



ANNUAL REPORT 2008

Office of the OMBUDSMAN

What we do

The RBC Ombudsman helps clients resolve financial services disputes with RBC in an impartial and voluntary private forum. Our dispute resolution specialists are trained in listening, fact-finding and mediation. An objective perspective, independent of RBC, enables us to help each party present its case on an equal footing and find solutions. We provide dispute resolution services globally, across all RBC businesses. We will also make recommendations to RBC to improve operations and products and services that enrich the client experience.

What happens if you have a complaint and how long it will take

- We will acknowledge receipt of your complaint within 5 working days. Acknowledgement is generally through the channel you chose to refer your complaint, i.e. telephone, email, surface mail, or fax.
- If RBC has not yet reviewed and provided a final response to your complaint, we will refer you to RBC. If we believe an early resolution may be possible through additional discussion with RBC, we will refer your complaint to RBC senior management and inform you.
- If your complaint is within our mandate, we will give you the name and contact details of the individual who will be reviewing your complaint.
- After our initial acknowledgement, we generally communicate through surface mail and telephone only. While many people use the internet, given our inability to guarantee confidentiality of communication on the internet, we will not communicate personal or account details in emails.
- We will review and respond to most complaints we receive within 4 – 6 weeks of our initial acknowledgement to you. More complex disputes, such as those concerning investment advice, authorized/unauthorized client card transactions, or servicing issues may require a lengthier investigation period.
- If we require longer than 60 days to fully investigate your complaint, we will inform you and provide you with an estimated time frame. Taking the necessary time to fully review your issue ensures we are making every effort to assist you in finding a resolution – we appreciate your patience. Our experience has shown that taking appropriate time increases resolution and satisfaction rates.
- Please use this link to proceed to our email complaint filing page <https://www.rbc.com/contactus/ombudsman.html>.

What if your complaint remains unresolved after approaching us

RBC's "How to Make a Complaint" brochure (available at branches, offices and at <http://www.rbc.com/customer-care/>) provides additional external resolution options for you. In Canada, you may refer an unresolved complaint to ADR Chambers Banking Ombuds Office (banking-related complaints); Ombudsman for Banking Services & Investments (investment advice complaints); General Insurance Ombudsman, or the Canadian Life and Health Insurance Ombudsman

will deal with your complaint if you have first given us the opportunity to achieve a resolution for you. Please contact us for information for jurisdictions outside Canada.

We encourage you to contact us shortly after receiving your response from RBC. We not only value the opportunity to help find a solution for you, your feedback helps us provide suggestions to RBC on ways to improve its products and services for you, its client.

A. Accountability

The RBC Ombudsman is accountable to uphold the mandate, authority and principles of the Office and is dutybound to provide an impartial avenue of appeal for unresolved concerns and recommend changes to improve client and employee experiences. Annually, the RBC Ombudsman reports to the Conduct Review and Risk Policy Committee of RBC's Board of Directors on the adherence of RBC to established procedures for dealing with complaints.

The RBC Ombudsman:

- operates under the principles of independence and fairness.
- is objective and impartial and does not serve as an advocate for any person or entity.
- champions accurate and fair processes, practices, and their fair administration in how a dispute is resolved.
- considers the concerns of all parties known to be involved in a dispute and maintains a standard of efficiency and regular contact with all parties.
- provides all parties involved in a dispute with the opportunity to respond to the claims and concerns of each other.
- informs and reports to all parties to a dispute independent conclusions based on the platform of impartiality and without influence by any party.
- respects that only the parties to a dispute will determine the fate of their relationship together, including an inconvenience finding.

The Office has established four internal accountabilities to guide our practice:

- **Steward** – our pledge to stakeholders to guide our work by the spirit of the standards and code of ethics of the International Ombudsman Association and International Standards Organization (ISO) guidelines for complaint handling.
- **Operator** – ensure the work we do is effective and efficient and always conducted in a confidential, transparent and impartial manner.
- **Strategist** – identify systemic gaps and propose solutions, provide leadership and navigate ambiguity.
- **Catalyst** – stimulate conflict resolution, disciplined execution and facilitate positive change.

