



PART I

THE BANKING OMBUDSMAN SCHEME INTRODUCTION

PART II

1. STATISTICAL OVERVIEW

- A. YEAR 2003
- B. FIVE YEARS IN OPERATION

2. PERFORMANCE BY TYPE OF BANKING PRODUCT/SERVICE

- 2.1. PAYMENT SYSTEMS
- 2.2. LOANS
- 2.3. DEPOSITS
- 2.4. SECURITIES
- 2.5. OTHER BANKING SERVICES AND MISCELLANEOUS ISSUES
- 2.6. CROSS-BORDER TRANSACTIONS

3. CLOSED CASES

THE BANKING OMBUDSMAN SCHEME

I. INTRODUCTION

During 2003 the number of telephone calls as well as written complaints increased significantly by 42.1% and 40.8% respectively with the corresponding figures being 7,228 telephone calls and 1,043 written complaints compared to 5,085 and 741 for the year 2002.

This growth was due to customers becoming increasingly familiar with the mechanism of out-of-court resolution of disputes, as well as to new factors summarised, by type of product, in the following paragraphs.

Cards: New types of fraud involving ATM transactions, such as the card entrapment at the card insertion point (Lebanese loop) followed by later utilisation of tricks in order for the parties involved in this fraud to retrieve the personal identification number (PIN) of the legal cardholders.

The latest type of fraud (skimming) involves copying the card's magnetic stripe using a micro chip, which is placed in the card insertion point and then the PIN is photographed when being keyed in using a micro camera. The Office of the Banking Ombudsman reported on these techniques through interviews in the media, and offered guidance in order for legal cardholders to prevent such events from happening or to assist in limiting them. At the same time, banks treated their customers' requests to have the loss incurred charged back with understanding. They also took measures to limit various forms of fraud and requested the cooperation of legal cardholders by providing instructions on the ATM screen aimed at reducing the frequency of cases of illegal card use.

Loans: Questions and requests were made by borrowers for compensation following a series of court decisions which decided that certain contractual charges constituted unfair terms. Examples of these unfair terms were financing expenses and the early repayment penalty applied by the banks. It should be noted that the banks have not exhausted all possible means of court action. In the case of consumer loans, the liberalisation of consumer credit as of 20 June 2003 offered consumers the opportunity to request information from the Office of the Banking Ombudsman on various issues such as the necessity and method for transferring balances, or the refinancing of their debts in order to limit their costs and be able to satisfy their monthly obligations in a more efficient manner.

Deposits: A series of complaints were made to the Office of the Banking Ombudsman due to charges imposed by certain banks on deposit account transactions at bank branches. It should be noted that the same transactions are conducted without any charge through alternative means whose use is promoted by banks such as ATM and the Internet.

In 2003 the Office of the Banking Ombudsman completed five years in operation. Its work over that period can be summarised in numerical terms as follows:

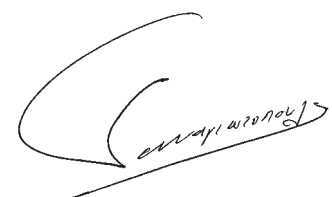
During this time, the Office of the Banking Ombudsman also resolved complaints that were systemic in nature which resulted in changes in the policy or practice of certain banks

Telephone calls received	21,352
Written complaints	2,919
Written complaints resolved	1,864
Percentage of written complaints resolved in favour of customers	81%

to the benefit of a large number of bank customers. Moreover, particular importance was attached to providing information to consumers, stressing the responsibility of bank employees to provide advice to their customers and that of customers themselves, who ought to seek out information to be able to protect their own interests armed with a better knowledge of their rights and obligations. The third point on which the Office of the Banking Ombudsman insisted was the need for collaboration between banks and consumers and the development of a climate based on mutual trust.

In conclusion, I would like to thank those bank customers who have entrusted us with the resolution of their cases and who contributed to a greater recognition of our Office's role. Special thanks are also due to the banks and especially their Customer Service Departments and their Liaison Officers for their substantial and constructive co-operation. Their direct response to handling problems and their understanding of issues requiring great social sensitivity has strengthened customer trust in the banks and simultaneously improved the image of banks in the eyes of the public.

Finally, I would like to thank our Office personnel for having handled an increased number of complaints during 2003 in a diligent manner, with respect for the complainants and with understanding for their problems.



FOTIS PANAYOTOPOULOS
Banking Ombudsman

1. STATISTICAL OVERVIEW

II. A: YEAR 2003

1.1 TELEPHONE CALLS

a) There were 7,228 telephone calls in 2003 compared to 5,085 in 2002, a significant increase of 42.1%.

Table 1 presents the total telephone calls for the basic categories.

b) Table 2 shows the distribution of telephone calls regarding issues outside the Ombudsman's jurisdiction by cause of exception.

