



NATIONAL BANK OF SERBIA

DEPARTMENT FOR FINANCIAL CONSUMER PROTECTION

**INFORMATION ABOUT COMPLAINTS AGAINST
FINANCIAL SERVICE PROVIDERS**

(January–December 2020)

March 2021

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1 Protection of financial service consumers

Financial institutions against which complaints are filed

The NBS protects the rights and interests of consumers of financial services rendered by:

- banks,
- financial lessors,
- payment service providers,
- electronic money issuers,
- insurance undertakings,
- voluntary pension fund management companies.

What is a complaint?

A complaint is a written statement addressed to a financial institution by consumers of financial services, expressing their dissatisfaction with financial services, indicating that their rights or interests have been violated and suggesting that the financial institution is not observing the laws, other regulations, general terms of business, provisions of a concluded contract or good business practices.

How to file a complaint to a financial institution?

A complaint to a financial institution is filed in writing, by filling in the form on the website of the institution, by e-mail or mail.

Deadline for filing a complaint to a financial institution

A financial service and/or payment service consumer (including a legal entity) may file a complaint against a bank, financial lessor, payment service provider, and electronic money issuer within three years from the day of the violation of their rights or legal interests. A legal entity as a borrower may file a complaint against a bank within 60 days from the day it realised that its right or legal interest had been violated, and not later than three years from the day of the violation.

Financial institution's deadline for addressing the complaint

A financial institution is required to consider the complaint and reply to the consumer in writing in a clear and understandable way, within 15 days (only exceptionally this deadline may be extended by further 15 days, but the financial institution must notify the consumer thereof before the expiry of the first deadline).

The financial institution has to state whether the complaint is founded, and if so, whether the reasons for the complaint have been removed, i.e. it has to commit to eliminating the irregularities and specify in the reply the method and the deadline for doing so.

Complaint procedure is free of charge

A financial institution may not charge the consumer any fees or any other amount in respect of the costs of complaint handling.

How to file a complaint to the National Bank of Serbia?

If a consumer is dissatisfied with the financial institution's reply to the complaint or if the reply was not sent within the deadline, the consumer may address the National Bank of Serbia (NBS).

The fastest and easiest way to file a complaint to the NBS is by filling in the appropriate e-form on the NBS website (<https://nbs.rs/en/ciljevi-i-funkcije/zastita-korisnika/prigovor/>). In a few steps this form guides the consumer through all the mandatory information and documents to be submitted, so that the complaint can be handled.

The complaint can also be sent by mail to the following address: National Bank of Serbia, PO Box 712, 11 000 Belgrade

Mandatory elements of the complaint

Filling in the appropriate e-form on the NBS website, a consumer is guided through all the necessary elements of a complaint so that the NBS can act upon it.

If the consumer does not wish to fill in the form, the complaint must contain the following:

- information which enables consumer identification (name, surname and address, or business name, head office, registration number and name and surname of the legal representative for legal entities) and financial institution identification (business name and head office);
- complaint filed to the financial institution;
- reply of the financial institution (if any);
- brief description of the reasons for the complaint, i.e. what is demanded in the complaint;
- other documents based on which the allegations in the complaint can be assessed;
- if submitted through an authorised person, the complaint should be accompanied with a special power of attorney in line with the Decision governing the complaint procedure.

Deadline for filing a complaint to the National Bank of Serbia

The consumer should file a complaint to the NBS within six months from the receipt of the reply from the financial institution or from the expiry of the deadline for the reply, except for complaints by legal entities (as borrowers) against banks, when the deadline is three months.

Cases where the NBS may not consider complaints

In addition to other reasons stipulated in regulations, we particularly emphasise that the NBS may not consider a complaint after the court proceedings had been initiated, i.e. when the subject of the complaint is the subject of the ongoing (or past) dispute. Also, the NBS may not resolve a dispute where the establishment of facts

requires presentation of evidence, client/witness hearing, court expert analysis, inspection, etc.

Deadline for the NBS to address complaints

The NBS is required to send the reply to a consumer complaint by no later than three months following the day of its receipt. In more complex cases, the deadline can be extended by three more months at most, but in that case the NBS is required to notify the consumer thereof before the expiry of the first deadline.

NBS complaint procedure is free of charge

The NBS does not charge the consumer any fees or any other amount in respect of the costs of complaint handling. Also, if the consumer hires a lawyer, he will bear the costs himself (when the complaint is founded, too) as the NBS does not set the costs in this procedure.

How to submit a mediation proposal to the NBS?

A dispute between a consumer and a financial institution may be resolved in out-of-court procedure, i.e. mediation procedure, with the consent of both parties. Mediation by the NBS may be initiated only if court proceedings have not started.