B. The Year in Review:

Fiscal Year 2008
(period between 1 November 2007 and 31 October 2008)

	FY08	FY07
Clients who contacted our Office	2,113	2,124
<ul style="list-style-type: none"> 47% of initial contacts to our office in 2008 were received via e-mail, 26% by telephone, with the remainder via surface mail or fax. 95%, or 2000, contacts were from clients in Canada, 38 from the US, 9 from the Caribbean, 5 from the UK and 61 did not identify their location 		
Clients accessing our website (English and French)		
<ul style="list-style-type: none"> Web sessions Webpage hits 	94,534 127,951	65,020 119,322
Contacts referred to RBC for resolution:	1,354	1,825
<ul style="list-style-type: none"> After an initial assessment, approximately 51% of our total contacts were referred to specialized complaint resolution resources for RBC banking, insurance and wealth management clients. An additional 12% were referred to senior management. If a client's concern has not been initially addressed by RBC, we acknowledge the client and refer the issue to RBC for response. Referrals to RBC are essential as they provide RBC with a final opportunity to resolve a complaint and ensure senior management input. Only in unusual circumstances will the Ombudsman open an investigation into a client complaint without RBC having provided a response of its position to the client. Less than 2% of contacts were deemed outside our mandate. These requests concern credit or underwriting decisions and the implementation of service charges or interest rates. Our website describes those issues that fall outside the scope of this Office. 		
Early Conclusions	108	137
<ul style="list-style-type: none"> An early conclusion is a resolution that does not require a full case assessment. By facilitating early dialogue between the client and RBC, we attempt to quickly resolve concerns that occur due to a lack of communication. One of our goals is to increase early conclusions as this enhances client satisfaction. 		
FULL CASE ASSESSMENT ACTIVITY DURING FISCAL YEAR:		
Cases investigated during fiscal year	220	193
Findings:	187	139
<ul style="list-style-type: none"> Full agreement (39), partial agreement (35), or referred to RBC when resolution is apparent shortly after case investigation commences (14) Unresolved with client Withdrawn by client Declined due to conflicting information requiring court determination 	88 92 2 5	48 71 11 9
Case assessments in-progress at fiscal year-end	33	54

Observations:

Banking-related cases – Of 108 cases closed, 48 resulted in no agreement. Twenty-eight cases involved debit and credit card disputes, 54 per cent of which determined there were no errors in servicing by RBC. Please refer to Section D of this report for discussion relating to the safeguarding of PINS and client cards.

Insurance-related cases – 21 of 28 cases provided no resolution for the client. The majority of the unresolved issues involved understanding travel insurance coverage and medical determinations. The latter are outside our mandate and the clients were quickly referred to CLHIO for reviews by medically qualified specialists. Our discussions with RBC on a travel insurance issue resulted in enhanced clarification of client documentation.

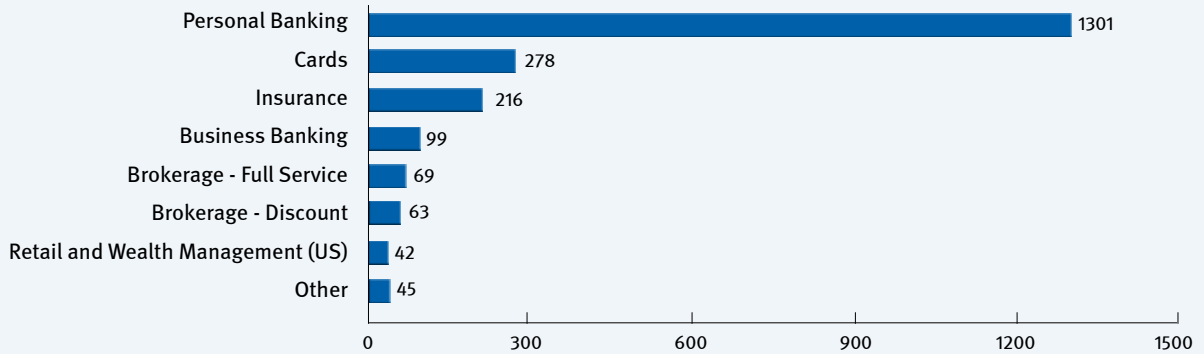
Investment cases - 30 of 51 cases provided a resolution for the client. Investment advice disputes are complex and 36 cases involved disputes on the quality of advice provided to the client. In half of these, our review concluded in recommendations that resolved the issues for the clients. In the unresolved cases, our reviews did not reveal gaps in servicing by investment advisors, financial planners, or mutual fund representatives.

