERIODS AND LOCATIONS – THE WINDING DOWN OF OPERATIONS IN THE OBS PREMISES OF MANY YEARS, AND THE DAWN OF A NEW ERA IN ROSEBANK AS PART OF THE UNIFIED NFO. NEEDLESS TO SAY, ALL THESE TRANSITION PROCESSES HAD TO BE AS SEAMLESS AS HUMANLY POSSIBLE, AND THE FACT THAT IT WAS SO IS DUE TO THE HARD WORK, DEDICATION AND ENTHUSIASM OF OUR PEOPLE.

As a group, we started this year on a busy note filled with the excitement (and a little trepidation) of new beginnings! The internal human resource management landscape is always changing—and the trajectory for this year is no different. Our departure point for our HR strategy for this year was to focus on change management, overall wellness, as well the upskilling of staff through short skills programmes to ensure that they were equipped to meet the evolving needs of the future business objectives, the relocation, and especially the merger.

We welcomed an experienced Business & Change consultant – Henk Pienaar, who worked with the staff over a few months to assist in preparing everyone for the major changes that were about the happen. He expertly provided us with some immersive learning experiences such as the dynamics of change and conversational interviews, as well as facilitating a short training course on Business Etiquette. These strategically aligned with our plans for the year to prepare staff to share offices with more than 70 staff members of two other schemes in our "new home" in Rosebank. He assisted staff to see the positive side of the move to new premises by sharing his weekly newsletters and a great sense of humour!

> "Kindly note your response is highly appreciated, as is your professionalism in this matter. I am thrilled and short of words to express my satisfaction in the manner in which you handled this matter. You tried but co-operation from the Bank remained uncooperative. I thank you, Tamaren."
>
> *Complainant Testimonial*

We were pleased to announce the advancement in our BEE status, progressing from BEE level 8 to a BEE level 2 due to the simpler process applicable to, and based on, the size of the organisation. We also successfully submitted our Workplace Skills Plan (WSP), reinforcing our dedication to the growth and development of our team.

Outside of the office, three of our staff members welcomed little bundles of joy, two of which were from our adjudications team. We were pleased that all went well with the new mothers and babies.

Regrettably, we bid farewell to one of our adjudicators, Alison De Bruin, as she departed overseas at the end of May, while wishing her well for her future endeavours. To assist with the gap and ever increased workload, we engaged another highly capable outsourced contractor to support the Adjudication team, and also welcomed two new permanent adjudicators, Botse Molefe and Mbali Mthembu. Both of these two new adjudicators have adapted well and very soon were receiving good reviews from the Quality Assurance manager. This brought the number to adjudicators to 11 with an additional 4 outsourced part-time contractors. Throughout the year, and despite the uncertainty that the amalgamation caused, all our staff in the call centre, case administration and adjudication teams have consistently demonstrated their unwavering commitment to delivering on their targets as well as on quality.

One of our call centre agents, Mpho Sejabeng's success story exemplifies our commitment to staff development. She began as a part-time cleaner, and impressed so much that the OBS offered her a permanent position. She made no secret of her strong desire to learn and advance and when the opportunity arrived, she was ready to apply and be appointed as a Contact Centre agent, where she was recognised as one of our top performers. She recently completed a training course in Office Management through an outsourced accredited training provider, to further continue her growth and improve her skills. And to top it all, we are pleased to announce that she was offered a position in the Case Administration department, a testament to her excellent work ethic and commitment.

As was customary for the OBS, we held our Annual Awards ceremony in November, where we celebrated and awarded 6 of our staff members with long service awards: Gerrit Van Der Merwe, Barry Hlabangana, Manishka Moodley, Valerie Pitse and Siyabonga Ledwaba, all of whom had been with the OBS for 5 years, and Kwanda Vabaza, who was awarded with a certificate for 10 years of service.

In line with our focus on continuous learning, we provided a refresher training course for both the Call Centre and Case Administration teams on the work being performed in the OBS Case Administration department. This comprehensive programme included several one-hour sessions over a month, with learner assessments and reports. Additionally, competency certificates were issued based on our internal Job competency profiles. A similar session for Call Centre staff was also held later in the year.

In July and November, we successfully completed our mid-year and final performance appraisals for all staff, which included the ongoing review of the Job Competency Profiles. Our HR Manager assisted in facilitating joint training sessions for the Contact Centre staff of all 4 offices, to promote knowledge sharing, and to enhance the understanding of the different operations and scope of each office's mandate.

We continued to work closely with the business consultant on change management initiatives and the consultation processes for all staff before the transition to the new entity. Measured against the outcome of a survey performed by the HR consultants, we managed to keep the morale, engagement levels and satisfaction with the process on a very positive note.

In the wake of the Johannesburg blast that took place in July 2023, two of our staff members were affected. Both were right in the centre and in Bree Street when the blast happened and one was injured, although thankfully not seriously. We ensured that they obtained the necessary counselling support via Momentum, with no associated costs.

In March we had to say farewell to our office in Fricker road, Illovo and we held our last staff function at the old offices, combining a change management session with a bootcamp to showcase the fitness levels of our staff, as well as sharing a meal. The move to the new office in Rosebank took place without any glitches in April. On 18 May, we hosted a joint office warming function with the Credit Ombud and OSTI, to promote team building and strengthen the sense of camaraderie among all our staff. This special occasion brought together all three of the Ombuds who were to share the new premises, providing an opportunity to celebrate, engage in meaningful conversations, and cultivate a spirit of unity. The event was a huge success and exceeded our expectations, serving as a good omen for the future ahead.

As a final OBS wellness event, we facilitated a training session with self-defence experts teaching the skills of Krav Maga. This event was hosted in-house at our new offices and proved to be a fun and interactive session for staff who also took away some great self-defence tricks.

The management team attended a personalised feedback session with the HR & Coaching consultant, after completing a leadership style assessment. We discussed our different strengths and leadership styles and how to prepare for the amalgamation. This was part of a bigger HR project approved by the four heads to prepare staff for the amalgamation.

And finally, all the OBS staff members received their new NFO contracts of employment before the 1 March start date of the NFO, following an extensive consultation process. As requested by our board and as promised to staff, we were fortunately able to accommodate all the OBS staff members in the new organisation, without too much disruption. The adjudicators and case administrators were placed into the same roles they previously performed, in the Banking division. The same applies for the 3 managers, Nerosha (Manager Adjudication), Kwanda (Manager Escalations and Case administration) and Ronel (Manager Quality Control). Kwanda relinquished his role as Communications Manager as this became a separate function in the Shared Services department of the NFO. All the Call Centre staff were accommodated in the new and much bigger Contact Centre. Edrich successfully applied for the position of ITC Manager and Shelley was appointed in the HR Practitioner role. An external candidate was subsequently appointed as HR Manager. We were also able to retain the services of Zelda and her team, to perform a certain portion of the accounting functions in the NFO Finance department. Other staff members from the other divisions make up the balance of the NFO's finance team.

