



NATIONAL BANK OF SERBIA

DEPARTMENT FOR FINANCIAL CONSUMER PROTECTION AND EDUCATION

**REPORT ON CONSUMER COMPLAINTS
IN THE PERIOD JANUARY–JUNE 2018**

August 2018

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1 Introduction

1.1 Acting on cases received

In the period January–June 2018, the National Bank of Serbia – Department for Financial Consumer Protection and Education (hereinafter: the Department) actively provided assistance to financial service consumers (hereinafter: consumers) with the exercise of their rights, acting on complaints¹ against financial institutions, mediating in the peaceful resolution of disputes and informing and educating them.

From 1 January to 30 June 2018, the Department received 2,069 cases. They included 1,294 complaints, including early complaints, 192 mediation requests and 583 questions.

The complaints received (979) were filed against insurance undertakings (58.4%), banks (41.3%), financial lessors (0.2%) as well as voluntary pension fund (VPF) management companies (0.1%).

Table 1.1.1 Number of complaints
(1 Jan – 30 June 2018)

Financial services provider	Total	In %
Banks	404	41.3%
Insurance undertakings	572	58.4%
Leasing providers	2	0.2%
VPF management companies	1	0.1%
Payment institutions	0	0.0%
TOTAL	979	100%

Source: NBS.

1.2 The list of banks which were found not to have complied with certain provisions of the law governing the protection of financial service consumers

In accordance with Section 17 of the Decision Specifying the Manner of Handling Financial Services Consumer Complaints by Financial Services Providers and the National Bank of Serbia (RS Official Gazette, No 25/2015), the NBS publishes

¹ For simplification purposes the term “complaint” is used in this Report to cover the complaints both against insurance undertakings and voluntary pension fund management companies.

the list of banks found not to have complied with certain provisions of the law governing the protection of financial service consumers in the period January–June 2018.

- Addiko Bank ad Beograd;
- Societe Generale Banka Srbija ad Beograd;
- Raiffeisen Banka ad Beograd;
- NLB Bank ad Beograd;
- OTP Banka ad Novi sad;
- AIK Banka ad Beograd;
- Komercijalna Banka ad Beograd;
- Piraeus Banka ad Beograd;
- Telenor Banka ad Beograd;
- Direktna Banka ad Kragujevac;
- Sberbank Srbija ad Beograd;
- Unicredit Bank Srbija ad Beograd.

2 Early complaints and complaints

2.1 Early complaints

In the period January–June 2018, the Department acted upon 315 early complaints, which is lower than the average number of early complaints in the same period in the past 10 years.

The share of early complaints in the total number of complaints (24.3%) points to the fact that consumers largely continue to approach the NBS first, rather than address the relevant financial institution against which they are complaining. Namely, the established procedure requires consumers to first address the institution against which they are complaining, and only approach the NBS if the dispute is not resolved with the relevant institution.

The majority of these early complaints related to bank operations (82%).

2.2 Consumer complaints

The number of complaints against financial institutions received between 1 January and 30 June 2018 equalled 979, up by 7.94% y-o-y.

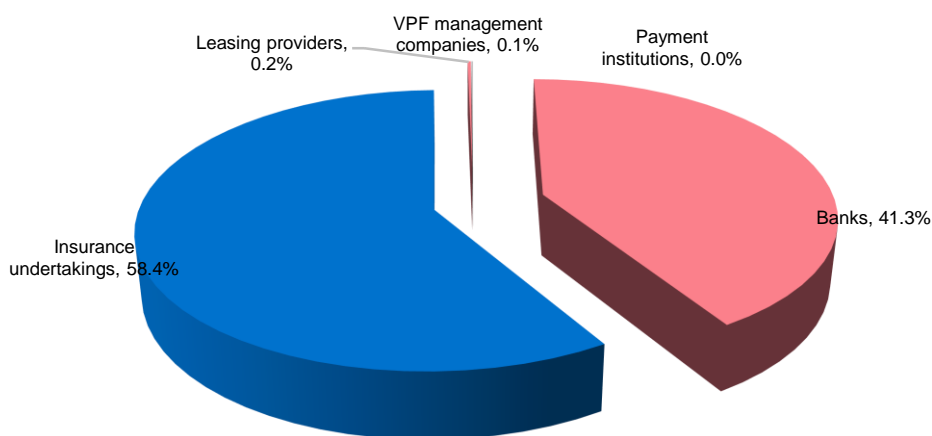
Insurance undertakings accounted for 58.4% of these, banks for 41.3%, financial lessors for 0.2% and VPF management companies for 0.1%. There were no complaints against other financial institutions.

