

1. Overview

Introduction Federally regulated institutions, including Coast Capital Savings Federal Credit Union (Coast Capital), are required to comply with consumer provisions of the Bank Act and supporting regulations. These consumer provisions were enhanced with the introduction of the Financial Consumer Protection Framework (FCPF), coming into force on June 30, 2022. The Financial Consumer Agency of Canada (FCAC), is the regulating body responsible for ensuring that institutions comply with consumer provisions.

One of the new consumer protection provisions requires Coast Capital to ensure all employees, as well as any person who offers or sells the organization's products or services be trained with respect to consumer protection policies and procedures. This Consumer Protection Training applies to all Mortgage Brokers.

Background The FCPF introduces new and enhanced regulatory requirements to further empower and protect consumers.

Current consumer protections include the right to:

- Receive clear and simple information that is not misleading about products and services,
- Only receive products and services the customer has provided express consent to, and
- Have customer issues resolved through a complaint-handling process.

As of June 30, 2022, new and enhanced consumer protection measures provided by the Framework include:

- *Enhanced disclosures to help customers understand their rights and obligations* – new electronic alerts, reminders to help customers decide on renewal or cancellation of products and services, information on rates or fees applied, and separate agreements for optional products and services.
- *Enhanced complaint-handling procedures* – new requirements to deal with customer complaints, customer access to an external complaints body, and changes to resolve customer issues in a more timely and effective way.
 - <https://www.coastcapitalsavings.com/help/managing-your-account/resolving-your-complaint#>
- *Product or Service Appropriateness* – new obligation to offer and sell only products or services appropriate for the customer's financial

needs, and to provide refunds for charges or penalties that were not disclosed or that the customer didn't agree to.

- *Prohibition to Misleading or Applying Undue Pressure* – new rules prohibiting taking advantage of, coercing or applying undue pressure for any reason, including when offering or selling products or services to customers, and a requirement to obtain the customer's express consent prior to providing products or services.
- *Whistleblowing Program* – Coast Capital must administer a whistleblowing program for employees and affiliates to report wrongdoing. Employees and affiliates will be protected from retaliation for reporting any suspected wrongdoing.
 - <https://www.coastcapitalsavings.com/legal/whistleblower-reporting>

The establishment of the Framework resulted in substantial changes to the *Bank Act* and the consolidation of existing supporting regulations into new *Financial Consumer Protection Framework Regulations*.

2. Policies and Procedures

The FCAC expects Coast Capital's Mortgage Brokers to have robust policies and procedures in place to comply with consumer provisions.

It is critical Mortgage Brokers follow policies and procedures related to their duties and deliverables. Mortgage Broker procedures are designed to ensure:

- Customers receive the information they need to make informed decisions, at the appropriate time, and in the appropriate manner,
 - Coast Capital can provide evidence consumer provisions were met, including obtaining express consent for a product or service, and
 - Consumer protection measures are considered during new product initiative and changes to existing products and services.
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3. Complaints Handling

Definition of Complaint

A complaint is any expression of dissatisfaction in relation to a product or service offered, sold, or provided by Coast Capital, or the manner in which a product or service is offered, sold or provided by Coast Capital Mortgage Brokers. This includes cases where an expression of dissatisfaction is not justified.

Complaint Timeliness

Coast Capital must have robust policies and procedures to handle complaints and resolve customer problems. Customers can access an independent and impartial review by an external complaints body when Coast Capital is unable



to resolve the complaint in a timely manner, or if the customer is unsatisfied with the response provided.

To improve timeliness and effectiveness of complaint handling, the Framework requires financial institutions to escalate unresolved complaints within 14 days from the date the complaint is received by the institution to employees who are designated to handle complaints, and to resolve or close complaints within 56 days (eight weeks) following the day a complaint is received. Coast Capital's Member Relations Team (MRT), as well as the Complaint Resolution Office (formerly Coast Capital's ombudsperson) are the employees designated to handle escalated member complaints.