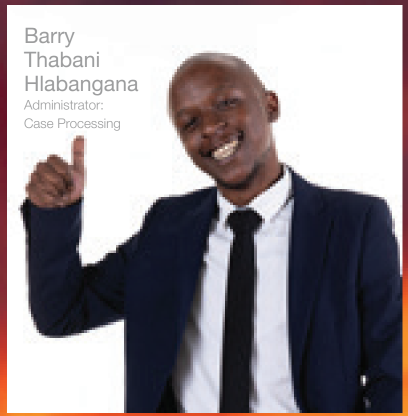
In conclusion, as would be obvious from the snapshot of activities and events that made up 2023, the OBS as an organisation and the individual staff members all successfully achieved many important milestones. We are proud of each one, and with the significant progress in our amalgamation journey. We are committed to continue to support our employees' growth and development, to their benefit and that of all our stakeholders, in the newly amalgamated NFO.

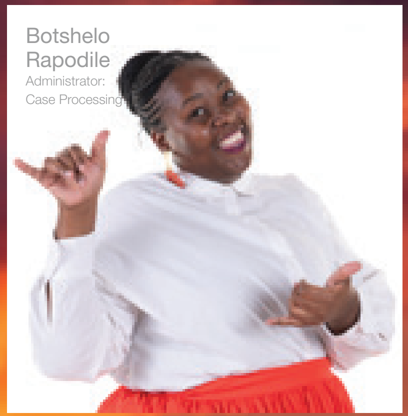
Case Processing


Edrich Buytendorp
Manager: Data, Information and Operations


Lisbeth Mokhachane
Team Leader: Case Processing


Charne Willemse
Administrator: Case Processing


Barry Thabani Hlabangana
Administrator: Case Processing

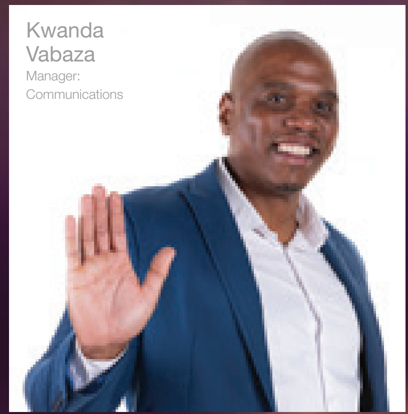

Botshelo Rapodile
Administrator: Case Processing

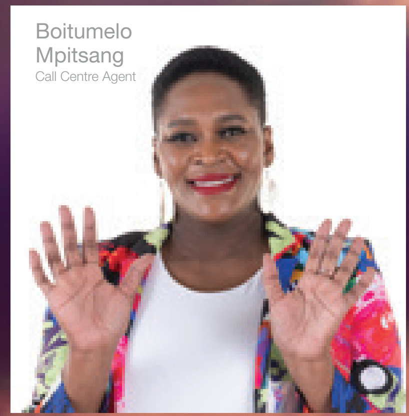

Nqobile Ngwenya
Administrator: Case Processing


Karin van Rooyen
Info, Corporate Services and Communication Co-Ordinator


Tumelo Babusi
Administrator: Case Processing

Communications


Kwanda Vabaza
Manager: Communications


Boitumelo Mpitsang
Call Centre Agent


Cylvia Tladi
Team Leader: Call Centre

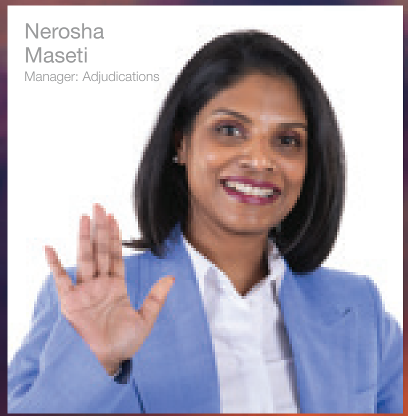

Dineo Mabuela
Call Centre Agent


Mpho Sejabeng
Call Centre Agent


Palesa Zwane
Call Centre Agent

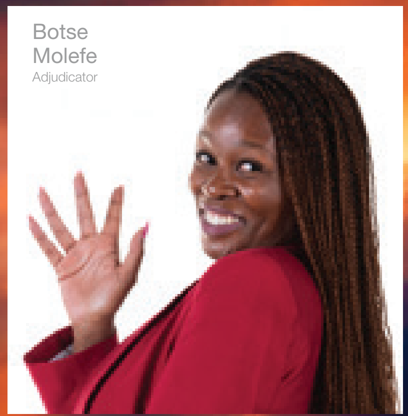

Wandile Shabangu
Call Centre Agent

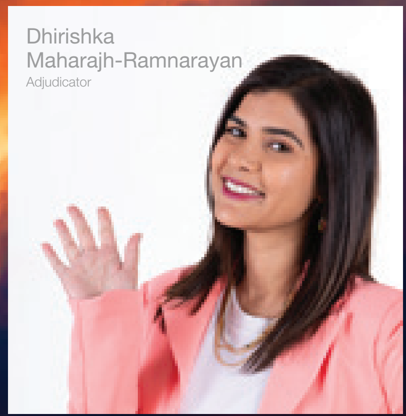
Adjudications

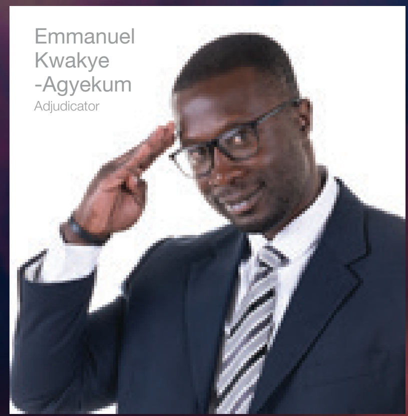

Nerosha Maseti
Manager: Adjudications

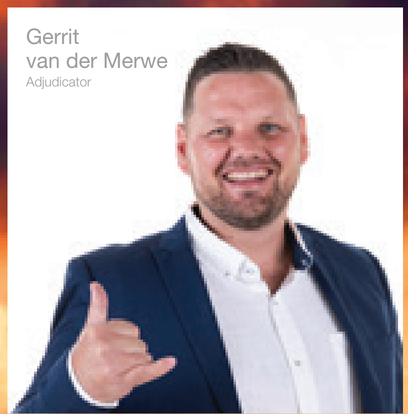

Adriaan Du Plooy
Adjudicator

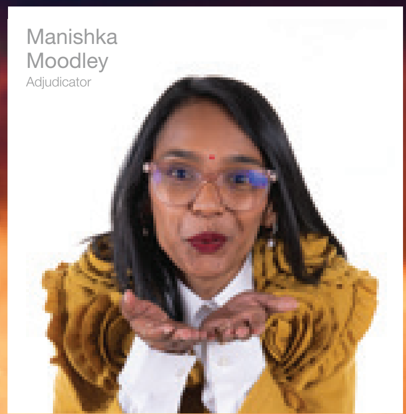

Bonita Hughes
Adjudicator


Botse Molefe
Adjudicator

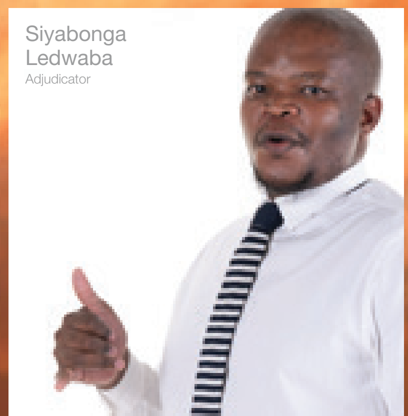

Dhirishka Maharajh-Ramnarayan
Adjudicator


Emmanuel Kwakye -Agyekum
Adjudicator


Gerrit van der Merwe
Adjudicator

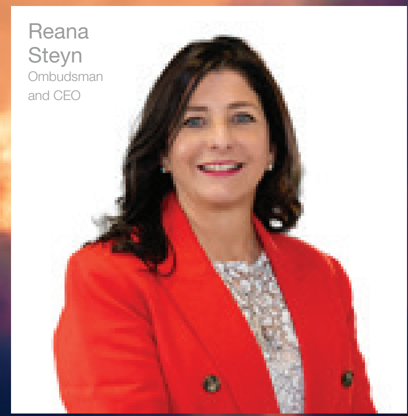

Manishka Moodley
Adjudicator

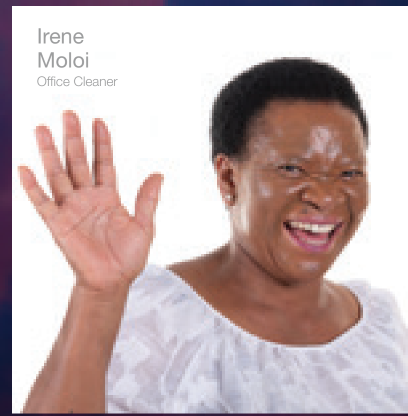

Mbali Mthembu
Adjudicator

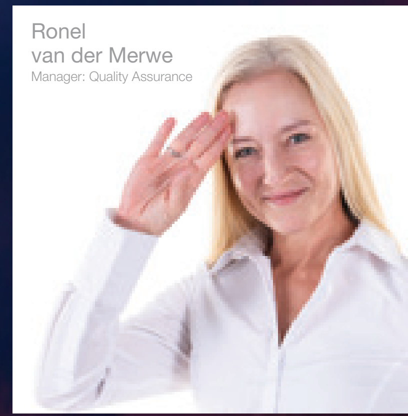

Siyabonga Ledwaba
Adjudicator

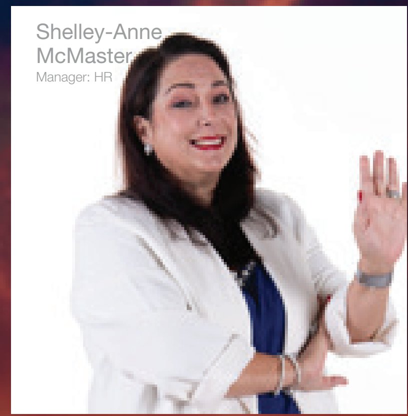

Tamaren Ten Oever
Adjudicator

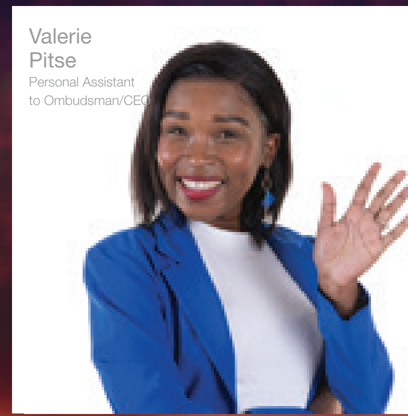
Shared Services


Reana Steyn
Ombudsman and CEO


Irene Moloi