Table 2.2.1 Number of complaints
(1 Jan – 30 June 2018)

Financial services providers	Total	Unfounded complaints	Founded complaints	Abandonment	In progress
Banks	404	262	80	3	59
Insurance undertakings	572	468	31	3	70
VPF management companies	1	1	0	0	0
Leasing providers	2	2	0	0	0
Payment institutions	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	979	733	111	6	129

Source: NBS.

Chart 2.2.1 Overview of complaints by type of financial services provider (%)



Source: NBS.

2.2.1 Complaints against banks

The number of complaints against banks received between 1 January and 30 June 2018 equalled 404, up by 4.9% y-o-y.

2.2.1.1 Complaint number and grounds

The bulk of complaints against banks in the period between 1 January and 30 June 2018 related to loans (43.1%), payment accounts (30.2%) and payment cards (19.6%).

Table 2.2.1.1.1 Number of complaints by type (banks)
(1 Jan – 30 June 2018)

Type of complaints	Total	In %
Foreign currency savings	16	4.0%
Dinar savings	1	0.2%
Other	1	0.2%
Deposit transactions	18	4.5%
Cash loans	77	19.1%
Other loans	37	9.2%
Consumer loans	15	3.7%
Housing loans	42	10.4%
Refinancing loans	3	0.7%
Loans	174	43.1%
Debit cards	26	6.4%
Credit cards	53	13.1%
Payment cards	79	19.6%
Escrow accounts	13	3.2%
Payment transactions	14	3.5%
Current accounts	95	23.5%
Payment transactions	122	30.2%
Exchange transactions	1	0.2%
Other	10	2.5%
Other	11	2.7%
TOTAL	404	100%

Source: NBS.

Table 2.2.1.1.2 Number of complaints by type and outcome (banks)
(1 Jan – 30 June 2018)

Type of complaints	Total	Unfounded complaints	Founded complaints	Abandonment	In progress
Foreign currency savings	16	13	1	0	2
Dinar savings	1	1	0	0	0
Other	1	1	0	0	0
Deposit transactions	18	15	1	0	2
Cash loans	77	57	9	2	9
Other loans	37	28	1	1	7
Consumer loans	15	6	4	0	5
Housing loans	42	25	12	0	5
Refinancing loans	3	1	0	0	2
Loans	174	117	26	3	28
Debit cards	26	16	5	0	5
Credit cards	53	33	13	0	7
Payment cards	79	49	18	0	12
Escrow accounts	13	6	3	0	4
Payment transactions	14	8	4	0	2
Current accounts	95	59	25	0	11
Payment transactions	122	73	32	0	17
Exchange transactions	1	1	0	0	0
Other	10	7	3	0	0
Other	11	8	3	0	0
TOTAL	404	262	80	3	59

Source: NBS.

In the period January–June 2018, consumers approached the Department to complain against banks with regard to the following:

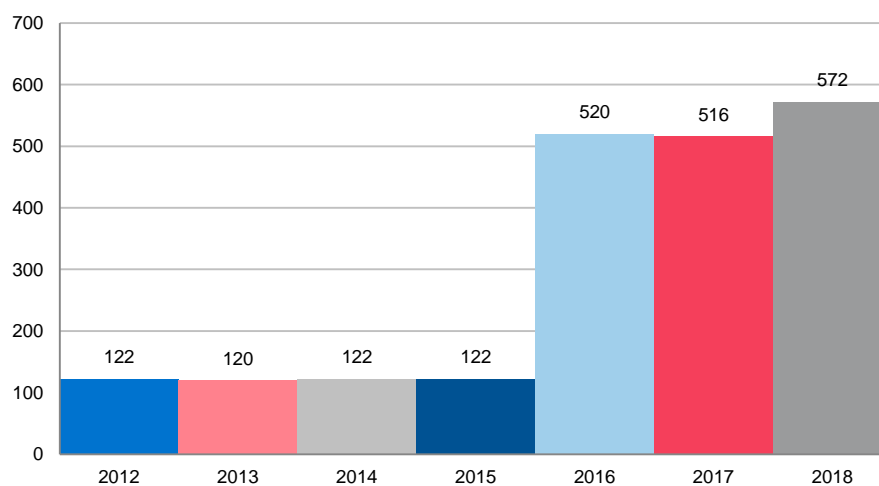
- requests for the deletion of historical default after settling obligations under loans, credit cards and current accounts, as well as for the correction of data on the historical default reported to the Credit Bureau;
- opening, keeping and closing of current accounts and collecting charges for current account maintenance;
- types and amounts of fees associated with loans and credit cards;
- early loan repayment and loan refinancing;
- requests for submitting copies of contract-related documents;
- impossibility to settle loan obligations;
- loan guarantees;

