



NATIONAL BANK OF SERBIA

DEPARTMENT FOR FINANCIAL CONSUMER PROTECTION

**INFORMATION ABOUT COMPLAINTS AGAINST
FINANCIAL SERVICE PROVIDERS**

(January–March 2021)

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1 Protection of financial service consumers

Financial institutions against which complaints can be 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, mail or on the business premises of the financial institution.

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 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

The 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 website of the NBS (<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 handle the complaint.

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

- information which enables identification of the consumer (name, surname and address, or business name, head office, registration number, and name and surname of legal representative for legal entities) and the financial institution;
- 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 power of attorney, 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 in which case the deadline is three months.

Cases where the NBS does 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 a reply to a consumer complaint 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 website of the NBS (<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 procedure are 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 shall 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

In complaint procedures, the NBS adopts decisions whereby it orders elimination of irregularities and/or imposes fines on banks found not to have complied with certain provisions of the law governing the protection of financial services consumers.

In addition to these decisions, the NBS prepares reports on established irregularities, based on which banks can eliminate irregularities during the procedure.

Furthermore, on-site and off-site bank supervision procedures 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-March 2021 period, two decisions were adopted in complaint procedures, aimed at eliminating the established irregularities. Also, five reports on established irregularities were prepared, but as banks eliminated them on their own during the procedure, there was no need for adopting decisions.

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–March 2021:

- Opportunity banka a.d. Novi Sad
- UniCredit bank Srbija a.d. Beograd
- Komercijalna banka a.d. Beograd
- Direktna banka a.d. Kragujevac,
- Sberbank a.d. Beograd.

4 Consumer complaints

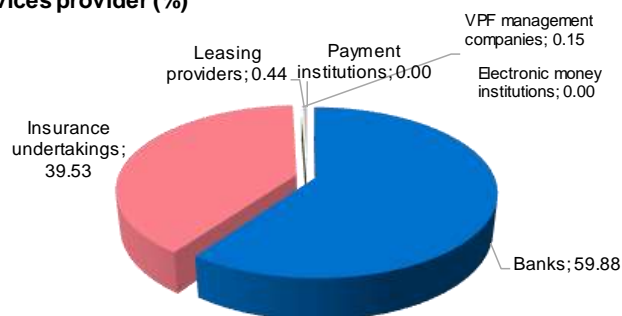
From 1 January until 31 March 2021, 683 consumer complaints¹ were resolved. Complaints against banks accounted for 59.88% of these, insurance undertakings for 39.53%, leasing providers for 0.44%, and VPF management companies for 0.15%.

Table - Number of complaints
(1 January – 31 March 2021)

Financial services provider	Total	Unfounded complaints	Founded complaints
Banks	409	317	92
Insurance undertakings	270	213	57
VPF management companies	1	1	0
Leasing providers	3	3	0
Payment institutions	0	0	0
Electronic money institutions	0	0	0
TOTAL	683	534	149

Source: National Bank of Serbia.

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



Source: National Bank of Serbia.

4.1 Complaints against banks

From January until March 2021, 409 complaints against banks were resolved.

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.

4.1.1 Complaint number and grounds (banks)

In the observed period, the majority of complaints against banks concerned loans (57.5%), payment accounts/services (22%), and payment cards (14.4%).

Table - Number of complaints by type (banks)
(1. 1. - 31. 3. 2021.)

Type of complaints	Total	In %
Foreign currency savings	8	2.0
Dinar savings	3	0.7
Other	0	0.0
Deposit transactions	11	2.7
Cash loans	109	26.7
Other loans	51	12.5
Consumer loans	19	4.6
Housing loans	37	9.0
Entrepreneur loans	0	0.0
Agricultural loans	3	0.7
Refinancing loans	16	3.9
Loans	235	57.5
Debit cards	16	3.9
Credit cards	43	10.5
Payment cards	59	14.4
Payment accounts/Payment services	90	22.0
Authorised overdraft facility	3	0.7
Other	11	2.7
TOTAL	409	100.0

Source: National Bank of Serbia.

Table - Number of complaints by type and outcome (banks)
(1. 1. - 31. 3. 2021.)

Type of complaints	Total	Unfounded complaints	Founded complaints
Foreign currency savings	8	8	0
Dinar savings	3	2	1
Other	0	0	0
Deposit transactions	11	10	1
Cash loans	109	85	24
Other loans	51	43	8
Consumer loans	19	16	3
Housing loans	37	26	11
Entrepreneur loans	0	0	0
Agricultural loans	3	2	1
Refinancing loans	16	13	3
Loans	235	185	50
Debit cards	16	10	6
Credit cards	43	33	10
Payment cards	59	43	16
Payment accounts/Payment services	90	70	20
Authorised overdraft facility	3	2	1
Other	11	7	4
TOTAL	409	317	92

Source: National Bank of Serbia.

4.2 Complaints against insurance undertakings

From 1 January until 31 March 2021, 270 complaints against insurance undertakings were resolved.

4.2.1 Complaint number and grounds (insurance undertakings)

The highest number of complaints against insurance undertakings received between January and March 2021 related to motor third party liability insurance (36.7%) and accident insurance (17.8%).

Table - Number of complaints by type (Insurance undertakings)
(1. 1. - 31. 3. 2021.)

Type of complaints	Total	In %
Life insurance	10	3.7
Supplemental life insurance	11	4.1
Other	3	1.1
Annuities insurance	1	0.4
Life insurance	25	9.3
Automobile liability	99	36.7
Other liability insurance	2	0.7
Voluntary and Travel health insurance	6	2.2
Property insurance	38	14.1
Full coverage motor vehicle insurance	14	5.2
Insurance from injuries	48	17.8
Credit insurance	3	1.1
Liability insurance	23	8.5
Other	10	3.7
Non-life insurance	243	90.0
Other	2	0.7
TOTAL	270	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 financial leasing providers and one complaint against a VPF management company.

5 Mediation

From 1 January to 31 March 2021, the Department received 39 mediation proposals, and the parties accepted eight.

In the observed period, 41 mediation procedures were conducted.

Table - Number of mediations
(1 January – 31 March 2021)

Financial services provider	In progress	Settlement	Amicable dispute resolution	Suspension	Abandonment	Total	in %
Banks	5	1	0	1	1	8	19.5
Insurance undertakings	24	1	1	7	0	33	80.5
TOTAL	29	2	1	8	1	41	100

Source: National Bank of Serbia.

Of the total number of mediations held (12), two cases ended in settlement between the financial institution and the consumer (16.7%) and one in amicable resolution of the dispute after mediation by the NBS.