Office Cleaner


Ronel van der Merwe
Manager: Quality Assurance


Shelley-Anne McMaster
Manager: HR


Valerie Pitse
Personal Assistant to Ombudsman/CEO

OBS Annual Awards 2023

SHINING BRIGHTLY IN THE SETTING SUN

Held in November 2023, the OBS Annual Awards ceremony, a regular and prestigious event for the past 17 years, was the last of its kind. It was a fitting occasion not only to honour the year's winners for their excellence in banking dispute resolution, but to serve as a fond farewell to the OBS. As such, it was in keeping with the "Sunset, Sunrise" theme of this annual report, as a new ombudsman scheme for the financial services industry would soon come into effect.

On 1 March, 2024, the four voluntary financial ombud schemes – the OBS, Long-term Insurance Ombudsman, Credit Ombud, and Short-term Insurance Ombudsman – would go on to amalgamate into a single new entity.

Reana Steyn recognised the banks and their staff that had delivered excellent service and performance. They were judged on how they handled disputes during the OBS's 2022/23 financial year.

THE WINNING BANKS

There were two categories, big banks and smaller banks, in the OBS Annual Banking Awards.

For both categories, the criteria were:

- The quality of the bank's written replies to the office in response to specific complaints.
- The response time.
- The overall fairness of the response.

In Category A, the nominees were Absa, FNB, and Standard Bank. The 2023 award went to FNB.

In Category B, the nominees were Investec, Postbank and Access Bank, and the award went to Investec.

INDIVIDUAL BANK STAFF AWARDS

Individual effort was also recognised, with an award for bank staff members who impressed the OBS with their consistently excellent service. The following criteria were applied:

1. Treating all complainants with equal dignity and respect and affording all complaints the necessary level of attention.
2. Providing prompt and efficient service to the complainant and the OBS.
3. Initiating and/or improving measures and/or service level agreements to enhance their bank's level of service in complaints handling.
4. Being knowledgeable about the bank's products, services and processes, including internal complaints-handling mechanisms as well as those of the OBS.