The data in Table 2 indicates that

TABLE 1
Telephone calls per category

CATEGORY	NUMBER	%	% CHANGE FROM 2002
Banking issues			
Within our rules	4,312	59.6	33.4
Outside our rules	2,714	37.6	91.0
Other issues	202	2.8	-51.3
Total	7,228	100.0	42.1

TABLE 2
*Telephone calls outside our rules
(by cause of exception)*

CATEGORY	NUMBER	%	% CHANGE FROM 2002
General banking practices or information about banks	1,615	59.5	142.5
Complaints regarding non-banking institutions or transactions	227	8.4	19.5
Complaints regarding professionals or legal entities	557	20.5	57.3
Other issues	315	11.6	53.7
Total	2,714	100.0	91.8

the interest of professionals in the Office remains high. Although they knew that their cases were outside our jurisdiction, many of them turned to our Office in order to request guidance in the handling of their cases.

In general, the above issues – whether or not falling within our jurisdiction – constitute problems which concern customers during their dealings with banks. For this reason,

our Office's personnel pays close attention and informs the questioning parties about the further handling of their cases.

c) Table 3 shows the distribution of telephone calls within our rules by product or service.

TABLE 3
*Telephone calls within our rules
(by product/service)*

CATEGORY	NUMBER	%	% CHANGE FROM 2002
Payment systems	1,582	42.8	48.7
Loans	1,416	38.3	61.0
Deposits	385	10.4	22.6
Securities	59	1.6	7.2
Other	251	6.9	65.1
Total	3,693	100.0	49.8

* (Out of 4,312 telephone calls within our rules, 3,693 relate to new cases, which are presented analytically in terms of their related products or services. The other cases refer to matters arising during the examination of existing cases).

1.2 WRITTEN COMPLAINTS

TABLE 4
*Telephone calls within our rules
(by cause of complaint)*

CATEGORY	NUMBER	%	% CHANGE FROM 2002
Transactions/ Calculations	1,146	31.3	19.9
Quality of services	1,663	45.4	49.1
Banking practices	643	17.6	80.6
Other	207	5.7	430.8
Total	3,659	100.0	48.4

In relation to “Payment Systems” in particular, note that 88% of telephone calls referred to cards. Of that figure 80% related to credit cards, whereas 8% concerned ATM transactions. d) Table 4 presents the distribution of telephone calls within our rules by cause of complaint (category and subcategory). The most common cause of

complaint (Quality of Services) was dominated by the subcategory “Insufficient Information” with 767 cases out of 1,663 cases in total, whereas another subcategory “Clarification of legal terms and court decisions” included 336 cases. The latter resulted from court decisions issued on collective or private lawsuits against banks. The category “Transactions/

During 2003 there was also a major increase in written complaints (40.8%) compared to 2002 or in absolute figures 1,043 written complaints versus 741 in the previous year. There were 884 written complaints within our rules or

84.8% of the total. Written complaints outside our rules numbered 159 or 15.2% of the total, whereas 35 cases (or 3.40% of the total) related to cross border transactions. However, the total number of written complaints and telephone calls, which is close to 8,300 cases,

Calculations” was dominated by the subcategory “Mistaken or disputed debiting or crediting of accounts” with 932 cases out of 1,146 cases in total. This resulted from disputed charges following illegal transactions due to card loss or theft.

A general conclusion that can be drawn from the above is that a common factor leading to most questions-complaints is inadequate information and, in some cases, the vagueness of contract terms.

It should be noted that the distribution of complaints per cause is based on the relevant description given by the complainants. The following visits were recorded to our website during 2003:

Number of Visitors	
• One visit	9,893
• More than one visit	1,300
Total visitors	11,193
Total visits	15,359

does not imply any serious concern when compared with the total number of consumers and in particular when compared to the overall number of the banking transactions.

a) Table 5 presents the distribution of cases outside our rules by cause of exception:

TABLE 5
Distribution of cases outside our rules (by cause of exception)

CATEGORY	NUMBER	%	% CHANGE FROM 2002
Transactions conducted by professionals or businesses	40	25.2	–
General banking business policy	53	33.3	80.0
Cases submitted after the due date	11	6.9	-38.9
Other (including 17 cases regarding non-banking institutions or activities and 13 cases pending before Courts)	55	34.6	34.1
Total	159	100.0	22.3

II.

b) Table 6 shows the number and percentage of written complaints within our rules by product/service.

c) Table 7 presents the distribution of written complaints within our rules by cause of complaint, based on the case description provided by customers themselves.

The high figure in the category “Transactions/Calculation” was mainly due to what were seen by customers as disputed charges involving their accounts from illegal transactions following card theft or loss (362 out of 444 cases in total). The category “Quality of Services” was dominated by the sub-categories “insufficient information” with 110 cases and “delays” with 30 cases.

d) The Table 8 refers to cases closed in 2003 by closing party and resolution (in favour of the complainant or the bank or by conciliation).

