



An independent, impartial, specialised and confidential alternative for conflict management and dispute resolution in the Swiss financial sector.

Activity Report 2021

Financial Services Ombudsman (FINSOM) is a specialised mediation scheme for conflict management and dispute resolution in commercial and work relations in the Swiss financial sector. Recognised by the Federal Department of Finance (FDF) under the Financial Services Act (FinSA) in effect since 1st January 2020, FINSOM is also a member of INFO-Network¹ and an affiliate member of FIN-NET². Tax-exempt since 2018, FINSOM is the first public service mediation scheme in the Swiss financial sector. Its governance assures the mediation scheme's independence from private individuals or interest groups and the public administration. This is FINSOM's annual public report 2021 for Commercial Mediation as required under art. 86 FinSA and art. 7 para. 2 Directive 2013/11/EU. For further information regarding FINSOM please visit : www.finsom.ch

Commercial Mediation/FinSA

In 2021, FINSOM handled a total of 29 complaints of which more than 90% were rejected and less than 50% concerned financial services providers affiliated to FINSOM. The few investor complaints admitted to mediation were claims ranging below CHF 500 and above CHF 1'000'000.

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The top 3 reasons for rejection in 2021 were :

- 1) Investment fraud or “scams” referred to other competent authorities.
- 2) Investors contacting the wrong Ombudsman Office.
- 3) Investors not having addressed their complaint to the financial services provider first as required under art. 75 al. 4 let. b FinSA.

The good news : Switzerland's biggest problem seems to be the good reputation of its financial services. More specifically, incidences of fraud committed by individuals abroad posing as Swiss financial institutions represents a threat to the excellent reputation of the Swiss financial services sector. Protecting our reputation should be a priority for the sector.

Among other things, financial services are regulated and supervised in Switzerland for the purpose of protecting both investors and financial services providers against unfair commercial practices and other forms of economic crime that affect consumer confidence. However, investors still need to perform their own due diligence on financial service providers and/or the client advisors. This includes checking that the latter are authorised as a financial services provider or employed by an authorised financial services provider.³

¹ International Network of Financial Services Ombudsman Schemes (INFO-Network).

² Financial Dispute Resolution Network (FIN-NET).

³ For more information on how investors can protect themselves, please visit: <https://www.finma.ch/fr/finma-public/>.

Investment fraud complaints typically involve a website offering online financial services allegedly provided by a Swiss financial institution. The company is either fictitious and posing as a Swiss financial services provider or using the identity of a Swiss financial services provider. Consequently, a Swiss financial services provider may receive a complaint from a very unsatisfied individual who is not their client but is convinced otherwise. FINSOM assists victims of investment fraud by orienting investors toward the competent authorities and helping investors inform the Swiss financial services provider, if applicable.

In 2021, several complaints were also referred to other financial services Ombudsman Offices in Switzerland and abroad. Complaints concerning financial services affiliated to FINSOM were also often rejected because the client had not complained to the financial services provider before contacting the Ombudsman Office as required under art. 75 (4) (b) FinSA. FINSOM admitted complaints to mediation either, due to inadequate complaints handling by the financial service provider or because both parties were willing to attempt mediation to resolve a dispute. Overall, FINSOM observes a need to improve the transparency of the new alternative dispute resolution system under FinSA and crossborder dispute resolution.

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On average, FINSOM responded to complaints within 1-3 working days with an admission to mediation or a refusal. In the case of admitted complaints, the average duration of a commercial mediation procedure was 90 days. The duration of a mediation procedure depends upon the circumstances of the case, the locations of the parties and the means of communication. The commercial mediation procedure takes place remotely, by phone, video conference or in writing. One of the parties is often domiciled abroad. Physical proximity of affiliated companies or investors, to the Ombudsman Office or the designated mediator is not essential nor required.

Request type	100%
Complaint	86%
Request for information	14%

Complaint	86%
Rejected	92%
Admitted to mediation	8%

Complaint Rejected	92%
FINSOM is not competent - referred	83%
Art. 75 al. 4 let. b FinSA	13%
Obviously vexatious	4%

FINSOM is not competent - referred	83%
Other competent authorities («scams»)	37%
Other FinSA Ombudsman Office	26%
Foreign Ombudsman Office	21%
Other	16%

Language	100%
English	55%
French	24%
German	17%
Italian	3%

Investor residence	100%
Foreign	55%
Switzerland	45%

Amount claimed	CHF
Min.	<500
Max.	>1'000'000

Duration	Average
Decision (rejected/admitted)	2.4 days
Admitted to mediation	90 days

Financial Services Ombudsman (FINSOM) - Switzerland

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