In Category A, the nominees were Karin Jonker (Absa), Nadette Rappard (African Bank), and Mohamed Safi (Nedbank). In Category B they were Aisha Laher (Investec), Elias Mier (Postbank), and Melissa Strauss (Access Bank).

The winners were Karen Jonker from Absa (280) and Elias Mier from Postbank (not pictured).

"In as much as the OBS has functioned as an independent non-profit organisation, and the banks recognise the authority of the ombudsman, the work that we do – and the work ombudsmen under the new system will do – cannot be fully accomplished without the co-operation of all the banks involved.

"We have set measurable standards for the banks, which have reflected our values in promising to deliver a free, impartial and speedy resolution of banking complaints," Steyn said.

STAFF MEMBER EXCELLENCE AWARD:

- The OBS said that for several years, the ceremony has also included an award for an OBS staff member. The award went to the employee who represented the OBS's internal and cultural values, and who was judged by their peers to have gone beyond the call of duty.
- The 2023 OBS staff member winner was Palesa Zwane.
- "This has always been the highlight for me because this nomination is about the OBS employees recognising one another. It is about the team member, as voted for by the team. I am proud to congratulate Palesa as this year's winning staff member," Steyn said.
- We congratulate all the winners of this year's awards, who have set a shining example for the Banking Division's next rising suns under the new NFO!

Category A:
The award went to FNB

Category B:
The award went to Investec

The winners in the Individual Bank Staff, Category A, were Karen Jonker from Absa & Elias Mier from Postbank (not pictured)

The 2023 OBS Staff Member Excellence Award winner was Palesa Zwane

Directors' Responsibilities

The directors are required by the Companies Act of South Africa No. 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial 14 months and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities.

The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 61 to 62.

The annual financial statements set out on pages 65 to 77, which have been prepared on the liquidation basis, were approved by the directors on 08 May 2024 and were signed on its behalf by:

Approval of annual financial statements

Advocate JF Myburgh

M Hart

Directors' Report

THE DIRECTORS HAVE PLEASURE IN SUBMITTING THEIR REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF OMBUDSMAN FOR BANKING SERVICES AND ITS ASSOCIATES FOR THE 14 MONTHS ENDED 29 FEBRUARY 2024.

1.1 NATURE OF BUSINESS

Ombudsman for Banking Services was incorporated in South Africa with interests in the Banking industry. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

1.2 REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa No. 71 of 2008. The accounting policies transitioned from a going concern basis in the previous year to a liquidation basis in the current reporting period.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

1.3 DIRECTORS

The directors in office at the date of this report are as follows:

Directors	Nationality	Changes
Advocate JF Myburg	South African	
FA Fernandez	South African	Resigned 27 March 2023
M Jacobs	South African	
WL Knowler	South African	
DC Beyers	South African	
M Molefe	South African	
M Hart	South African	
TB Molebatsi	South African	
P Govender	South African	

1.4 DIRECTORS' INTERESTS IN CONTRACTS

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

1.5 EVENTS AFTER THE REPORTING PERIOD

After the reporting date of the annual financial statements, it is important to note significant events that have occurred.

The board wish to inform stakeholders that the Ombudsman for Banking Services (OBS), along with the Ombudsman for Long- term Insurance (OLTI), Ombudsman for Short-term Insurance (OSTI), and the Credit Ombud, have merged to form the National Financial Ombud Scheme South Africa (NFOSA). This consolidation aims to streamline operations and enhance efficiency in addressing financial disputes. The NFOSA officially commenced operations on March 1st, marking a new chapter in financial dispute resolution in South Africa. Notably, the Ombudsman for Banking Services ceased its operations on February 29th, 2024, as part of this transition.

1.6 GOING CONCERN

The annual financial statements have not been prepared on a going concern basis but on a liquidation basis.

The basis of accounting is utilised when an entity is expected to cease operations, and its assets are being liquidated.

This departure from going concern basis to liquidation basis arises due to the significant organisational restructuring within the financial ombudsman sector. Specifically, the merger of four distinct entities, namely, Ombudsman for Banking Services (OBS), Ombudsman for Long-term Insurance (OLTI), Ombudsman for Short-term Insurance (OSTI), and the Credit Ombud, into the National Financial Ombud Scheme South Africa (NFO). Operations under the new framework commenced on the 1st of March. Consequently, Ombudsman for Banking Services ceased its operations on the 29th of February 2024. As a result of this restructuring and cessation of operations, the going concern assumption is not applicable to these financial statements.

1.7 TAX EXEMPTION

The company is a Public Benefit Organisation as set out in section 30(3) of the Income Tax Act No. 58 of 1962. In terms of Section 10(1)(cN) of the Income Tax Act, receipts and accruals of any Public Benefit Organisation approved by the Commissioner in terms of Section 30(3) of the Act are exempt from income tax.

1.8 AUDITORS

RSM South Africa continued in office as auditors for the company for 2024.

1.9 SECRETARY

The company secretary is Corporate Law Services (Pty) Ltd.

Postal address	**Business address**
P.O Box 77550	Central Office Park Unit 3
Centurion 0046	257 Jean Avenue Centurion 0157

Company Secretary's Report

FOR THE YEAR ENDED 29 FEBRUARY 2024

In terms of section 88(2)(e) of the Companies Act, 71 of 2008, as amended, I certify that, to the best of my knowledge and belief, the company has lodged with the Companies and Intellectual Properties Commission (CIPC) for the financial year ended 29 February 2024 all such returns and notices as are required of a public company in terms of the Act, and that all such returns and notices are true, correct and up to date.

Corporate Law Services (Pty) Ltd.
Company Secretary

Independent Auditor's Report

To the Members of the Ombudsman for Banking Services South Africa for the year ended 29 February 2024

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS.

OPINION

We have audited the financial statements of Ombudsman for Banking Services South Africa set out on pages 65 to 77, which comprise the statement of financial position as at 29 February 2024, statement of profit or loss and other comprehensive income; the statement of changes in equity; and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ombudsman for Banking Services as at 29 February 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa.

We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

Basis of reporting

We draw attention the matter disclosed in Note 15 to the financial statements which indicates that the company is currently in the process of winding up of its operation. The financial statements have been prepared on the liquidation basis. Our opinion is not modified in respect of this matter.