The figures in Table 8 show that during 2003 680 cases were closed, of which 562 cases closed in favour of

TABLE 6
*Distribution of cases within our rules
(by product/service)*

CATEGORY	NUMBER	%	% CHANGE FROM 2002
Payment systems	481	54.4	38.6
Loans	186	21.0	23.2
Deposits	105	11.9	34.6
Securities	21	2.4	16.7
Miscellaneous	91	10.3	435.3
Total	884	100.0	44.7

TABLE 7
Distribution of cases (by cause of complaint)

CATEGORY	NUMBER	%	% CHANGE FROM 2002
Quality of services	259	29.3	36.3
Transactions/ Calculations	444	50.2	37.0
Banking practices	160	18.10	88.2
Miscellaneous	21	2.4	75.0
Total	884	100.0	44.7

TABLE 8
Distribution of closed cases (by type of resolution)

CASES CLOSED BY	OUTCOME			
	IN FAVOUR OF THE COMPLAINANT	IN FAVOUR OF THE BANK	BY CONCILIATION	TOTAL
The bank (through mediation by the Banking Ombudsman)	427	–	–	427
The Office of the Banking Ombudsman	25	118	110	253
Total	452	118	110	680

customers (the number also includes cases closed by conciliation) accounting for 82.6% of all cases. Apart from 680 cases where the relevant investigation was completed, 33 more cases were not

fully investigated since the complainants withdrew their cases. It should be noted that in 2003, our Office also replied to 157 cases which were transferred to us and were outside our rules. Our Office

provided an explanation about why each case was not within our rules and offered guidance on further handling of these cases.

II.

B: FIVE YEARS IN OPERATION (1999-2003)

The work of the Office of the Banking Ombudsman has been increasing steadily over the five years that the Office has been in operation. This is evident from the growth in the number of complaints received both by telephone or in writing for resolution.

However, evaluation of the scheme's results should not be limited to the number of cases entrusted to the Office by customers. The Office has also contributed to improvements in the complaint handling process within banks themselves as well as to the level of service provided by bank employees to customers. With regard to the first issue, the operation of Customer Service Departments within banks is directly related to the operation of the Office of the Banking Ombudsman. With regard to the second issue, every quarter the Banking Ombudsman conducts a statistical analysis of problems raised by customers and draws conclusions which the Banking Ombudsman, in turn, places before banks for evaluation and improvement of their customer service policy wherever necessary. Table 9 presents the numerical evolution of telephone calls and written complaints per year. Table 10 presents the number of closed cases (written complaints) per year listed by type of resolution as well as the percentage of cases resolved in favour of the complainant or in favour of the bank. It is important to note that the satisfaction rate of customers submitting their cases to the Banking Ombudsman remained above 80%, which is considered a satisfactory figure.

TABLE 9

YEAR	NUMBER	% CHANGE FROM PREVIOUS YEAR
TELEPHONE CALLS		
1999	1,621	–
2000	3,420	111.0
2001	3,998	16.9
2002	5,085	27.2
2003	7,228	42.1
Total for 5-year period	21,352	–
WRITTEN COMPLAINTS		
1999	171	–
2000	346	102.3
2001	618	78.6
2002	741	19.9
2003	1,043	40.8
Total for 5-year period	2,919	–

TABLE 10

CATEGORY	YEAR				
	1999	2000	2001	2002	2003
NUMBER					
In favour of the complainant:					
Full satisfaction	34	85	218	346	452
Conciliation	3	66	96	101	110
In favour of the bank	4	35	100	96	118
Total	41	186	414	543	680
PERCENTAGE %					
In favour of the complainant:					
Full satisfaction	82.9	45.7	52.7	63.7	66.5
Conciliation	7.3	35.5	23.2	18.6	16.2
In favour of the bank	9.8	18.8	24.1	17.7	17.3
Total	100.0	100.0	100.0	100.0	100.0

2. PERFORMANCE BY TYPE OF THE BANKING PRODUCT/SERVICE

II.

2.1 PAYMENT SYSTEMS

A. FIGURES

During 2003, 1,582 new cases within our rules (42.8% of all cases) involving payment systems were reported. Table 11

presents the distribution of telephone calls per category. The same table presents the distribution of 481 written complaints which represents 54.4% of the total. It should be stressed that the especially high growth rates observed in written complaints (48.7%) and telephone calls (38.6%), reflect the significant increase in the number of cards in circulation in 2003.

B. COMPLAINTS AND THEIR CAUSES

The most significant issues raised by customers in their written complaints or telephone calls and the causes thereof can be summarised as follows:

1. Credit Cards

- Clarifications on the unfair terms and setting of bank interest rates.
- Disputed illegal transactions following card loss or theft.
- Non-disclosure of the customer's ability to withdraw from agreements to have cards issued when those agreements were entered into over the phone.
- Obligations of additional credit card holders.
- Complaints about the behaviour of dept collecting companies representatives during contacts with borrowers to recover overdue payments and in particular with persons in their family or professional circle.

2. ATM

- Allegations about exceeding credit limits in relation to cards illegally used in ATM withdrawals.
- Disputed completion of ATM withdrawals.
- Disputed debits using cash cards. The card was never lost, whereas successive uses of the card were suspicious in nature. Reliance on newspaper reports on skimming.

3. Cheques

- Questions regarding the consequences of cheque cancellation due to theft.
- Checking the true identity of representatives of legal entities when encashing cheques.

4. Merchant agreements between banks and diet centers

- Delay in cancellation of programmes agreed with diet centres once the customer had exercised the right to withdraw provided for in the code of conduct.
- Protest about charges applied to credit cards due to service agreements with diet centers which had terminated operations.

