

Weak assistance for dissatisfied investors

Anyone who is dissatisfied with their asset manager or financial planner can now turn to an ombudsman's office. This costs up to CHF 400 - and neutral mediation is not guaranteed.

Since 1993, bank clients have been able to turn to the Banking Ombudsman in the event of complaints concerning accounts, mortgages, debit and credit cards or financial investments. The Ombudsman mediates between the client and the bank. The Ombudsman listens to the positions of both parties and tries to resolve any disputes by mutual agreement. This does not have to be a legal assessment. The Ombudsman cannot give binding instructions. He can only suggest solutions and make recommendations.

New law led to the establishment of many ombudsman offices

The Banking Ombudsman is appointed by the Foundation Board, which includes representatives from politics, business and consumer protection. He is only available to the approximately 300 banks that are members of the Swiss Bankers Association. These fund the Banking Ombudsman.

Since the beginning of the year, numerous domestic and foreign asset managers and advisors as well as fund managers, financial planners and crypto companies operating in Switzerland must also be affiliated with an ombudsman's office. This is the requirement of the new Financial Services Act. This has led to a flood of Ombudsman Offices being established: Currently, there are eight other Ombudsman Offices in addition to the Ombudsman of the Swiss Bankers Association (see table below).

Clients cannot choose which Ombudsman Office they wish to contact with a complaint. They must complain to the Office to which their financial service provider is affiliated. Financial service providers must inform clients at the beginning of the business relationship and upon request who is competent.

The law stipulates that conciliation proceedings before an Ombudsman must be "inexpensive or free of charge" for clients. Today, only the Banking Ombudsman and the three new Ombudsman Offices Finos, Finsom and Terraxis are free of charge. The situation is different for the other five new ombudsmen: At the Ombudsman's Office for financial service providers (OFD), only the review of the case is free of charge. If the client wants a mediation, they must pay 150 to 200 francs. Some institutions charge a fee of between 50 and 400 francs for submitting a case. This is likely to deter many clients from using the Ombudsman's Office.

Pierre Kobel of Ombud Finanzen Schweiz (OFS), where the fee is 400 francs, disagrees: "We don't believe that this amount will be a deterrent." At most, that would be the case with frivolous inquiries. He justifies the high fee by pointing out that clients in the financial sector usually have "considerable financial resources."

The new Ombudsman Offices are unlikely to be of much help to clients. After all, the tools of the new institutions are just as blunt as those of the Banking Ombudsman. They can only mediate, make recommendations and, if necessary, provide a legal assessment. They have no decision-making powers or authority to issue directives. They are therefore no substitute for legal action. This is also shown by previous figures of the Banking Ombudsman: In 2019, there were 188 mediations - out of a total of 2013 closed cases. In 118 out of 188 cases, the recommendation was that the bank should accommodate the client.

Ombudsman Offices are dependent on the finance companies

Doubts are raised regarding the independence and neutrality of the new Ombudsman Offices as well. This is because they are directly dependent on the companies affiliated to them. They are largely financed by their affiliation and annual fees as well as by their hourly fees for conciliation proceedings. The closeness of some of the bodies to the industry is also striking: The OFD association, for example, is backed by three associations for financial planners. And the OFS Foundation is referred to by the Association of Swiss Asset Managers as a "Partner Ombudsman Office".

Ombudsman Offices for companies in the financial sector: a cost comparison

Ombudsman Office	Contact	Client fee
Swiss Banking Ombudsman	Bahnhofplatz 9, 8021 Zürich. Bankingombudsman.ch	Free of charge
Ombudsman's Office for financial service providers	Bleicherweg 10, 8001 Zürich	Review of the case free of charge, in case of mediation CHF 150 to 200 (depending on time and effort)
Finanzombudsstelle Schweiz (FINOS)	Talstrasse 20, 8001 Zürich	Free of charge
OFS Ombud Finance Switzerland	Bollwerk 21, c/o Etude Peter von Ins, 3011 Bern	CHF 400
Financial Services Ombudsman (FINSOM)	Avenue de la Gare 45, 1920 Martigny	Free of charge
Swiss Chambers' Arbitration Institution (SCAI)	Boulevard du Théâtre 4, case postale 5039, 1211 Genève 11	CHF 100
Terraxis SA	Rue de la Tour-de-l'Île 1, 1204 Genève	Free of charge
Unabhängige Ombudsstelle Schweiz AG	Bahnhofstrasse 24, P.O. Box, 8024 Zurich	CHF 100
Lichtensteinische Schlichtungsstelle im Finanzdienstleistungsbereich	Dr. Peter Wolff, Landstrasse 60, 9490 Vaduz	CHF 50