Change of financial period

As disclosed in the Basis of preparation and summary of significant accounting policies of the financial statements, the entity changed its financial period during the financial period by a further 2 months to 29 February 2024. The comparative financial information is prepared over 12 months as a result the comparative financial information period performance is not comparable. Our opinion is not modified in respect of this matter.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Ombudsman for Banking Service financial statements for the year ended 29 February 2024", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SMEs Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

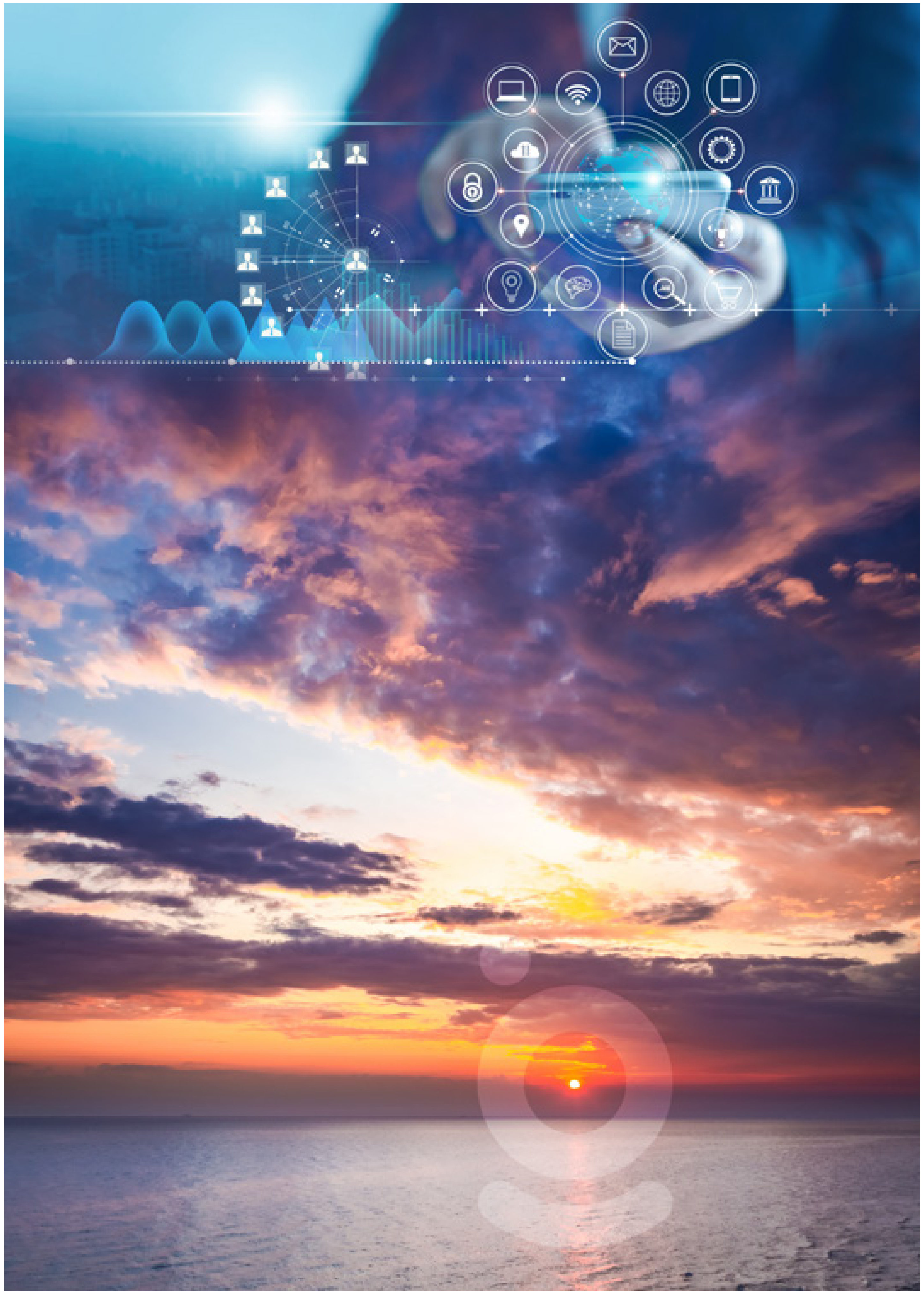
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

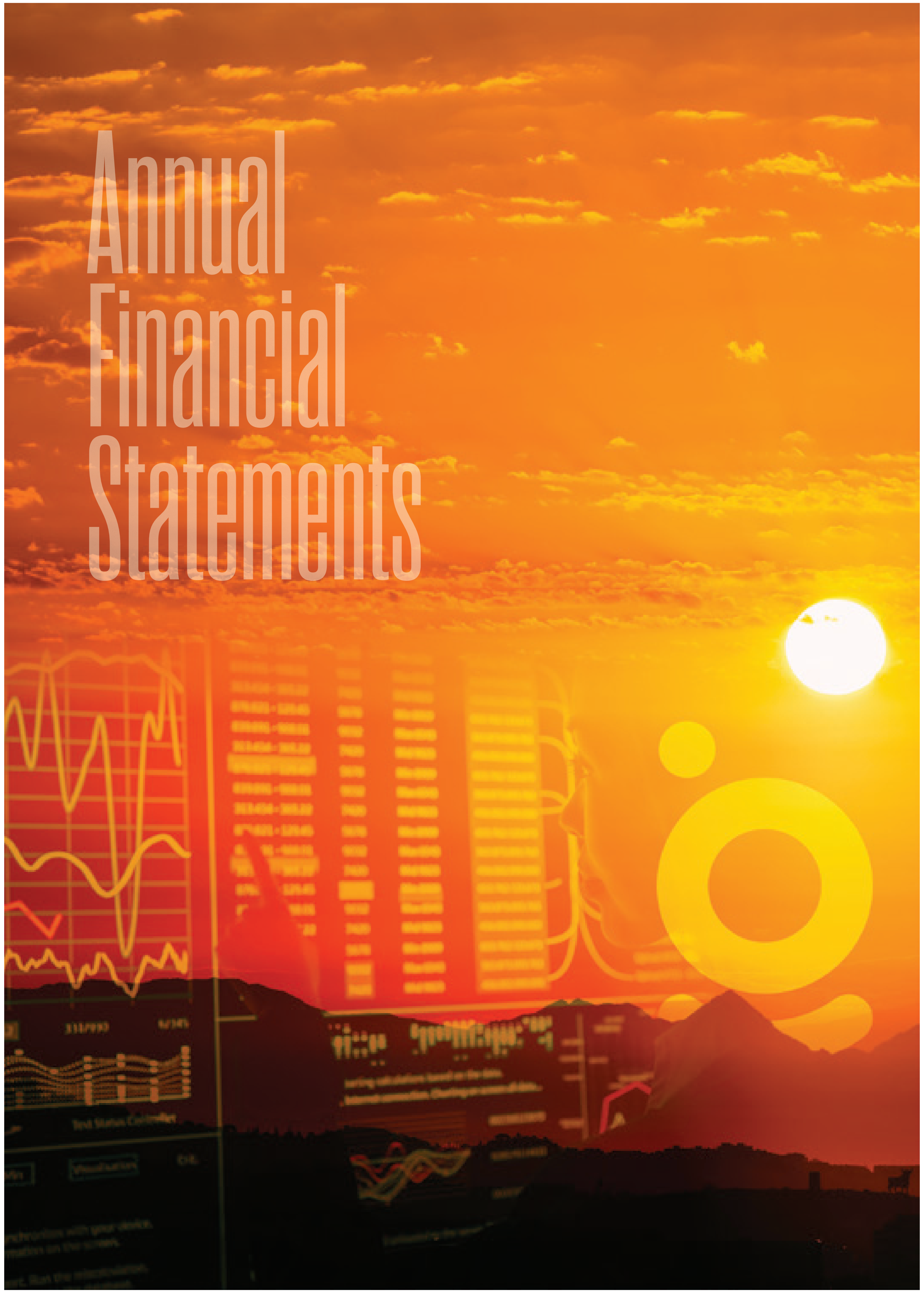
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RSM South Africa Inc.