C. CONCLUSIONS - RECOMMENDATIONS

- In order to build a mutually beneficial relationship customers should carefully peruse the contract terms and make sure that they sign the card while banks

TABLE 11
Telephone calls and cases within our rules (by product/service)

CATEGORY	NUMBER		% CHANGE
	2003	2002	
TELEPHONE CALLS			
Credit Cards	1,261	840	50.1
ATM	132	97	36.1
Cheques	72	62	16.1
Bills of exchange	19	8	137.5
Transactions at the till	51	33	54.5
Other	47	24	95.8
Total	1,582	1,064	48.7
WRITTEN COMPLAINTS			
Credit Cards	376	265	41.9
ATM	65	49	32.7
Cheques	11	11	–
Remittances	17	11	54.5
Transactions at the till	9	10	-10.0
Other	3	1	200.0
Total	481	347	38.6

2.2 LOANS

should explain any queries raised by the card holder.

- It is important to conform to the safety rules, to ensure that only the holder uses the card (this covers both the card and its codes) and to make prudent use of and monitor the accounts and any type of transaction statements.
- The resolution of problems with regard to illegal use of cards largely depends on the adoption of a common 4-digit telephone number for immediate card cancellation; implementation of terms on safe card use by merchants (especially when checking the identity of the

cardholder); and the option to insure against theft-related risks. Prompt reporting of theft to the bank is a condition for limiting the cardholder's liability to € 150.

- In the case of phone transactions consumers should take the relevant safety precautions by confirming the particulars of the other party. Banks should also ensure proper implementation of rules which ensure the transparency of such transactions.
- The sensitive matter of recovering overdue debts should be handled with understanding, dignity and respect as far as the personal nature of data is concerned.

- Any problem relating to the customer's financial status which makes it impossible for contractual obligations to be discharged should be disclosed to the bank as soon as possible, and in any case prior payments becoming overdue. Such problems include serious illness, temporary unemployment or family problems.
- When cards are to be issued via merchants, it is necessary to provide the applicant with all information and thoroughly check his/her creditworthiness in accordance with the relevant legal provisions.

A. FIGURES

Table 12 presents the distribution of telephone calls and written complaints respectively by type of loan.

B. COMPLAINTS AND THEIR CAUSES

1. General Complaints

- Failure to inform guarantors in due time about overdue payments of the principal debtors.
- Inappropriate conduct on behalf of company associates undertaking the task of recovering overdue payments from borrowers and guarantors.

2. Housing Loans

- Delays in the approval of loan applications despite advertisements claiming the contrary.
- Failure to clarify the term "loan pre-approval". As a result several potential borrowers treated this term as definite approval and proceeded to undertake various commitments incurring risk of financial loss if the applications were turned down.
- Inadequate information regarding the insurance of property assets in

relation to insurance company selection and the insured value.

- Limited assistance to borrowers in crucial matters such as the choice between fixed and floating interest rates and the ability to adjust this rate according to factors such as the borrower's participation in the final cost.
- Inadequate information regarding the terms of the

borrowers' life insurance contract entered into to secure the loan should insured risks occur.

3. Consumer Credit

- Questions with regard to the possibility and manner of settling debts in arrear, especially in cases of health problems or job loss.
- Information about the possibility and necessity of loan re-financing

TABLE 12
Distribution of telephone calls and written complaints (by product/service)

CATEGORY	NUMBER		% CHANGE
	2003	2002	
TELEPHONE CALLS			
Consumer credit	600	424	41.5
Housing loans	792	443	78.8
Other	24	13	84.6
Total	1,416	880	60.9
WRITTEN COMPLAINTS			
Consumer credit	81	79	2.5
Housing loans	101	70	44.3
Other	4	2	100.0
Total	186	151	23.2

II.

and accumulation of all liabilities with one bank especially after consumer credit liberalisation.

- Protests regarding the early repayment penalty in consumer loans especially for car purchases.

C. CONCLUSIONS - RECOMMENDATIONS

Consumers should:

- Take decisions about financing their needs after evaluating their household budget and the extent to which they can assume new obligations.

- Finance their real needs and not be affected by the aggressive marketing of products and services combined with attractive loan facilities.
- Following their decision to apply for a loan, conduct market research in order to choose the appropriate bank which offers the most attractive terms in their case.
- Carefully read the terms before signing a contract and not hesitate to ask the bank employees for clarifications on issues not fully understood.
- Co-operate with banks during

evaluation of their creditworthiness by providing real and accurate information whenever asked.

- Focus their attention on the total cost of the overall loan period, and not only on the initial interest-free or low-interest period.

• Avoid taking out new loans to pay off arrears only instead of their entire debt, which as a rule leads to over-indebtedness.

Guarantors should be aware of the extent of their obligations and should keep track of the repayment of loans they have guaranteed.

2.3 DEPOSITS

A. FIGURES

Table 13 presents the distribution of telephone calls and written complaints by type of deposits.

