



Habib Canadian Bank Prohibition on Coercive Tied Selling

Why Did We Create This Booklet?

The *Bank Act* requires banks to inform customers in plain language that coercive tied selling is illegal. To comply with the law, we have created this booklet explaining:

- what coercive tied selling is,
- what coercive tied selling is not, and
- how to contact us if you have any questions, complaints or concerns.

What is coercive tied selling?

Section 459.1 of the *Bank Act* prohibits banks from practicing coercive tied selling. More specifically, it is against the law for a bank to *“impose undue pressure on, or coerce, a person to obtain a product or service from a particular person, including the bank and any of its affiliates, as a condition for obtaining another product or service from the bank.”*

You cannot be unduly pressured to buy a product or service that you don’t want, from a bank or one of its affiliates, to obtain another bank product or service.

Habib Canadian Bank provides a wide variety of financial services and products to its customers. The above mentioned statement affirms the bank’s respect for a customer’s right to choose financial products or services freely.

An example of Tied Selling

Your bank’s mortgage specialist tells you that you qualify for a home mortgage. However, you are also told that the bank will approve your mortgage only if you transfer your deposits to the bank or its affiliates. You want the mortgage but you do not want to move your deposits.

The above practice is against the law. If you qualify for a product, a banking representative is not allowed to excessively pressure you to buy another unwanted product or service as a condition of obtaining the product you want.

What is NOT Coercive Tied Selling?

Section 459.2 of the *Bank Act* states “For greater certainty, a bank may offer a product or service to a person on more favourable terms or conditions than the bank would otherwise offer, where the more favourable terms and conditions are offered on the condition that the person obtains another product or service from any particular person.”

Most businesses, including Habib Canadian Bank, look for tangible ways to show their interest in your business and appreciation for your loyalty. Sales practices, such as preferential pricing offer potential and existing customers better prices or more favourable terms. These practices should not be confused with coercive tied selling, as defined by the *Bank Act*.

(a) What is Preferential Pricing?

Preferential Pricing means offering customers a better price or a rate on all or part of their business.

The Bank may be able to offer you preferential pricing – a higher interest rate on deposits or lower interest rate on loans – if you use more of its products or services. The following example will help to explain preferential pricing.

An Example of Preferential Pricing

After approving your application for a home mortgage from the bank, your bank’s mortgage specialist tells you that this mortgage would be available at a lower interest rate if you transferred your deposits to the bank or its affiliates.

The above practice is acceptable. The approval of your mortgage loan is not conditional on your taking another bank product or service. Rather, you are offered preferential pricing to encourage you to give the bank more business.

(b) How Do We Manage our Credit Risk?

To ensure the safety of their depositors, creditors and shareholders, banks must carefully manage risk on the loans they approve. Therefore, the law allows us to impose certain requirements on borrowers as a condition for granting a loan – but only to the extent necessary for us to manage our risk.

An Example of How a Bank Manages Such Risk

You apply for an operating loan for your business. To manage the risk associated with the loan, the bank requires your business to have an operating account with the bank as a condition for obtaining the loan.

The above example is legal and appropriate. Having your business’ operating account at the bank allows us to assess possible risks associated with your business’ cash flow and manages the risk associated with your loan.

How to Contact Us If You Have Any Questions, Complaints or Concerns

All employees at Habib Canadian Bank are expected to comply with the law by not practicing coercive tied selling. We urge you to let us know if you believe that you have experienced coercive tied selling in any dealings with us. You may follow our complaints handling procedure as follows:

Step 1: Start at the point where the problem originated

Usually, any concerns/issue can be settled by simply making us aware of it. You can raise your issue with our staff in person, by telephone, fax, email, or in writing. If they are able they will resolve your issue promptly. If you are not satisfied with the response you get where the problem originated, ask to speak with the manager of the branch or deputy manager. They will have the authority to resolve most problems immediately.

Step 2: Escalate the complaint

Many concerns can be resolved right at the time they occur by following Step 1, but if you are not satisfied you can escalate your concern to the HCB Ombudsman for resolution. Please complete the attached Customer Concerns Form in this brochure (include a telephone number where you can be reached) and return it by fax, email, or in writing to us at the following:

Attention: HCB Ombudsman

Email: concerns@habibcanadian.com

Fax: 905-276-5400

Mail: Suite 1-B, 918 Dundas Street East, Mississauga, Ontario, L4Y 4H9

Once we receive your complaint, we will acknowledge receipt of it to you within 5 business days. We will keep you updated and informed regarding your concerns throughout the resolution process.

In the majority of cases you will be advised of the outcome in writing within 10 business days. Should there be exceptional circumstances causing a delay we will advise you in writing. Even in the most complex matters the issue should be resolved within a maximum of 30 calendar days or we will advise that more time is required.

Step 3: Contact the Ombudsman for Banking Services and Investments (OBSI)

If the issue is not resolved after following Steps 1 and 2, you have access to the Ombudsman for Banking Services and Investments (OBSI), www.obsi.ca of which we are a member.

OBSI provides an impartial review of a consumer's complaint, after it has been addressed by the financial institution's internal complaint-handling process. You may contact OBSI for a further review of your complaint.

Ombudsman for Banking Services and Investments (OBSI)

401 Bay Street, Suite 1505

P.O. Box 5

Toronto, Ontario, M5H 2Y4

Phone: 1-888-451-4519

Fax: 1-888-422-2865

Email: ombudsman@obsi.ca

Website: www.obsi.ca

Financial Consumer Agency of Canada (FCAC)

The Financial Consumer Agency of Canada supervises financial institutions such as banks to ensure that they comply with federal consumer protection laws. Any consumer can file a complaint with FCAC at any point of the internal complaint-handling process, and there's no cost involved.

If you have a complaint that you think may involve a violation of a consumer protection law, a public commitment or an industry code of conduct, contact FCAC in writing at:

**Financial Consumer Agency of Canada
Enterprise Building, 6th floor
427 Laurier Avenue West
Ottawa, Ontario K1R 1B9**

Phone: 1-866-461-3222

Online: www.fcac-acfc.gc.ca

Please note, the FCAC does not become involved in matters of redress or compensation – all requests for redress from Habib Canadian Bank must follow the resolution process steps set out in this brochure.