RSM South Africa Inc.
Nomathamsanqa Ashom
Chartered Accountant (SA)
Registered Auditor
Director

6 June 2024





Annual Financial Statements

Registration number: 2000/002577/08
Annual Financial Statements for the 14 months ended 29 February 2024

STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY 2024

FIGURES IN RAND	NOTES	14 MONTHS ENDED 29 FEBRUARY 2024	12 MONTHS ENDED 31 DECEMBER 2022
Assets			
Non-current assets			
Property, plant and equipment	2	1 010 894	247 261
Current Assets			
Trade and other receivables	3	10 530 121	862 528
Prepayments	4	460 911	264 228
Cash and cash equivalents	5	32 346 407	35 945 787
		43 337 439	37 072 543
Total assets		44 348 333	37 319 804
Equity and liabilities			
Equity			
Retained income		7 685 952	7 982 449
Liabilities			
Current liabilities			
Trade and other payables	6	35 333 537	28 506 126
Operating lease liability	7	182 763	–
Provisions	8	1 146 081	831 229
		36 662 381	29 337 355
Total equity and liabilities		44 348 333	37 319 804

STATEMENT OF COMPREHENSIVE INCOME

FIGURES IN RAND	NOTES	14 MONTHS ENDED 29 FEBRUARY 2024	12 MONTHS ENDED 31 DECEMBER 2022
Revenue	9	43 838 274	34 235 934
Other income	10	71 685	46 813
Operating expenses	11	(46 535 492)	(34 262 701)
Operating (loss) profit		(2 625 533)	20 046
Investment revenue		2 329 036	1 220 315
(Loss) profit for the 14 months		(296 497)	1 240 361
Other comprehensive income		-	-
Total comprehensive (loss) income for the 14 months		(296 497)	1 240 361

STATEMENT OF CHANGES IN EQUITY

FIGURES IN RAND	RETAINED INCOME	TOTAL EQUITY
Balance at 01 January 2022	6 742 088	6 742 088
Profit for the 12 months	1 240 361	1 240 361
Other comprehensive income	-	-
Total comprehensive income for the 12 months	1 240 361	1 240 361
Balance at 01 January 2023	7 982 449	7 982 449
Loss for the 14 months	(296 497)	(296 497)
Other comprehensive income	-	-
Total comprehensive loss for the 14 months	(296 497)	(296 497)
Balance at 29 February 2024	7 685 952	7 685 952

STATEMENT OF CASH FLOWS

FIGURES IN RAND	NOTES	14 MONTHS ENDED 29 FEBRUARY 2024	12 MONTHS ENDED 31 DECEMBER 2022
Cash flows from operating activities			
Cash receipts from customers		34 284 077	33 769 912
Cash paid to suppliers and employees		(39 085 417)	(34 383 300)
Cash used in operations	12	(4 801 340)	(613 388)
Interest income		2 329 036	1 220 315
Net cash from operating activities		(2 472 304)	606 927
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(1 157 338)	(178 895)
Proceeds from sale of property, plant and equipment	2	30 262	12 582
Net cash from investing activities		(1 127 076)	(166 313)
Total cash movement for the 14 months		(3 599 380)	440 614
Cash and cash equivalents at beginning of the year		35 945 787	35 505 173
Total cash at end of the 14 months	5	32 346 407	35 945 787

Accounting Policies

1. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa No. 71 of 2008. The annual financial statements have been prepared on the historical cost basis, unless stated otherwise, and incorporate the principal accounting policies set out below. They are presented in South African Rands and are rounded to the nearest rand.

The financial statements for the previous year were prepared under the assumption of a "going concern" basis. However, in the current period, as operations ceased on the 29th of February 2024, the decision has been made to adopt the liquidation basis of accounting for reporting purposes. This shift in accounting policy will inevitably lead to discrepancies when compared to the financial statements of the previous year.

Under the liquidation basis of accounting, assets are measured at the estimated amount of cash that the entity expects to collect in settling or disposing of those assets, and liabilities are measured at their estimated settlement amounts, including costs that the entity expects to incur through the end of its liquidation ("liquidation value").

The current financial year comprises 14 months, whereas the prior year consisted of a normal 12-month period. Consequently, the periods are not directly comparable.

1.1 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying accounting policies

The financial statements are based on the assumption that the liquidation basis will be applied. It is further noted that judgment has been exercised in determining the amounts presented.

Where IFRS for SME's does not specifically address a transaction, other event or condition, management uses its judgement in developing and applying an accounting policy.

Key sources of estimation uncertainty

The financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial 14 months as a result of the key estimation assumptions.

1.2 GENERAL

The Ombudsman for Banking Services, along with the broader banking industry, has been cognisant of the National Treasury's initiative to realign the sector with the Twin Peaks model of financial regulation, introduced in 2018. In response, the four voluntary financial Ombuds, namely the Ombudsman for Long-term Insurance, the Credit Ombud, the Ombudsman for Banking Services, and the Ombudsman for Short-term Insurance, initiated discussions on consolidating their schemes.

After the finalisation of the World Bank report in June 2021, which received general consensus among the four Ombuds and their respective boards and councils, the amalgamation project gained momentum. Subsequently, all four schemes received mandates from their respective governing bodies to proceed with the merger. This paved the way for the formation of the newly amalgamated entity, the National Financial Ombud Scheme South Africa (NFOSA), in October 2023, with a mandate to commence operations from the 1st of March 2024.