B. COMPLAINTS AND THEIR CAUSES

1. Deposit Accounts

- For account balances below a certain threshold, no interest is paid, whereas several banks impose a fee which gradually reduces the account balance to a zero level.
- Fees per transaction made, if the number of transactions exceeds a maximum limit over a certain time period (month or six-month period).
- Charges on accounts that remain idle for a certain time period.
- Fees for deposits to third party accounts.
- Illegal withdrawals from deposit accounts via stolen account booklets and ID cards or passports.

2. Complex banking products

- Accusations about misleading advertisements for complex banking products claiming that

these products ensure a high return without any reference to the risk of capital losses.

- Allegations about inadequate

information provided to depositors when conducting transactions at bank branches.

TABLE 13
Distribution of telephone calls within our rules (by deposit type)

CATEGORY	NUMBER		% CHANGE
	2003	2002	
TELEPHONE CALLS			
Savings accounts	283	223	26.9
Foreign currency deposits	28	36	-22.2
Joint accounts	19	11	72.7
Time deposits	17	21	-19.1
Current accounts	24	17	41.2
Other	14*	6	137.3
Total	385	314	22.6
WRITTEN COMPLAINTS			
Saving accounts	76	46	65.2
Time deposits	2	5	-60.0
Joint accounts	7	10	-30.0
Foreign currency deposits	7	1	600.0
Current accounts	6	6	-
Other	7**	10	-30.0
Total	105	78	34.6

* 6 refer to complex (deposit-investment) products

** 4 refer to complex (deposit-investment) products

2.4 SECURITIES

C. CONCLUSIONS - RECOMMENDATIONS

Consumers should:

- Carefully study the application terms and the relevant contracts prior to their signature.

A. FIGURES

Securities presented a marginally higher number of complaints compared to the previous year in terms of both telephone calls and written complaints as Table 14 shows: Customers made complaints about inadequate information from the relevant bank employees. More specifically, the customers reported that:

- Bank employees who handled the relevant transactions did not explain the crucial characteristics of products such as Mutual Funds by avoiding to place emphasis on the risk of negative capital returns.
- The relevant prospectuses were not always fully understood and did not present the relevant risks entailed by these products.

B. CONCLUSIONS - RECOMMENDATIONS

Consumers should carefully study the terms of investment products in which they place their capital and request clarifications on

A. FIGURES

Table 15 presents the number of telephone calls within our rules and written complaints by category of product or service: During 2003, the telephone calls with

- Consult the price list (table of charges and commissions) with the relevant charges per transaction. This price list is posted in every bank branch.
- Question bank representatives

requesting clarifications on issues not fully understood.

- Keep account booklets and legal documents – such as ID or passport – in different places.

TABLE 14
*Distribution of telephone calls and cases within our rules
(by cause of complaint)*

CATEGORY	NUMBER		% CHANGE
	2003	2002	
TELEPHONE CALLS			
Transactions in securities	32	17	88.2
Buying and selling shares	12	20	-40.0
Investment counselling	9	13	-30.8
Other	6	5	20.0
Total	59	55	7.3
WRITTEN COMPLAINTS			
Transactions in securities	7	6	16.7
Buying and selling shares	6	6	-
Investment counselling	7	4	75.0
Other	1	2	50.0
Total	21	18	16.7

issues not fully understood. This is mainly needed with new complex products whose return

depends on factors which cannot be easily forecast without specialised knowledge.

TABLE 15

CATEGORY	NUMBER
TELEPHONE CALLS	
Bank assurance	22
General information	39
Affiliated contracts	141
Counterfeit bank notes	22
Other	27
Total	251
WRITTEN COMPLAINTS	
Bank assurance	5
Affiliated contracts	77
Other	9
Total	91

2.5 OTHER BANKING SERVICES AND MISCELLANEOUS ISSUES

II.

regard to “Other Banking Services and Miscellaneous Issues” increased by 65.1% due to

problems faced by customers with merchants which terminated their operations. For the same reason,

written complaints increased more than four fold compared to 2002.

2.6 CROSS BORDER TRANSACTIONS

A. FIGURES

Table 16 presents the number of telephone calls and written complaints relating to cross border transactions per product/service:

B. COMPLAINTS AND THEIR CAUSES

The complaints made by customers can be summarised as follows:

- High cost with regard to receiving or transferring cross border remittances denominated in euro.
- Disputed debit charges from illegal transactions following card loss or theft.
- Significant delay in cases of transferring account balances from the originating country to the beneficiary's country.

The above complaints originated from causes which can be summarised as follows:

- Customers not provided with adequate information about the provisions of Regulation (EC) No 2560/2001 on cross border transfers in euro, and more specifically about the ability to transfer capital of up to € 12,500 which took effect on 1.7.2003.
- The pricing policy of particular banks which affects the capital transfer due to costs significantly higher than in the other Eurozone banks.

However, according to the relevant survey conducted by the European Commission similar

problems were observed in other Eurozone countries. To a certain extent these problems were indeed expected in view of the fact that Regulation (EC) No 2560/2001 on capital transfers up to € 12,500 only took effect on 1.7.2003. In the meantime, the accumulated experience and the ability to compare each bank's policy with that of other Eurozone banks will lead to a reduction in the causes of these particular problems.