External Ombudservices

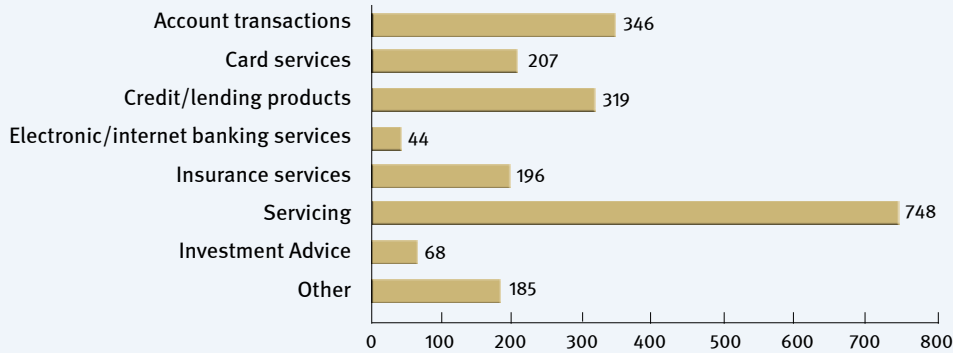
In FY'2008, the Ombudsman for Banking Services & Investments (OBSI) requested information on 18 RBC client complaints previously reviewed by the RBC Ombudsman. OBSI proposed 4 resolutions, all of which were accepted by RBC. We did not receive any requests for files from the General Insurance Ombudsman or the Canadian Life and Health Insurance Ombudsman. Please refer to Section E of this report for more information regarding external Ombudservices.

C. Trends

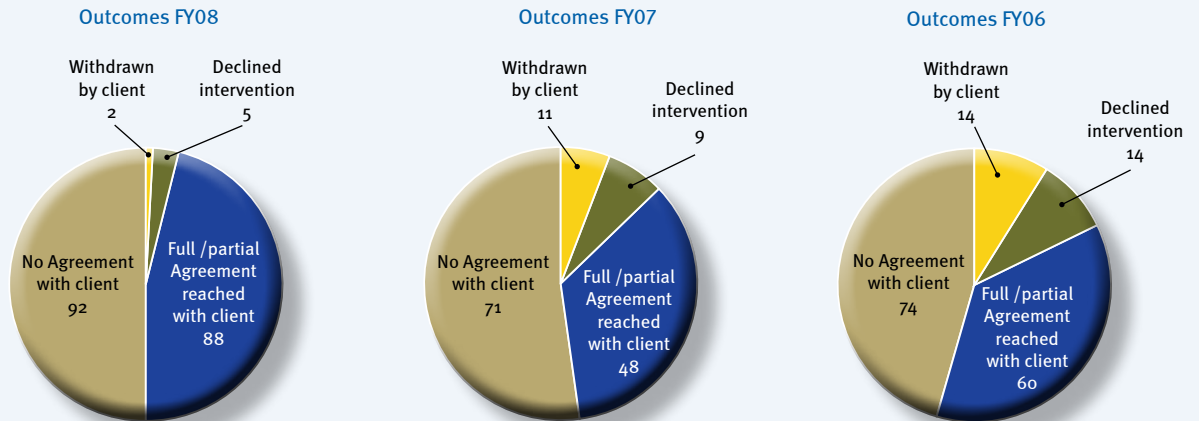
Contacts - by Source



Summary of issues raised by contacts



Outcomes - cases investigated



D. Did you know?

RBC has 17 million banking, wealth management and insurance clients worldwide. In excess of 2.1 billion transactions were conducted by Canadian Banking clients alone in the past year. Branches and call centres are the first points of contact for clients with questions and problems. Approximately 55,000 banking problems were brought forward by clients to RBC's Client Care Centre this year. Of these, approximately 60% were resolved within 2 business days and approximately 99% were resolved within 30 days. Problem resolution in wealth management and insurance products require more lengthy time frames given the complexity of these products.

If clients do not agree with the response they receive from RBC, they have the option to raise their concern to the RBC Ombudsman. Below are the most common issues raised to our office this year and some guidance on how to protect your interests. Resolving financial disputes requires knowledge, patience, and calm.

