



RBC
Financial
Group

Office of the
OMBUDSMAN

2004 ANNUAL REPORT

F I R S T  F O R Y O U TM

Message from the Ombudsman



The theme of this report, *First for you*, reflects RBC's approach to having clients at the centre of everything we do — taking responsibility, being accountable and demonstrating a sincere commitment to clients. This commitment has to be demonstrated in every encounter and all our relationships. Ultimately, this commitment translates into finding more creative solutions and less process and bureaucracy.

When it comes to problem resolution, we must approach conflict constructively by changing the way we react when in conflict. First, we need to start with ourselves and examine how we deal with conflict. There is no doubt that managing conflict is a difficult task, especially when every situation is unique and requires the skills to move from analysis to intuition, from honesty to empathy, from being right to engaging in open dialogue.

Most conflicts arise out of miscommunication, perceived or real differences, unclear roles and responsibilities, and unrealistic expectations. Escalation of conflict is not a solution. Rather we should aim to resolve the conflict at the source by listening and demonstrating that we understand, exploring options without judgment or bias, separating issues from people and acting with commitment and respect for each other.



From left standing: Dave McNabb, Deputy Ombudsman, Nyaree Sunnasy, Deputy Ombudsman and Employee Ombudsman; Linda Thomson, Deputy Ombudsman; and Wendy Knight, Ombudsman.

From left seated: Anna No, Investigations and Communications Officer; and Nyasha Smith-Ruddock, Client Liaison Officer.

Denying the existence of conflict does not make it disappear, it increases in intensity and makes it harder to resolve. Sometimes an apology is all it takes to shift perspectives.

We are all respected as individuals and as a corporation based on how we live our values. By listening respectfully to clients, creating open dialogue, jointly solving problems and discovering common ground, we will learn how to create stronger partnerships with our clients and employees.

MISSION

We will extend an impartial avenue of appeal for unresolved concerns and will recommend changes to improve client and employee experiences.

Understanding product features essential

CASE STUDY:

CLIENT'S PERSPECTIVE

Mr. and Mrs. Boucher* contacted RBC when they thought that they had been charged twice for insurance on the refinancing of their mortgage. The clients had applied for an increased mortgage to finance a new home and they could not understand why they had to pay more insurance. They sought advice from a mortgage broker who told them that their original premium should have been sufficient to cover the new mortgage. They wanted their money back.

RBC'S PERSPECTIVE

RBC had tried to explain to Mr. and Mrs. Boucher that they had not overpaid. The newly financed mortgage was not a high ratio mortgage, thus Canada Mortgage and Housing Corporation (CMHC) insurance was no longer applicable. The CMHC coverage ceased when they refinanced the mortgage for a new home. The refinancing did require a different kind of insurance coverage. The mortgage representative had assumed that the clients understood and did not check back with them.

THE OUTCOME

The insurance coverage were for two distinct purposes and the client had not been overcharged. RBC, however, did not provide the clients with proper premium disclosure documents when the mortgage was approved. RBC recognized that there had been a miscommunication, apologized and offered the clients a small monetary amount as a goodwill gesture, which the clients accepted.

WHAT CAN BE LEARNED

RBC

- Ensure that clients understand the features, advantages and disadvantages of products. Communicate fees and costs clearly to clients.
- Explain your processes to your clients as they happen. Be open and transparent.

Client

- Make sure you understand all products being purchased and the price of the product.
- Ask questions and discuss all aspects of the transaction thoroughly with your banker.
- Do not be afraid to escalate any unresolved matters and questions.

Timely documentation key to resolution

CASE STUDY:

CLIENT'S PERSPECTIVE

Mrs. Singh* purchased airline tickets for a trip by using RBC Visa card. For reasons unknown to her the card was charged twice. When she discovered the error upon her return she phoned Visa to have this rectified. Her efforts to have the charges reversed were unsuccessful. As she dealt with different layers of employees her frustration mounted and the answer remained the same. She was not getting her money back.

RBC'S PERSPECTIVE

RBC confirmed that the charge went through Mrs. Singh's credit card account twice and asked the client to sign and return a disputed charge document. RBC claimed that unfortunately the document was not received within the required 15 days and recourse was lost to obtain a refund. RBC also pursued refund with the merchant on a goodwill basis but the travel agent who processed the charge had gone bankrupt and was unable to pay the client back. RBC would not refund the client, as she did not respond within the prescribed time.