C. RESULTS

Out of 99 cases relating to permanent residents in Greece:

- 44 were resolved in favour of the customers.
 - 23 were resolved by the bank.
 - Support was provided in 22 cases in order for the complainants to contact the relevant authority in the country originating the transaction.
- Out of 19 disputes involving residents of other EU countries:
- 8 cases were resolved in favour of the customers.
 - 1 case was resolved in favour of the bank.
 - 7 cases were still pending at the end of year.

TABLE 16

CATEGORY	NUMBER	% CHANGE
A. Within EU		
1 Telephone calls		
Payment systems	62 *	78.5
Deposits	11	13.9
Other	6	7.6
Total	79	100.0
2. Written complaints		
Payment systems	28 **	90.3
Deposits	2	6.5
Other	1	3.2
Total	31	100.0
B. Non EU	8	-
Grand Total	118	-

* 36 cases related to card transactions and 25 cases refer to capital transfers

** 16 cases related to card transactions and asset transfers

II. 3. CLOSED CASES

CASE 1675/538 *Charges applied after credit card loss*

The complainant realised the credit card loss upon receiving the monthly statement and seeing that a third party had executed ten transactions amounting to € 1,962.93 using the particular credit card. The complainant refused the validity of the above transactions and asked the Bank to offset the charges. The Bank refused to make the relevant offsetting entries for the above transactions on the grounds that the complainant had not observed the contractual terms on loss of the credit card (with regard to custody of the card and reporting its loss). Furthermore for these reasons it was not possible to limit the cardholder's liability to 150 in line with Joint Ministerial Decision No. Z1-178/2001.

Examination of the facts by the Banking Ombudsman showed that the complainant had not shown the due care in the sense of being constantly on the alert about his credit card. It also showed that the merchants involved were not as diligent and prudent as they ought to have been based on established business practice and the relevant contractual agreements during the aforementioned transactions. They had failed to notice that the signatures on the relevant receipts were not identical to that on the card despite the evidence in some cases that the card user was behaving suspiciously. In addition, the bank had not informed the cardholder to what extent it was possible to exceed the credit limit.

For these reasons, the Banking Ombudsman suggested that the bank return 50% of the disputed charges and the amount in excess of the credit limit. The bank only accepted return of the second amount.

CASE 1685/548 *Disputed withdrawal of money* *using a stolen cash card*

On 19.9.2002, the wallet of a complainant containing her cash card was stolen. She delayed reporting the theft by one hour and during that period withdrawals amounting to € 1,200 were made from her account. The complainant insisted that no written note with the card's PIN existed in the wallet and requested the initial balance of the bank account be restored.

Based on the evidence provided by the bank, which included all card transactions on the specific date, the following conclusions were drawn:

The card user was aware of the PIN since the correct PIN was entered on the first attempt. It is certain that the user was not aware of what type of bank account the complainant had nor what the balance was. This is based on the fact that out of 19 consecutive attempts to withdraw money, the first 3 failed because the user requested money from a current account not connected with the particular card. This was followed by efforts to make withdrawals from a savings account which were exploratory in nature (initially the person requested € 180 and when the withdrawal succeeded, the person withdrew an additional amount of € 280, and right after an even higher amount of € 480). Following this, the user unsuccessfully attempted to withdraw larger sums and then made new fruitless efforts to withdraw money from the current account.

These facts show that the illegal user of the card knew the complainant's PIN from the outset. Furthermore, because the card was stolen along with the complainant's wallet, this is no case of PIN entrapment (e.g. blocking of the card and referral of the cardholder to a mobile phone where through appropriate questions the PIN is disclosed). Furthermore, there is no doubt concerning use of the complainant's card, as is evident from the detailed ATM transaction statement for the day on which the transactions occurred.

Based on the above, one of the basic requirements laid down by Joint Ministerial Decision No. Z1-178/2001 for limiting the complainant's liability to € 150 was not met, namely non-disclosure of the PIN to a third party. After taking into consideration the above facts, the Banking Ombudsman decided it would be inappropriate to recommend that the bank charge back these amounts.

CASE 1753/616 *Withdrawals after the loss* *of bank deposit booklet and passport*

The complainant considered that banking officers were responsible for two withdrawals of € 5,000 made from a joint savings account maintained with his wife and son by a third party. The third party used the bank

II.

deposit booklet and the passport of the complainant's wife. The complainant was not aware of the loss of the bank deposit booklet. The passport had been stolen from his home.

The bank refused to return the above amount, since the complainant had not informed the bank in time about the loss of the bank deposit book. The complainant was obliged to inform the bank in time based on the relevant contractual agreement signed when the account was opened. After a thorough examination of the issue, the Banking Ombudsman weighed up the causal significance of the omissions made by both parties that resulted in the above prejudicial event and suggested that the bank return 50% to the complainant. Both parties accepted the above outcome.

CASE 1887/9 Activation of life insurance contract due to accident

The complainant had taken out a personal loan of € 2,934.70 which was serviced as normal and had also taken out insurance coverage against personal accident so that the insurer would pay off the balance in such an event.

One year ago the complainant had an accident and became partially disabled. He requested activation of the insurance contract whose terms covered such cases.