Complaint Resolution Process

If a Mortgage Broker receives a complaint from a customer, they will provide the customer with a copy of Coast Capital's complaint handling process via the Resolving Your Complaint documentation and instruct the customer to contact Coast Capital for assistance.

<https://www.coastcapitalsavings.com/help/managing-your-account/resolving-your-complaint>

4. Consent and Agreement

**Express Consent/
Entering into Agreement**

Coast Capital procedures ensure that products and services are provided to individual and business customers only once they have:

- Provided their express consent,
- Entered into an agreement for the product or service, and
- Received a copy of the agreement (where the agreement is for a product or service provided on an ongoing basis).

Any attempt to obtain express consent must be in a manner using clear, simple, and not misleading language. The customer's use of the product or service does not constitute express consent.

The Framework adds a requirement that customers be given a cooling off period to cancel an agreement for products and services. Mortgage Brokers to review their product information pages for specific Mortgage cancellation details, and follow cancellation procedures carefully.



5. Responsible Business Conduct

Undue Pressure, Coercion and Taking Advantage

Coast Capital must treat customers fairly and must not:

- *Impose undue pressure, coerce or take advantage* of a person (individual or business) for any purpose, including to obtain a product or service as a condition for obtaining another product or service, or
- Mislead or otherwise provide false information when communicating with a customer

Mortgage Brokers must not pressure, influence or compel a customer to choose a Coast Capital product or service.

Definitions

Undue pressure means any pressure, imposed in the form of a practice or a communication or otherwise, that could be considered to be excessive or persistent in the circumstances.

Prohibited conduct means imposing undue pressure, or coerce a person to obtain a product or service as a condition for obtaining another product or service.

There are some scenarios that do not fall under the definition of prohibited conduct. For example, bundling of products and services is permitted, provided customers have the choice to purchase the products or services individually or take advantage of preferential pricing for the product bundle.

Other Responsible Business Conduct Obligations

Coast Capital may only impose a fee, penalty or charge (including interest) on a product or service if:

- The customer has provided their express consent,
- The agreement for the product or service allows for the collection of the fee, penalty or charge, and
- The customer was informed of the fee, penalty or charge.

If a customer is charged a fee that was not disclosed, not part of their product or agreement, or the customer did not consent to the product, Coast Capital must refund or reimburse the fee, penalty or charge and pay a redress penalty calculated based on the amount and the bank of Canada overnight interest rate. .

Mortgage Brokers must not communicate or provide, false or misleading information to a customer, the public, or the Commissioner of the FCAC.

Coast Capital advertisements must be accurate, clear, and not misleading.



6. Disclosures

Coast Capital must disclose information about our products and services to customers in a manner, and using language, that is clear, simple and not misleading. This enables customers to make informed decisions about their finances and protect them from financial harm.

The disclosure of key product and service information permits customers to understand their rights and obligations. Ensure you refer to and follow all applicable Mortgage Broker business policies and procedures.

7. Product Appropriateness

Assessing Circumstances and Financial Needs

To protect financial consumers from unfair sales practices, the Framework requires all federally regulated financial institutions to offer only appropriate products and services to individuals for non-business purposes, after considering their circumstances and financial needs. To meet this requirement, Coast Capital's end-to-end sales processes and resources provide Mortgage Brokers with the tools to offer appropriate product solutions, and the ability to document information gathered about customers' circumstances and financial needs obtained during the discovery process.

Aligning remuneration

In addition, financial institutions governed by the Framework must ensure that remuneration does not interfere with the ability to comply with procedures to offer appropriate products. To comply, Coast Capital's pay, benefits, incentive, reward and recognition programs are reviewed to ensure that its officers and employees, and any individuals who offer or sell Coast Capital's products or services, do not receive any payment or benefit that may motivate them to offer products or services that are not appropriate.