THE OUTCOME

In reviewing the dates when the series of events took place, it was found that the client advised RBC Visa of the error as soon as she received her statement. RBC Visa, on the other hand, could not produce evidence as to when the disputed charge document was sent. It was also determined that RBC might have sent the document to the client after recourse had been lost. The recommendation from the Office of the Ombudsman was to refund the amount.

WHAT CAN BE LEARNED

Clients

- Make sure you verify your statements (paper or electronic) as soon as you receive them and/or have access to them electronically.
- Send all the necessary documentation to support your complaint.

RBC

- Keep proper documentation to support your perspective in problem resolution.
- Review accuracy of information before making final decisions.

Case Statistics and Analysis 2004

In an effort to improve our service to clients in support of RBC's corporate values, our office began to answer the phone live in 2004. This contributed to additional contacts. In 2004, we saw a 58 per cent increase in the number of clients contacting the Ombudsman's office. In total, the number of contacts rose from 2,400 in 2003 to 3,789 in 2004. Telephone calls accounted for 45 per cent of all contacts followed by 38 per cent by e-mail, 11 per cent by regular mail and six per cent by fax.

Of the total contacts received, 58 per cent (2,197) were referred to the RBC Customer Relations Centre to allow RBC to formally respond to clients and express what the business had done to resolve the complaint before further escalation. A further 15 per cent (587) were referred to executives and senior managers for a final opportunity for RBC to save the client relationship. The Ombudsman reviewed and investigated 535 files. The office handled another 470 files that were either related to existing files, complaints that had no contact information or enquiries.

The Ombudsman finalized the informal review and investigation of 415 files in 2004, an increase of 12 per cent over 2003. Case files increased for Personal Banking (+20 per cent), card services (+79 per cent) and decreased for RBC Investments (-29 per cent). The Private Client Division accounted for the largest drop at RBC Investments with a decrease of 36 per cent. RBC Insurance files remained the same year over year.

Case Statistics and Analysis 2004

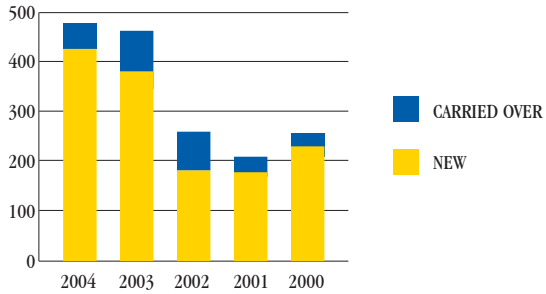
Issues raised in the cases investigated also saw some changes. The major category, account transactions remained the same (23 per cent), loans and collections increased 14 per cent, insurance issues increased 18 per cent and debit cards increased 27 per cent. However, investment advice decreased 30 per cent. The largest increase was seen in credit card services that increased 113 per cent. Issues on the communication of and implementation of new fees, quality of service, privacy and student loans all saw increases as well, while complaints about trust services and estates decreased.

During 2004 we reached either agreement or partial agreement on 32 per cent of total files investigated. This was an increase from 23 per cent in 2003.

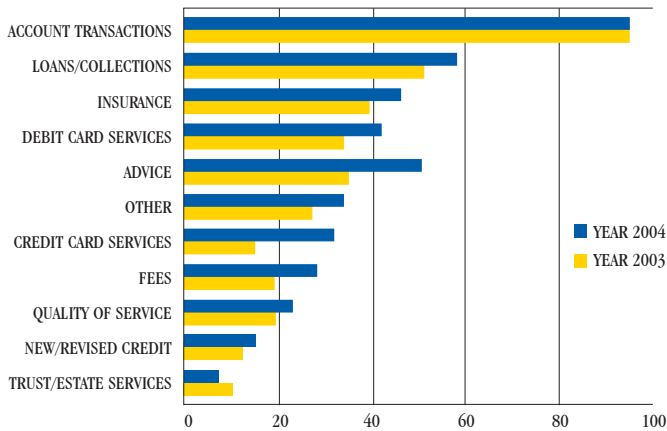
In 2004, clients referred a total of 36 files to the Ombudsman for Banking Services and Investments (OBSI). This represented an increase from 2003 (22 files), however of those files 14 were not fully investigated and were declined by the OBSI. A total of 22 files were investigated by the OBSI representing about 7.5 per cent of total files referred.