As the bank delayed in answering this request, the complainant submitted a written protest to the relevant bank department and notified this letter to our Office as well. It should be noted that the complainant had also paid two more installments of the loan prior to the submission of the above request.

Following contact between our Office and the relevant bank department:

- The remaining balance of the loan was cancelled (an offset entry was made).
- The bank returned € 250.00 to the complainant. The complainant had paid the above amount after the accident.
- The department sent copies of the insurance contract and the agreement signed between the two parties to the address of the complainant.

CASE 1951/73 Return of expenses for loan not finally granted

At the beginning of August 2002 the complainant submitted an application for a housing loan of € 176,000. During the first days of September the bank branch informed the complainant that the loan had been pre-approved and that he was required to pay € 1,219 in bank charges. This sum was paid on 5.9.2002.

The complainant had informed the bank branch about specific deadlines with regard to the purchase of the desired property. As a result, the complainant put pressure on bank employees to grant final approval but without success.

In the end the complainant turned to another bank which granted the loan immediately. The complainant requested the return of the charges paid although the bank assured him that the loan would be disbursed within a few days.

After examining the case and taking into consideration additional information from the complainant, our Office contacted the bank's Customer Service Department – which had already investigated the case – and clarified the following points:

- The complainant submitted the loan application (which also described the property to be acquired) on 6.8.2002. The complainant kindly requested the bank to reply as soon as possible since the seller had placed very tight deadlines for purchase.
- On 5.9.2002, one month after the application submission date the bank branch informed the complainant that the loan had been pre-approved and requested € 1,219 in loan charges (civil engineer's fee, lawyer's fee, etc.).
- The complainant paid the above amount without any reservation the same day and at the same time the complainant put new pressure on the bank's employees to speed up the relevant procedures.
- By the beginning of December the application had still not been approved, despite the statement made by the bank's representatives that final approval and loan disbursement was a matter of days. As a result, the complainant submitted an application to another bank which granted the loan to the complainant in a very short period of time and without any payment in advance.

II.

Following the above, the bank returned € 1,039.69 to the complainant compared to the € 1,219 initially paid in total.

CASE 1993/115 ***Cross-border transaction***

Using a credit card issued by an english bank the complainant attempted to withdraw an amount of € 400 from an ATM belonging to a bank in Greece. The complainant reported that the ATM did not release any money despite the fact that he received a receipt.

The Branch Manager examined the particular transaction and informed the complainant that the relevant amount was found in the special ATM box for rejected transactions. The Manager assured the complainant that the debit charge would be cancelled from his account.

However, when the complainant received the card statement he observed a debit charge of € 400 relating to the above withdrawal, and therefore protested once again to the bank. Two months later the charge was cancelled from the account. However, the charge reappeared one month later with the note "successfully completed". The complainant informed the greek bank about this matter, and the bank assured the complainant that all the necessary actions had been taken with respect to the foreign bank. As a result, no other action could be taken on behalf of the greek bank concerning this particular case.

In view of this development, the complainant contacted the Office of the Banking Ombudsman, which brought the issue to the attention of the Customer Service Department. Detailed investigation of this case showed that the greek bank had twice sent a message to the foreign bank concerning cancellation of the debit charge (with a note that the transaction was never completed). Following a series of telephone calls and the exchange of various documents it was discovered that the message had been lost.

In the end the case was resolved with the € 400 debit and the relevant interest expenses being cancelled.

CASE 2054/176 ***Disputed transaction*** ***involving an ATM abroad***

On 11.12.2002 while abroad, the complainant's son unsuccessfully attempted to withdraw money from an ATM belonging to a foreign bank which co-operates with a greek bank. He also made the same unsuccessful attempt at two other ATM belonging to the same bank.

On 27.12.2002, when the bank deposit booklet was updated the account holder observed a debit charge of € 700.00 despite the fact that no withdrawal had been successfully made abroad.

As the complainant had not contacted the Customer Service Department of the bank, our Office transmitted the above complaint by fax to the corresponding Department. Our Office requested an update on this matter as soon as the Department had investigated the matter.

On 7.4.2003, the Bank's Customer Service Department informed us of the following:

- The disputed amount of € 700.00 was withdrawn via two transactions of € 200 and € 500.
- Following the protest made by the complainant, the greek bank sent a letter to the foreign bank requesting the relevant data for the disputed transactions.
- The foreign bank did not reply within the appropriate 40-day period. Thus, the amount of € 700 was charged back to the complainant's account by debiting this amount to foreign bank's account on 7.4.2003 with a clearance date of 10.4.2003.

CASE 2181/303 ***Failure to purchase of government bonds***

On 18.2.2003, the complainant submitted an application to a bank branch as part of a public offering of government bonds. The complainant applied to purchase € 10,000 worth of bonds (maximum amount per individual) and submitted the necessary account and security numbers. After the public offering was over the complainant realised that the bank had not withdrawn the amount of € 10,000 from the corresponding account. Concerned by the above event, the complainant contacted the bank branch and learned that the purchase had not

II.

been made due to a typing error on the securities system.

Following this the complainant requested payment of interest at 3.60%, similar to the return which would have been achieved if the complainant had purchased the government bonds.