The Ombudsman for Banking Service's mandate to operate as an independent scheme was revoked on the 29th of February 2024. Consequently, all operational activities ceased, and it was decided that assets and liabilities would be transferred to the newly established entity at their respective carrying values. It is on this basis that the carrying amounts and liabilities have been assessed as the value at which assets are realised and liabilities are settled.

1.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are subsequently measured at their carrying value, which is determined as the cost less accumulated depreciation and any accumulated impairment losses. These assets will be transferred to the merged entity at their carrying value.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Furniture and fixtures	Straight line	5 years
Office equipment	Straight line	5 years
Computer equipment	Straight line	3 years
Leasehold improvements	Straight line	5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses.

Research and development costs are recognised as an expense in the period incurred.

Amortisation is provided to write down the intangible assets as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Computer software	Straight line	2 years

In cases where management is unable to make a reliable estimate of the useful life of an intangible asset, its best estimate is applied, limited to 10 years.

The residual value, amortisation period and amortisation method for intangible assets are reassessed when there is an indication that there is a change from the previous estimate.

All intangible assets will be transferred to the merged entity at their carrying value.

1.5 FINANCIAL INSTRUMENTS

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. They are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

Trade payables will be settled within two months of the financial year-end. Trade receivables and prepayments will be transferred to the merged entity at their carrying values.

1.6 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

The operating lease balance will be transferred to the merged entity.

1.7 EMPLOYEE BENEFITS

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.8 PROVISIONS AND CONTINGENCIES

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

Provisions will be transferred to the merged entity at the carrying value.

1.9 REVENUE

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Interest is recognised, in profit or loss, using the effective interest rate method.

Notes to the Annual Financial Statements

2. PROPERTY, PLANT AND EQUIPMENT

	2024			2022		
	Cost or re-valuation	Accumu-lated de-preciation impairment	Carrying value	Cost or re-valuation	Accumu-lated de-preciation impairment	Carrying value
Leasehold improvements	651 298	(119 405)	531 893	-	-	-
Furniture and fixtures	758 672	(546 929)	211 743	913 144	(905 666)	7 478
Office equipment	29 034	(29 034)	-	93 987	(92 799)	1 188
IT equipment	1 205 396	(938 138)	267 258	1 152 972	(914 377)	238 595
Computer software	266 380	(266 380)	-	266 380	(266 380)	-
Total	2 910 780	(1 899 886)	1 010 894	2 426 483	(2 179 222)	247 261

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	De-preciation	Closing balance
Leasehold improvements	-	651 298	-	(119 405)	531 893
Furniture and fixtures	7 478	256 993	(879)	(51 849)	211 743
Office equipment	1 188	-	(1 048)	(140)	-
IT equipment	238 595	249 047	(4 624)	(215 760)	267 258
	247 261	1 157 338	(6 551)	(387 154)	1 010 894

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	De-preciation	Closing balance
Furniture and fixtures	20 866	-	-	(13 388)	7 478
Office equipment	9 031	-	-	(7 843)	1 188
IT equipment	236 997	178 895	(16 002)	(161 295)	238 595
	266 894	178 895	(16 002)	(182 526)	247 261

All assets are disclosed at their current carrying values, which will then be transferred to the newly formed entity at these specified values.

FIGURES IN RAND	2024	2022

3. TRADE AND OTHER RECEIVABLES

Trade receivables	10 053 562	71 313
Deposits	400 000	638 616
VAT	76 559	152 599
	10 530 121	862 528

4. PREPAYMENTS

Prepayment	460 911	264 228
Net prepayments		
Current assets	460 911	264 228

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:		
Bank balances	32 346 407	35 945 787

6. TRADE AND OTHER PAYABLES

Trade payables	204 684	551 301
Amounts received in advance	34 794 288	27 838 968
Accrued personnel cost	-	115 857
Pension Salary Accruals	334 565	-
	35 333 537	28 506 126

7. OPERATING LEASE ACCRUAL

Net operating lease accrual

The company entered into a 5-year lease arrangement as a lessee for the office building starting from the 1st of April 2023 and ending on the 31st of March 2028.

The company does not have the option to purchase the office building on completion of the lease term.

The premises shall only be used for the purpose of administrative offices and purposed ancillary thereto and for no other purpose whatsoever.

An annual escalation rate of 7.5% is applicable.

The operating lease accrual will be transferred to the newly formed entity at the carrying value.

8. PROVISIONS

Reconciliation of provisions - 2024

	Opening balance	Additions	Utilised during the year	Reversed during the year	Closing balance
Provisions for leave pay	831 229	841 022	305 786	(831 956)	1 146 081

Reconciliation of provisions - 2022

	Opening balance	Additions	Utilised during the year	Reversed during the year	Closing balance
Provisions for leave pay	556 873	973 500	(269 800)	(429 344)	831 229

FIGURES IN RAND	2024	2022

9. REVENUE

Rendering of services	43 838 274	34 235 934

10. OTHER INCOME

Net profit on sale of assets	23 711	-
Bank SETA rebate, eBucks, Juta Law and insurance payout	47 974	46 813
	71 685	46 813

11. OPERATING EXPENSES

Operating expenses include the following expenses:		
Operating lease charges		
Premises		
Contractual amounts	1 659 054	1 633 079
Loss on sale of assets and liabilities	-	3 420
Depreciation and amortisation	387 154	182 526
Employee costs	38 062 817	27 307 501

FIGURES IN RAND	2024	2022

12. CASH USED IN OPERATIONS

Net (loss) profit before taxation	(296 497)	1 240 361
Adjustments for:		
Depreciation, amortisation, impairments and reversals of impairments	387 154	182 526
(Profit) loss on sale of assets and liabilities	(23 711)	3 420
Movement in provisions	314 852	274 356
(Increase) decrease in operating lease liabilities	182 763	-
Bad debt recovered	(65 422)	-
Investment income	(2 329 036)	(1 220 315)
Changes in working capital:		
(Increase) decrease in trade and other receivables	(9 602 171)	(512 835)
(Increase) decrease in prepayments	(196 683)	(103 228)
Increase (decrease) in trade and other payables	6 827 411	(477 673)
	(4 801 340)	(613 388)

13. AUDITOR'S REMUNERATION

Fees	182 975	170 051

FIGURES IN RAND	2024	2022

14. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

Executive

2024

Directors' emoluments	Travel allowance & other income	Directors fees	Total
Services as director or prescribed officer			
Advocate JF Myburgh	49 703	183 771	233 474
WL Knowler	12 091	128 295	140 386
M Molefe	-	149 678	149 678
M Hart	-	146 787	146 787
TB Molebatsi	-	128 295	128 295
	61 794	736 826	798 620

2022

Directors' emoluments	Travel allowance & other income	Directors fees	Total
Services as director or prescribed officer			
Advocate JF Myburgh	20 256	199 441	219 697
WL Knowler	6 832	139 235	146 067
DLJ Tshepe	-	99 454	99 454
M Molefe	-	159 126	159 126
M Hart	-	176 328	176 328
	27 088	773 584	800 672

The following directors did not receive directors' emoluments:

- M Jacobs
- DC Beyers
- P Govender

15. GOING CONCERN

After the enactment of the Financial Sector Regulation Act (FSRA), the National Treasury initiated a comprehensive study in collaboration with the World Bank to assess the efficacy of the Ombud System. This study yielded a significant recommendation: the merger of the separate industry ombud schemes, namely the Short-term Insurance Ombudsman, the Long-term Insurance Ombudsman, Ombudsman for Banking Services, and the Credit Ombud.