General Banking

- According to the Canadian Payments Association, there are differing time limits restricting the return of deposited items, depending on the item. We have seen instances where items were returned 12 months after negotiation and the depositor is held responsible. Talk to your banker about unusual transactions so that you are aware of any risks.
- Regulator websites contain valuable consumer information. For example, in Canada, the Financial Consumer Agency of Canada provides excellent overviews of accountabilities and responsibilities of consumers and financial service providers as well as consumer education materials on its website.
- Understand the impact of all your debt products and debt servicing obligations on your cash flow capabilities.
- Read and understand travel insurance brochures; review the definitions in brochures and contact the insurance provider to understand the terms and conditions and their possible applicability to your needs.

You help yourself when you take responsibility for your finances: be aware of your financial standing; safeguard your financial assets; and understand the risk and rewards of investment decisions.

Our advice to both clients and bankers in conflict resolution situations is to gather your knowledge and documents, understand your own responsibilities and accountabilities, be prepared to learn something new from each other, and work towards a mutually satisfying resolution.

Through our investigation of client issues, we provided recommendations to RBC improve the understanding or delivery of credit card, travel insurance, and incoming wire payment applications.

In the spirit of transparency, we provide readers with the following observations taken from this year's most common issues:

Debit and credit cards:

Sharing of personal identification numbers (PINs) – disclosing a PIN to another person or inadequately protecting or shielding a PIN may be viewed as voluntary sharing of your PIN. A PIN and card together constitute an electronic signature authorizing a transaction and in the absence of circumstances beyond your control, the cardholder is generally responsible for the transaction and for safeguarding the privacy of his or her electronic signature. Refer to your banking and card agreements and to the Canadian Debit Card Code of Practice (you will find links on the www.rbc.com website as well as on the website of the Canadian Bankers' Association www.cba.ca).

Protecting yourself and your financial assets:

- Print, understand and follow guidelines in your banking account agreements and on banking websites:
 - Do not divulge your PIN to anyone; follow recommendations for choosing PIN numbers.
 - If you require assistance, discuss options with your banker – there are processes, including special cards and entitlements, if you require family or trusted friends to assist you in your daily banking needs.

- If you are a parent with school-age children, counsel your children in safeguarding the security of their client cards. Students may be approached by strangers promising easy cash for borrowing or buying their debit card – if the student divulges their PIN, they may reasonably be said to authorize client card transactions. This can result in their bearing responsibility for returned cheques others deposit to their accounts.

Internet transactions:

Engaging in financial transactions with unknown persons or entities is very risky and can be dangerous to the safeguarding of your financial assets – these situations arise when clients engage in transactions over the internet and participate in transactions involving acceptance of a payment exceeding the actual value of the good or service - the client is requested to wire transfer the “excess payment” to another party. A few days after the wire transfer of the “excess payment”, the original deposit amount is charged back due to insufficient funds or an unknown account. Although many of these transactions are Canadian dollar currency transactions, this is also very common in international currency amounts and can include payments in US dollars or Euros and wire transfer requests in US dollars, Euros or Asian currencies.

Protecting yourself and your financial assets:

- Know the other party with whom you are dealing; can they or their business be confirmed through organizations such as the Better Business Bureau?
- Understand your bank’s deposit hold policy and fully discuss the circumstances of unusual deposits or transactions with your banker – appreciate that if your banker advises caution, he or she is likely trying to protect you from risk.
- Ask yourself if you would do the same transaction if someone came to your door and ask yourself why anyone would send you more than an agreed upon amount, regardless of what their “explanation” may be. Does the request really make sense to you?
- If the deal seems to be too good to be true, it likely is. Don’t become a victim.

Investment advice:

Understanding your investor profile –

- When you discuss your investment objectives and risk tolerance levels with advisors, you may obtain written confirmation of their understanding (referred to as a Know Your Client form).
- Ensure you are comfortable with how this information is recorded on your Know Your Client form. Some advisors automatically provide a copy of this form to you, others may provide a confirmation by mail; otherwise you may request a copy.
- A best practice is to review your objectives and tolerances at least annually and advise your investment advisor or financial planner of significant changes in your lifestyle or economic environments at your earliest opportunity.

Review regulator websites for consumer information. For example, in Canada, the Investment Industry Regulator of Canada, the Mutual Fund Dealers Association, provincial securities commissions (such as the Ontario Securities Commission), Investment Funds Institute of Canada, l’*autorité des marchés financiers* provide assistance to investors and also provide excellent overviews of accountabilities and responsibilities of investors, investment advisors/financial planners and investment firms on their websites. We refer to these tools as guidelines when reviewing investment advice disputes.