The fastest and easiest way to submit a mediation proposal to the NBS is by filling in the appropriate e-form on the NBS website (<https://nbs.rs/en/ciljevi-i-funkcije/zastita-korisnika/prigovor/>). In a few steps this form guides the consumer through all the mandatory information and documents to be submitted, so that the mediation proposal can be addressed. It should be noted that the NBS acts upon mediation proposals immediately.

Mediation proposals can also be sent by mail to the following address: National Bank of Serbia, PO Box 712, 11 000 Belgrade

Mediation

Mediation may be initiated if court proceedings have not begun and if the consumer had filed a complaint to the financial institution.

Mediation is conducted by NBS staff qualified to act as mediators.

The NBS does not charge any fees for carrying out the mediation procedure, but any costs that may arise during the mediation procedure will be borne by the parties (travel and accommodation costs, representation costs, unpaid leave from work, etc.).

Each party may decide to withdraw from the mediation procedure at any stage. The mediation procedure is confidential and urgent.

If parties come to an understanding in the mediation procedure, a written agreement is made. The agreement will have the power of an enforceable document if it contains a statement of the debtor on the acceptance of enforcement following maturity of a certain liability or fulfilment of a certain condition (enforceability clause), and signatures of the parties to the agreement and the NBS's confirmation of enforceability.

Advantages of the protection of consumers' rights before the NBS

The procedure for the protection of consumers' rights before the NBS is entirely free of charge, i.e. neither a financial institution nor the NBS may charge any fees or any other amount in respect of the costs of complaint/mediation proposal handling. In addition, consumers have the possibility to resolve a dispute before the NBS without initiating costly court proceedings which last considerably longer.

Complaint handling or mediation procedure by the NBS is not a necessary condition for court proceedings nor is it an obstacle to initiating one.

2 Imposing measures and/or fines

In complaint procedures, the NBS adopted decisions whereby it ordered elimination of irregularities and imposed fines on banks found not to have complied with certain provisions of the law governing the protection of financial service consumers.

In addition to these decisions, the NBS prepared reports on established irregularities in a great number of cases, based on which banks eliminated irregularities during the procedure.

Beside individual complaints, the NBS also conducted two procedures regarding unfair business practice and unfair contract terms, thus protecting the collective right and interests of financial service consumers.

Furthermore, on-site and off-site bank supervision aimed at consumer protection, provide for prompt elimination of established system irregularities by banks, frequently leading to specific material benefits for a significant number of consumers and long-term improvement of their position.

In the January-December 2020 period, seven decisions were adopted in complaint procedures, ordering banks to eliminate established irregularities and/or imposing fines. One decision established that a bank engaged in unfair business practice and ordered the discontinuation of such practice and imposed a fine. In addition, one decision established that a bank negotiated unfair contractual provisions and prohibited the application and further negotiation of such provisions. Also, 16 reports establishing irregularities were drawn up, with banks eliminating them on their own during the procedure so there was no need for adopting decisions.

In 2020, one decision was adopted establishing that a bank advertised financial services contrary to the Law on the Protection of Financial Service Consumers and the relevant NBS Decision based on this Law, and the bank was fined.

The NBS's regulatory response to the new circumstances caused by the pandemic was prompt. Its March and July decisions enabled a moratorium, while the December decision envisaged the possibility for certain groups of consumers to reschedule/refinance their liabilities with a six-month grace period. In this regard, the

NBS also did its best to resolve the complaints concerning the implementation of these regulations as soon as possible (much sooner than prescribed by law).

3 List of banks found non-compliant with certain provisions of the law governing the protection of financial services consumers

List of banks found non-compliant with certain provisions of the law governing the protection of financial services consumers in the period January–December 2020:

- Mobi banka a.d. Beograd
- Direktna Banka ad Kragujevac
- Eurobank a.d. Beograd
- Erste Bank a.d. Novi Sad
- OTP banka Srbija a.d. Beograd
- UniCredit bank Srbija a.d. Beograd
- AIK banka a.d. Beograd
- Halkbank a.d. Beograd
- Raiffeisen Bank a.d. Beograd
- Komercijalna banka a.d. Beograd
- Vojvođanska banka a.d. Novi Sad
- Addiko Bank a.d. Beograd
- Expobanka.d. Beograd
- NLB banka a.d. Beograd
- Sberbank a.d. Beograd

4 Consumer complaints

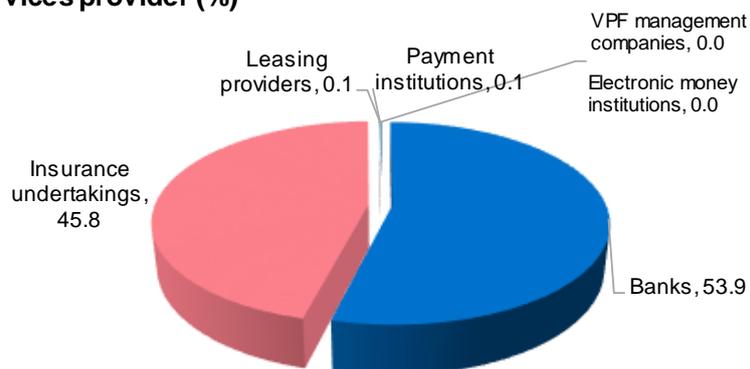
From 1 January until 31 December, 2,143 consumer complaints¹ were resolved. Complaints against banks accounted for 53.9% of these, insurance undertakings for 45.8%, payment institutions and leasing providers for 0.1% each.