Our Office contacted the bank branch which was involved in this “unfortunate” transaction which assured our Office that this was a mistake made by the Banking officer who handled this matter.

Based on the above information, we contacted the bank’s Customer Service Department and proposed the following series of actions:

- 1) That the bank make use of its reserves and offer government bonds worth € 10,000 to the complainant, on the same day if possible.
- 2) If there were no government bonds available, then the bank should create a time deposit account in the form of REPOS with an interest rate similar to 3.60%, which was the rate of the bonds.
- 3) Interest should be applied from 18.2.2003 until the date of the above settlement and credited to the account of the complainant. Interest should be calculated at 3.60% and would amount to approximately € 90.

After few days the bank as well as the complainant informed us that the case had been successfully resolved. Government bonds worth € 10,000 had been acquired and tax free interest payments of € 90.00 had been paid.

CASE 2196/318 ***Blacklisting of joint*** ***current account holder***

The complainant protested about being blacklisted in the central creditworthiness database as co-holder of a current account. The other account holder had issued a cheque with regard to this account but this was not successfully encashed and bounced. The complainant was informed about the matter from the relevant department of the company which operates the database.

The Banking Ombudsman informed the complainant in writing about the provisions of the relevant legislation. According to these provisions, when the holder of a

joint current account breaches his obligations, the relevant penalties also apply to the private accounts held by each of the co-holders. It should be noted that the above penalties relate to issuing of cheques which exceed the account balance or the maximum limit based on the relevant contractual agreement.

CASES 2285/407 AND 2286/408 ***Request to have charges*** ***applied by diet center***

The complainant protested about the delay in offsetting charges applied to the credit cards of two banks against monthly installments due to a service contract signed with a diet center. The total value of the contracts amounted to 1,217.78 euros and 871.68 euros. The complainant had requested the above cancellation from the diet center as well as the two banks. Furthermore the complainant claimed that for a long period of time both the center and the banks had given her assurances that the particular request would be satisfied and that she never made use any of these services.

After examining the complaint, the Banking Ombudsman noted that the complainant had exercised her right to withdraw from the service contract in accordance with the diet center code of conduct prepared by the relevant services of the Ministry of Development. However, the final steps to cancel the contract were still pending. Following our Office’s intervention, the matter was directly resolved with both banks making the offset entries.

CASE 2327/449 ***Housing Loan***

In March 2002, the complainant signed a housing loan agreement for the sum of € 73,954 in order to purchase a first home. According to the contractual terms, this amount would be disbursed in accordance with the progress of work to the construction company which was the vendor. The complainant reported that this company terminated operations unexpectedly, and the apartment buyers lodged lawsuits against this company. According to the court of first instance

decision, the construction company was obliged to grant horizontal ownership to the apartment buyers as per contract. The construction company was not permitted to disturb their ownership rights in the future by any means.

It should also be noted that the construction company had received € 58,694 from the approved loan. An additional amount of € 15,260 had not been disbursed due to termination of construction work.

The complainant applied to receive the remaining amount from the bank in order to complete construction work. Since the bank did not reply to the complainant ten days after the request, we contacted its Customer Service Department and specifically pointed out that the complainant was full owner of the apartment according to the relevant contractual agreement. Therefore, the complainant had the right to receive the remaining amount of the approved loan and complete the construction work also taking into consideration that the construction company was exclusively responsible for termination of the relevant work. In addition, we stressed that the complainant was absolutely punctual in his repayment obligations and that the installments already repaid corresponded to the total loan approved and not only to the amount disbursed.

Following this, the complainant's case was resolved the same day and the amount of money applied for was granted to the complainant.

CASE 2508/630 *Disputed ATM Transactions*

The complainant disputed withdrawals amounting in total to € 14,000 made at various ATM in Attica at a time when he was on holiday in Kozani and was in possession of the cash card at all times.

It should be noted that on 18.8.2003 the complainant had delivered and cancelled his cash card to the bank branch in Faliro while on the same night an attempt was made to withdraw money from an ATM in a Metro station.

Since the bank had not answered to the complainant, our Office contacted the relevant Customer Service Department. We were informed that following an investigation the bank intended to charge back these amounts to the complainant's bank account. It was proved that the complainant was the victim of an internationally known form of fraud which involves the forgery of cards after copying their magnetic stripe when inserted into the ATM and photographing of the PIN while being keyed in.

The bank has already invited the complainant to collect the disputed amount of € 15,960 from it.



The Banking Ombudsman *can* help you

OFFICES:

12-14 Karagiorgi Servias Street

GR-105 62 Athens

P.O. Box 3391, 102 10 Athens

Tel: 010 3376 700 • Fax: 010 3238 821

E-mail: contact@bank-omb.gr

Website: www.bank-omb.gr

Digitalogue
with Citizens and Business



EN/UK

FIN-NET
**Settling cross-border
financial disputes
out of court:
Consumer guide**

EUROPE
D I R E C T

Athens 2004
Published by the Hellenic Banking Ombudsman Office,
12-14 Karageorgi Servias Street,
GR-105 62 Athens,
Tel.: 210 3376 700
Fax: 210 3238 821
e-mail: contact@bank-omb.gr