Case Statistics and Analysis 2004

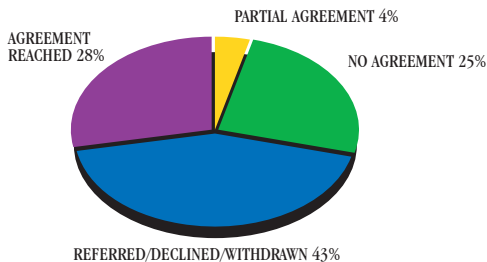
TOTAL CASES



TOP TEN ISSUES



CASE OUTCOMES



Complaint Escalation and Appeal

1. Gather your facts including paperwork, dates and names of RBC employees involved. Determine what you 'd like RBC to do. Start where the problem arose; talk or write to the manager or area executive.
2. Escalate unresolved concerns first to:

For RBC Banking and RBC Investments:
RBC Customer Relations Centre
RBC Financial Group
P.O.Box 1, Royal Bank Plaza
Toronto, ON M5J 2J5
Eng. Tel: 1-800-769-2540, option #3
Fr. Tel: 1-800-769-2541, option #3
Fax: (416) 974-3561
custrel@rbc.com

For RBC Insurance:
RBC Insurance Services Inc.
Customer Care Assurance
P.O. Box 213, Station A
Mississauga, ON L5A 4N9
Tel: 1-888-728-6666
Fax: 1-888-844-3331
feedback@rbcinsurance.com

3. Appeal in writing to:

RBC Office of the Ombudsman
RBC Financial Group
P.O. Box 1, Royal Bank Plaza
Toronto, ON M5J 2J5
Tel: 1-800-769-2542 or (416) 974-4591
Fax: (416) 974-6922
ombudsman@rbc.com
www.rbc.com/ombudsman

Note: The Ombudsman does not investigate complaints about credit decisions, service fees, interest rates and other matters of general policy, issues that are in litigation, or transactions for which RBC records no longer exist (usually after six or seven years). The Ombudsman is empowered to examine commitments made by member companies of RBC Financial Group and to review their compliance with proper business procedures. Member companies of RBC Financial Group are listed at www.rbc.com and include RBC Royal Bank, RBC Investments, RBC Insurance and RBC Capital Markets in Canada and RBC Centura, RBC Mortgage, RBC Builder Finance, RBC Liberty Insurance, RBC Capital Markets and RBC Dain Rauscher in the U.S.

If not resolved, contact the Ombudsman for Banking Services and Investments within six months of the RBC Ombudsman's review:

Ombudsman for Banking Services and Investments
P.O. Box 896, Station Adelaide
Toronto, ON M5C 2K3
Tel: 1-888-451-4519
Fax: 1-888-422-2865
ombudsman@obsi.ca
www.obsi.ca

FULL TEXTUAL DESCRIPTION OF THE BAR GRAPHS/PIE CHARTS

Total Cases:

This is an image of a bar graph showing the total new and carried over cases that were handled by our office from 2000 to 2004. In 2000, there were over 200 new cases and about 20 carried over cases. In 2001, there were just over 160 new cases and 30 carried over, in 2002 there were 170 new cases and over 70 carried over cases, in 2003 there were approximately 370 new cases and 80 carried over cases and finally in 2004, there were 415 new cases and 50 carried over cases.

Top Ten Issues:

This is an image of a bar graph showing a comparison of the top ten issues handled by our office from 2003 to 2004. In 2004, the following issues are listed from most often to least often: account transactions, loan collections, insurance, debit card services, advice, other, credit card services, fees, quality of service, new/revised credit and trust/estate services. In 2003, the following issues are listed from most often to least: account transactions, loan collections, advice, insurance, debit card services, other, fees, quality of service, credit card services, new/revised credit and trust/estate services.

Case Outcomes:

This is an image of a pie chart showing the outcomes for the cases handled by our office in 2004. Forty three percent of cases were referred/declined or withdrawn, twenty eight percent of cases reached an agreement, twenty five percent of cases reached no agreement and four per cent of cases reached a partial agreement.