¹For simplification purposes, the term “complaint” as used in this Report also covers complaints against insurance undertakings and VPF management companies, addressed to the NBS.

Table - Number of complaints
(1 January – 31 December 2020)

Financial services provider	Total	Unfounded complaints	Founded complaints
Banks	1,156	819	337
Insurance undertakings	982	859	123
VPF management companies	0	0	0
Leasing providers	2	0	2
Payment institutions	3	3	0
Electronic money institutions	0	0	0
TOTAL	2,143	1,681	462

Chart - Overview of complaints by type of financial services provider (%)



Source: National Bank of Serbia.

4.1 Complaints against banks

From January until December 2020, 1,156 complaints against banks were resolved.

4.1.1 Complaint number and grounds (banks)

In the observed period, most complaints against banks concerned loans (43.9%), payment accounts/services (35.1%) and payment cards (15.9%).

Table - Number of complaints by type (banks)
(1. 1. - 31. 12. 2020.)

Type of complaints	Total	In %
Foreign currency savings	24	2.1
Dinar savings	7	0.6
Other	0	0.0
Deposit transactions	31	2.7
Cash loans	234	20.2
Other loans	63	5.4
Consumer loans	57	4.9
Housing loans	106	9.2
Entrepreneur loans	3	0.3
Agricultural loans	7	0.6
Refinancing loans	37	3.2
Loans	507	43.9
Debit cards	63	5.4
Credit cards	121	10.5
Payment cards	184	15.9
Payment accounts/Payment services	406	35.1
Authorised overdraft facility	14	1.2
Other	14	1.2
TOTAL	1,156	100.0

Source: National Bank of Serbia.

Table - Number of complaints by type and outcome (banks)
(1. 1. - 31. 12. 2020.)

Type of complaints	Total	Unfounded complaints	Founded complaints
Foreign currency savings	24	20	4
Dinar savings	7	6	1
Other	0	0	0
Deposit transactions	31	26	5
Cash loans	234	172	62
Other loans	63	58	5
Consumer loans	57	43	14
Housing loans	106	70	36
Entrepreneur loans	3	2	1
Agricultural loans	7	3	4
Refinancing loans	37	27	10
Loans	507	375	132
Debit cards	63	41	22
Credit cards	121	78	43
Payment cards	184	119	65
Payment accounts/Payment services	406	275	131
Authorised overdraft facility	14	11	3
Other	14	13	1
TOTAL	1,156	819	337

Source: National Bank of Serbia.

4.2 Complaints against insurance undertakings

From 1 January until 31 December 2020, 982 complaints against insurance undertakings were resolved.

4.2.1 Complaint number and grounds (insurance undertakings)

The bulk of complaints against insurance undertakings received between January and December 2020 related to motor third party liability insurance (33.7%) and accident insurance (22.7%).

Table - Number of complaints by type (Insurance undertakings)
(1. 1. - 31. 12. 2020.)

Type of complaints	Total	In %
Life insurance	40	4.1
Supplemental life insurance	27	2.7
Other	13	1.3
Annuities insurance	1	0.1
Life insurance	81	8.2
Automobile liability	331	33.7
Other liability insurance	8	0.8
Voluntary and Travel health insurance	50	5.1
Property insurance	120	12.2
Full coverage motor vehicle insurance	56	5.7
Insurance from injuries	223	22.7
Credit insurance	12	1.2
Liability insurance	50	5.1
Other	36	3.7
Non-life insurance	886	90.2
Other	15	1.5
TOTAL	982	100.0

Source: National Bank of Serbia.

4.3 Complaints against other financial service providers

In the period observed, the Department considered three complaints against payment institutions and two complaints against financial leasing providers.

5 Mediations

From 1 January to 31 December 2020, the Department received 202 mediation proposals, and the parties accepted 49.

Table - Number of mediations
(1 January – 31 December 2020)

Financial services provider	In progress	Settlement	Amicable dispute resolution	Suspension	Abandonment	Total	in %
Banks	2	1	5	7	1	16	23.5
Insurance undertakings	32	4	2	8	6	52	76.5
TOTAL	34	5	7	15	7	68	100

Source: National Bank of Serbia.

Of the total number of mediations held (34), five cases ended in settlement between the financial institution and the consumer and seven in amicable resolution of the dispute after mediation by the NBS.