

**CENTRAL BANK OF SOLOMON ISLANDS**  
**Financial Market Supervision Department**

**Prudential Guideline No. 9**  
**On Complaints Management**

This Guideline is necessary as required under the Central Bank of Solomon Islands Act 2012 (the Act) section 9 (m): to ensure that financial institutions establish consumer complaints units within their organisation.

**Applicability**

1. The Prudential Guideline is applicable to financial institutions namely, the commercial banks and credit institutions licensed by the Central Bank of Solomon Islands (CBSI) and is applicable to all complaints received after the issuance of this Prudential Guideline.

**Background**

2. Safeguarding of customers' interests is a fundamental requirement in the financial system. Without an appropriate feedback mechanism to channel customer complaints, these interests could be undermined. Furthermore, unresolved complaints that are not handled with proper procedures may result in losses for customers or financial institutions, the reputational damage of financial institutions, and erosion of public confidence in the financial system.
3. One of the functions of the CBSI is to "promote sound financial structure". Therefore, the CBSI deems it necessary to establish minimum guidelines for customer complaints management that must be implemented by financial institutions. This would assist customers of financial institutions to develop a positive attitude knowing that there are procedures that would adequately address their cause, should the need arise.

**Purpose of Prudential Guideline**

4. The objective of this guideline is to provide financial institutions with a minimum framework for complaints management, to ensure that customer complaints are promptly investigated and resolved in a satisfactory manner.
5. This guideline applies to financial institutions who may be recipient of complaints, whether verbal or written, lodged by individual customers, about the financial institutions provision, and/or failure to provide a service, or product, including the unfair treatment of customers by management, and/or staff of the financial institutions.

## **Definitions**

6. As used in this Prudential Guideline the following terms, unless otherwise clearly indicated by the context, have the meanings specified below.

**“Head Office”** – For domestic financial institutions, it refers to the head office established in the Solomon Islands. For foreign financial institutions, it refers to the main office branch established in Solomon Islands.

**“Branch”** – any established banking facility or financial center where a bank or other financial institution offers a wide range of banking products and services to its customers in the Solomon Islands.

**“Branch Manager”** – the officer in charge of the branch office of a bank or financial institutions in Solomon Islands.

**“Complaints Management Unit”** – refers to the main unit/department to be established within the head office in the Solomon Islands that will be the single contact point for communications with branches, customers, and CBSI.

## **Complaints Management Guideline Requirements**

7. The Prudential Guideline governing complaints management requires procedures to be established, which must include, but not be limited to the following:
- a. A clear mandate for complaints management and resolution within each financial institution;
  - b. Roles and responsibilities;
  - c. Delegation of complaints authority;
  - d. Display requirements;
  - e. Resources and training;
  - f. Confidentiality;
  - g. Conflict of interest;
  - h. Record keeping; and
  - i. Review of complaints management policy.

### **Roles and Responsibilities**

8. The Board of Directors or its proxy<sup>1</sup> must approve the complaints management policy. A complete governance structure in relation to complaints management, compliance of policies, and procedures must be put in place. The complaints management function must be subject to internal review.
9. The role of Head Office must include, but not be limited to the following:
- a. implement the policy and procedures approved by the Board of Directors or its proxy;

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<sup>1</sup> Refers to the delegated senior management body/executive responsible for complaints management policy for Solomon Islands.



- b. ensure that complaints that cannot be resolved by complaint handling staff are referred to appropriate branch manager in line with an approved delegation of complaints authority; and
  - c. ensure that adequate training is given to complaints handling staff at all levels.
- 10. Financial institutions are required to have a unit or function established specifically or combined with other duties in each branch with designated staff to handle and resolve complaints lodged by customers or authorised customer representatives.
- 11. Financial institutions should ensure that complaints handling staff:
  - a. are independent, unbiased, and skilled;
  - b. to log all complaints made by customers;
  - c. keep complaint registers updated;
  - d. issue a written/printed receipt of acknowledgement to the complainant where complaints are made in person should the complaint not be resolved following a discussion with complaints handling staff. The receipt of acknowledgement should clearly state a reference number, the name of the designated staff or business unit manager that could be contacted for redress as per the approved delegation of complaints authority, as well as their telephone and fax number, and email address for proper and timely contact by customers;
  - e. shall send a receipt of acknowledgement to the complainant containing the information outlined in section 16 (d), in writing or electronic form, for complaints not made in person, no later than seven (7) calendar days from the date the complaint was received. Where an electronic receipt has been provided, a customer may be provided one printed copy, free of charge, upon request;
  - f. are familiar with the complaints management policy; and
  - g. have knowledge of the products and services of the financial institutions.

#### **Delegation of Complaints Authority**

- 12. The Head Office of financial institutions must establish a clear delegation of complaints authority. The delegation of complaints should take into account relevance, complexity, and sensitivity of complaints.
- 13. Delegation should include the names and positions of staff and senior executives involved, and the types of complaints they are to handle. This includes complaints that would be referred to legal practitioners, or other complaints investigatory entities.

#### **Display Requirements**

- 14. Financial institutions shall display of customer service related information for making complaints, as:
  - a. Financial institutions shall display prominently at its branches the relevant persons responsible for receiving a complaint and queries relating to redress
  - b. Financial institutions shall display on its website a contact address for lodging complaints online and queries relating to redress.

#### **Resources and Training**

- 15. Financial institutions must ensure that their complaints handling staff are adequately equipped and trained to properly conduct their role. All staff should be well versed with

the complaints handling process, including the approved complaints handling policies and procedures.

### **Confidentiality**

16. Financial institutions should implement and uphold proper procedures to maintain confidentiality of all complaints it receives from customers.
17. Information privacy should be observed when collecting, storing, using and disclosing personal information obtained in the complaint handling.
18. Financial institutions should ensure that the identity and information relating to any complaints, or complaints against staff should be treated with confidentiality including whistleblowers' complaints.