- drawing money from ATMs;
- authorised and unauthorised current account overdrafts;
- payment card abuse;
- currency clause, i.e. exchange rate applied in loan contracts;
- FX accounts (designated);
- change in interest rates on loans being repaid;
- calculation of interest on cards and problems arising from card closure;
- application of the loan default rate;
- initiated judicial proceedings;
- savings.

2.2.2 Complaints against insurance undertakings

The number of complaints against insurance undertakings received between 1 January and 30 June 2018 equalled 572, up by 10.85% y-o-y.

Chart 2.2.2.1 Overview of complaints relating to insurance – first half-year by year



Source: NBS.

Evidently, the number of complaints has been increasing in the past three years due to the new Insurance Law in effect since June 2015 and the adoption of the Decision on the Manner of Protecting the Rights and Interests of Insurance Service Consumers. These regulations stipulate that insurance undertakings are obligated to

pass internal acts in order to define more closely the complaint filing process and resolution. This enabled better notification and protection of insurance service consumers and the legality of operation of insurance undertakings. Consumers are now better acquainted with their rights and the possibility of exercising those rights in a procedure conducted before the NBS.

2.2.2.1 Complaint number and grounds

The highest number of complaints against insurance undertakings received in January–June 2018 related to motor third party liability insurance (35.3%), and accident insurance (25.5%).

Table 2.2.2.1.1 Number of complaints by type (Insurance undertakings) (1 Jan – 30 June 2018)

Type of complaints	Total	In %
MTPL	202	35.3%
Other liability insurance	6	1.0%
Voluntary and Travel health insurance	34	5.9%
Property insurance	26	4.5%
Full coverage motor vehicle insurance	28	4.9%
Insurance from injuries	146	25.5%
Credit insurance	16	2.8%
Liability insurance	32	5.6%
Other	25	4.4%
Non-life insurance	515	90%
Life insurance	27	4.7%
Supplemental life insurance	16	2.8%
Other	1	0.2%
Annuities insurance	1	0.2%
Life insurance	45	8%
Undertakings in bankruptcy	1	0%
Other	11	2%
Other	12	2%
TOTAL	572	100%

Source: NBS.

In the period under review, insured persons most often approached the Department in relation to the following:

- motor third party liability insurance;
- accident insurance;

- life insurance;
- voluntary health and travel insurance;
- liability insurance.

2.2.3 Other financial services providers

In the reference period, the Department received two complaints against financial lessors and one against a VPF management company, while there were no complaints against other financial service providers (payment institutions and electronic money institutions).

3 Mediations

From 1 January to 30 June 2018, the Department received 192 mediation requests. Of this number, 53 requests were accepted by financial institutions, 130 were denied, 7 are under way and 2 were abandoned by consumers.

In the observed period, 63 mediations were held, which is 37% more than in the same period last year. Insurance undertakings accounted for 55.6% of that number and banks for 44.4%.

Table 3.1 Number of mediations
(1 Jan – 30 June 2018)

Financial services providers	In progress	Settlement	Suspension	Abandonment	Total	in %
Banks	15	7	4	2	28	44.4%
Insurance undertakings	12	8	10	5	35	55.6%
Leasing providers	0	0	0	0	0	0.0%
VPF management companies	0	0	0	0	0	0.0%
TOTAL	27	15	14	7	63	100%

Source: NBS.

Of the total number of mediations, 36 cases were closed, with 15 of them ending in the settlement between the financial institution and the consumer (41.7%).

The majority of the mediation cases in the observed period were in relation to: motor third party liability insurance (45.7%) in the case of insurance undertakings, and disputable relations concerning loans (35.7%) and payment cards (25%) in the case of banks.