Financial obligations:

Protecting yourself and your financial assets:

- Consult with your legal, banking, and financial advisors and ensure you are aware of your independent and joint financial obligations, particularly in situations where personal relationships are changing. We frequently investigate situations where, years after a relationship breakup, one party ceases to repay a debt and the other party is held responsible for residual debt.
- If you co-signed a loan or credit card and no longer wish to be held accountable for this credit facility, investigate how to remove your exposure from joint responsibility, arrange for orderly debt repayment and ensure you are aware of your obligations going forward. Obtain clarification from the bank or the credit bureau to avoid future misunderstandings.

E. Where you can obtain assistance:

The services of the RBC Ombudsman are available to RBC clients worldwide. If efforts to assist you do not resolve your dispute, most jurisdictions also provide access to external dispute resolution bodies.

In Canada, clients who are not able to resolve complaints after review by the RBC Ombudsman have the option to refer their complaint to a financial service sector Ombudservice. Subsequent to fiscal year-end, RBC introduced a new external, independent dispute resolution service for its banking clients. Ombudservices available to RBC clients are:

- ADRBO - ADR Chambers Banking Ombuds for banking related complaints – website: www.adrchambers.com/bankingombuds
- CLHIO - Canadian Life and Health Insurance Ombudservice – website: <http://www.clhio.ca/>
- GIO – General Insurance Ombudservice – website: <http://www.giocanada.org/>
- OBSI - Ombudsman for Banking Services and Investments (OBSI) for investment advice complaints – website: www.obsi.ca

In the USA, clients who are not able to resolve their complaints after review may refer their issue to their federal or local state banking or investment sector regulators.

The following links provide website information concerning the complaint resolution process:

Canada and International, excluding the US:
www.rbc.com/customercare

RBC Bank USA:
www.rbcbankusa.com/clientrelationscenter/cid-96982.html

The brochure, “Make a complaint”, is available in all RBC branches in Canada. In the US, the brochure “We’re Listening” is available in RBC Bank USA branches.

If this information is not available to you, please contact the RBC Ombudsman at:

P.O. Box 1, 200 Bay Street, Toronto, Ontario M5J 2J5
1-800-769-2542 Fax: (416) 974-6922
ombudsman@rbc.com

F. What we need to know to assist you:

Please review the following guide (or refer to our website) for the information we need from you when you wish us to review your unresolved issue.

Making a complaint to the Office of the Ombudsman

You may refer your complaint in writing to this office after receiving a final response from the RBC subsidiary or affiliate with which you are dealing. To provide us with sufficient information to understand the basic premise of your issue, please provide the following information with your written complaint:

Date

Name

Address, including postal code

Include surface mail address. The Ombudsman will not correspond by e-mail (beyond an initial acknowledgement) as we are unable to guarantee confidentiality and privacy of your communication over the Internet.

Telephone contact number including area code

Date the complaint commenced

If the complaint consists of more than one transaction or event, please include all relevant dates.

The response by an RBC unit

Please provide the date and the response, including a copy of the response if it was provided to you in written form. Please note the Ombudsman will not open an investigation into your complaint until the appropriate RBC unit has completed its review and provided you with a response to your request.

Your requested resolution

This is what you are seeking to resolve the issue. Please note the mandate of the Ombudsman is not to award punitive damages, or damages for stress and inconvenience. Where warranted, the Ombudsman may recommend reversal of certain costs or reimbursement of certain quantifiable financial expenses.

Complaint Summary

Be specific with respect to dates, monetary claim amounts, individuals involved, noting who you communicated with (and when). Attach documentation as necessary.

Upon receipt of your written complaint, we will review the issue and determine if the matter falls within our mandate. We may conduct a preliminary review with RBC, without a full file review, if we believe a resolution can be achieved without a comprehensive case assessment. By submitting your complaint, you provide us permission to discuss the general nature of your issue with any RBC business, subsidiary or affiliate in an effort to obtain an early resolution.

If we determine a full assessment is necessary, we will provide you with a consent agreement for your signature and return. As we operate independently of RBC, we do not have automatic access to the RBC electronic or paper client files without your consent. Your consent provides the approval for us to request the detailed client file for review. We will explain this process to you in greater detail when we contact you to discuss your complaint.