### **Conflict of Interest**

19. Financial institutions should ensure that complaints are not investigated by an employee who was directly nor indirectly involved in the matter, which is the subject of the complaint.
20. Financial institutions should implement other measures as it deems necessary to ensure that any potential conflict of interest for employees is effectively alleviated.

### **Record Keeping**

21. Financial institutions branches must maintain a complaints register and records of complaints received. The registers should include, but not be limited to the following:
  - a. Date complaints received;
  - b. Name and contact details of the complainant;
  - c. Name of staff receiving and recording the complaints;
  - d. Brief description of the complaints;
  - e. Appropriate person(s) and business unit(s) handling the complaints;
  - f. Progress on the complaints; and
  - g. Settlement date.
  - h. Head office must maintain a master register of all complaints throughout Solomon Island branches for record keeping, reporting and transparency purposes.
22. In situations where complaints received require legal proceedings and other professional investigatory skills, financial institutions must have in place adequate procedures to cover these areas of complaints handling. Such complaints also need to be recorded and updated in the master register held at the Complaints Management Unit.
23. Financial institutions are required to, for the purposes of this Prudential Guideline, record and retain the receipts, handling and resolution of complaints with a time limit of at least seven (7) years.

### **Review of Policy**

24. Financial institutions must ensure the availability of the complaints management policy to its staff for internal use and reference.



25. Branch management must be responsible for reviewing the complaints management policy on a periodic basis.

### **Operational Procedures**

#### **Receiving of Complaints**

26. Financial institutions shall:

- a. Accept complaints lodged by customers in writing, or verbally, by any reasonable means (for example: letter, telephone, facsimile, email, or in person). Where available, complaints can also be lodged via the financial institution's website or by filling a financial institution's prescribed complaint form in branch.
- b. Have a structure of acknowledging the complaints within seven (7) calendar days that is accordance with the requirements stipulated in clauses 16 (c) and (d).
- c. May not only be restricted to the branch at which the customer opened an account, or branch at which the customer conducted a financial activity or transaction.
- d. Fix a time frame for resolving the complaints received at different levels.
- e. Provide description of the complaints handling system, or a financial institution's prescribed complaint form and should be accessible to customers,
- f. Assistance should be given to disabled customers who may face barriers in accessing information or in lodging complaints.
- g. Ensure that redressal of complaints emanating from rural areas to also form part of the above process.

#### **Complaints Handling and Dispute Resolution**

27. Unless legal proceedings are required, financial institutions must resolve complaints and convey the decision to the complainant no later than thirty (30) calendar days from the date the complaint is received.
28. In the case of clause 27, the financial institutions must provide the status of complaints at any time, either voluntarily, or when the customer makes a request.
29. Where complaints cannot be resolved with the complainant in clause 27, financial institutions must clearly state the reasons and inform the complainant of his/her right to seek further redress from CBSI. All unresolved disputes must be signed by the appropriate branch manager or its proxy before informing or transferring the dispute file to CBSI for further deliberation.
30. Complainants are also advised to contact CBSI regarding unresolved complaints failing mediation with the financial institution.

#### **Monitoring of Complaint Handling and Resolution**

31. Financial institutions must establish internal reporting mechanisms on complaint resolution process, effective procedures to monitor complaints, and produce regular reports to senior management for review. All complaints reports must be read by senior management.

### **Reporting Requirements to the CBSI**

32. Each financial institution shall submit to the CBSI no later than thirty (30) calendar days following the end of each calendar quarter, a prudential return, which documents the magnitude and type of complaints being recorded.

### **Implementation**

33. Financial institutions have forty five (45) calendar days from the effective date to complete the following:
  - a. The Board of Directors or its proxy of the financial institutions, shall put in place complaints management processes, policies, and procedures. They must also ensure that the complaints management function is subject to periodic internal review.
  - b. Set up a Complaints Management Unit that will coordinate a master register that it collects and receive complaints information from branches as well as those received from head office. The Complaints Management Unit must ensure appropriate mechanisms are in place to report to the CBSI as well as act as the key position to liaise with the CBSI on resolution matters;
  - c. The Complaints Management Unit should also be clearly visible and made easily accessible to customers, CBSI, and other users that may need to engage with the unit.
  - d. Establish unit or function within each branch office to collect and handle complaints issues;
  - e. Where a centralised complaints register, accessible to all staff, is not available, each branch to hold and maintain an individual complaints register, which will be submitted to the Complaints Management Unit for complaints management as per the agreed procedures and processes defined in clauses 26-28;
  - f. The Complaints Management Unit shall report to Head Office and Board of Directors or its proxy, on a periodic basis, regarding the effectiveness of complaints Management.

### **Enforcement and Corrective Measures**

34. A financial institution, which fails to comply with the requirements contained in this Prudential Guideline or to submit reports to the CBSI, which are materially inaccurate, will be considered as following unsound and unsafe practices as provided in section 16 (1) of the Financial Institutions Act 1998.
35. The CBSI may pursue any or all corrective measures as provided in section 16 of the Financial Institutions Act 1998 (as amended) to enforce the provisions of this Prudential Guideline including:
  - a. issuance of an order to cease and desist from the unsound and unsafe practices; and
  - b. action to replace or strengthen the management of the financial institution.

36. Furthermore, if registered complaints are deemed serious or a risk to financial sector stability, the CBSI will intervene and take corrective measures to resolve these complaints.

**Effective Date**

37. The effective date of this Prudential Guideline is 3<sup>rd</sup> October 2014.

Issued this 20<sup>th</sup> day of **August** 2014.



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Governor Denton Rarawa  
Central Bank of Solomon Islands