Embracing this recommendation, the governing bodies of the aforementioned schemes unanimously agreed to merge, culminating in the establishment of a new entity called the National Financial Ombud Scheme South Africa (NFOSA). This new scheme officially commenced its operations on the 1st of March 2024.

Subsequently, the Ombudsman for Banking Services ceased its operations as an independent ombud scheme on the 29th of February. As a result of these significant institutional changes, it has been deemed appropriate to prepare the financial statements on liquidation basis.

16. EVENTS AFTER THE REPORTING PERIOD

Effective 1st March 2024, the Ombudsman for Banking Services (OBS), along with the Ombudsman for Long-term Insurance (OLTI), Ombudsman for Short-term Insurance (OSTI), and the Credit Ombud, have merged to form the National Financial Ombud Scheme South Africa (NFOSA). This consolidation aims to streamline operations and enhance efficiency in addressing financial disputes within South Africa.

It is important to note that the Ombudsman for Banking Services ceased its operations on February 29th, 2024, as part of this transition.

17. COMMITMENTS

FIGURES IN RAND	2024	2022
Operating leases – as lessee (expense)		
Minimum lease payments due		
- within one year	1 236 666	–
- in second to fifth year inclusive	5 479 995	–
	6 716 661	–

The company entered into a 5-year lease arrangement as a lessee for the office building starting from the 1st of April 2023 and ending on the 31st of March 2028.

The company does not have the option to purchase the office building on completion of the lease term.

The premises shall only be used for the purpose of administrative offices and purposed ancillary thereto and for no other purpose whatsoever.

An annual escalation rate of 7.5% is applicable.

The operating lease accrual will be transferred to the newly formed entity at the carrying value.

18. CONTINGENCIES

The company is currently in the process of merging with the Financial Ombud schemes, a significant undertaking aimed at streamlining operations and enhancing service efficiency. This merger involves the consolidation of four separate schemes into a single entity, necessitating the transfer of assets and liabilities from each scheme into the newly formed organisation.

While substantial progress has been made in facilitating this merger, it is important to note that the final processes for the merger are still in progress.

Management anticipates that the finalisation of the merger process will be concluded within the next couple of months. Upon completion, the combined entity will be better positioned to serve stakeholders and fulfill its mandate effectively.

19. RELATED PARTIES

FIGURES IN RAND	2024	2022
Relationships		
Members of key management: Advocate JF Myburg WL Knowler M Molefe M Hart TB Molebatsi		
Related party balances and transactions with key management personnel of the company		
Related party transactions		
Remuneration fees paid to related parties		
Advocate JF Myburg	233 474	219 697
WL Knowler	140 386	146 067
M Molefe	149 678	159 126
M Hart	146 787	176 328
TB Molebatsi	128 295	–
DLJ Tshepe	–	99 454

Detailed Income Statement

FIGURES IN RAND	NOTES	14 MONTHS ENDED 29 FEBRUARY 2024	12 MONTHS ENDED 31 DECEMBER 2022
Revenue			
Rendering of services		43 838 274	34 235 934
Other income			
Other income		47 974	46 813
Gains on disposal of assets		23 711	–
		71 685	46 813
Expenses (Refer to page ?)		(46 535 492)	(34 262 701)
Operating (loss) profit		(2 625 533)	20 046
Investment income		2 329 036	1 220 315
(Loss) profit for the 14 months		(296 497)	1 240 361
Operating expenses			
Auditors remuneration	13	182 975	170 051
Bad debts		(65 422)	65 422
Bank charges		12 827	11 710
Board fees		798 620	800 672
Cleaning		108 751	–
Combined project costs		791 779	–
Compensation Commissioner		22 000	19 859
Computer expenses		1 167 808	1 249 716
Consulting and professional fees		41 030	249 562
Depreciation, amortisation and impairments		387 154	182 526
Employee costs		38 062 817	27 307 501
Equipment rental and maintenance		82 095	47 545
Events		1 032 478	513 434
Insurance		127 934	106 416
Lease rentals on operating lease		1 659 054	1 633 079
Loss on sale of assets and liabilities		–	3 420
Move expense		95 778	–
Postage		1 078	816
Printing and stationery		7 484	6 792
Promotions		366 276	1 044 515
Repairs and maintenance		16 050	152 858
Security		2 770	–
Staff welfare		60 895	51 958
Subscriptions		112 611	83 609
Telephone and fax		677 430	360 714
Training		187 959	123 541
Traveling		199 885	76 985
Utilities		395 376	–
		46 535 492	34 262 701

In Closing

> "There's a sunrise and a sunset every single day, and they're absolutely free. Don't miss so many of them."
>
> *Jo Walton*

A FINAL FOND FAREWELL, AS WE GREET THE NEW DAWN.

And so we come to the last page of the final chapter of the OBS's 23 year story.

We trust that you have found this report an interesting and useful record of the shape of South African banking dispute resolution, and the banking industry in general, as it stood in the year in review, 2023.

It also stands as an honest account of the observations and feelings of the OBS staff who not only diligently fulfilled their duties throughout the year, but prepared for a new adventure as part of the NFO, in their own words.

We thank you for taking time to read this report, and once again thank all of the stakeholders, member banks and their staff, banking customers, and the OBS Board, Management and team who made it all possible.

The Banking Division of the NFO looks forward to writing Chapter One of a new story – you'll find us in the pages of the NFO Annual Report 2024!

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Audited Financial Statements in compliance with the Companies Act 71 of 2008

Prepared:	Zelda Standing
Position:	Financial Manager
Audited:	RSM South Africa Inc.
Position:	Registered Auditors

THE END OF AN ERA

OBS 2000-2023
AND BEYOND WITH THE NFO

ombudsman for
banking services
SOUTH AFRICA