

Ombudsman

Annual Report 2009

BMO  Financial Group



Our Mandate

A Message from the Ombudsman

The mandate of the BMO Ombudsman is to promote open communication between customers and BMO Financial Group and to facilitate resolution of problems by conducting an objective review of customer concerns and addressing them in an unbiased and impartial manner.

The Role of the BMO Office of the Ombudsman

In any large organization like BMO Financial Group (“BMO”) breakdowns in communication and differences of opinion may occur. Recognizing this potential, each of BMO’s business groups has established processes to allow customers to raise a concern with local staff and, if necessary, elevate it to a BMO Senior Officer. Our experience is that an overwhelming majority of customer issues are resolved through these processes and we encourage customers to take advantage of them before contacting the BMO Office of the Ombudsman.

The role of the BMO Office of the Ombudsman is to assist BMO’s Canadian customers in settling any issues which have not been resolved through these channels. The Office provides an impartial forum for an objective review of such concerns. The staff of the Office has been carefully chosen for their broad experience in financial services. We are dedicated solely to resolving customer issues. We are independent and are not involved in, or influenced by, BMO’s day to day operations. We attempt to facilitate a resolution by promoting open communication between customers and BMO and

we do not act as an advocate for either party. We listen to both parties, review available records, and consider applicable good financial services and business practices, including any applicable industry codes of conduct. Upon completion of our review we advise each party of our recommendation for a fair resolution of the complaint. Neither party is bound by this recommendation and the parties are free to pursue any available remedy.

Our Review Process

A Message from the Ombudsman



Office of the Ombudsman

Michael McGrann, Ombudsman

Brian Bieniara, Senior Manager

Gladys O'Neill, Assistant Manager

Danielle Guérin, Assistant Manager

Maria Scimeca, Customer Service Officer

The Ombudsman Review Process

Within one business day of receiving a request for a review of an issue we will acknowledge receipt and let you know of the next steps. If your concern has not been reviewed by a BMO Senior Officer we will refer it directly to the appropriate person at BMO and inform you. If your concern has been reviewed by a BMO Senior Officer* and remains unresolved we will advise you of the terms of the BMO Ombudsman's mandate, and if your complaint appears to fall within that mandate, the review process we follow and the confidentiality requirements applicable to both you and BMO. We will ask you to sign a letter acknowledging that you understand the review process and agree to the confidentiality requirements. Once we have received the signed letter back from you we will open a review file.

During the course of the review we will normally communicate with you by mail or telephone. We will not communicate confidential personal or account details by email given our inability to ensure confidentiality.

The time required to complete a review can vary, and although we make every effort to complete all reviews within 90 days, more complex cases may take longer

to complete. Our experience indicates that taking the necessary time to ensure we have fully reviewed your concern facilitates an acceptable resolution. Once we have finished the review we advise you in writing of our findings and recommendation for a fair resolution of the complaint.

If you are not satisfied with the results of our review, options available to you include an appeal to the Ombudsman for Banking Services and Investments ("OBSI") within 180 days. You may also contact the OBSI if you have waited more than 90 days for a resolution after escalating your concern to a BMO Senior Officer.

Michael McGrann, Ombudsman

The Year in Review



Increased Volumes

During BMO's fiscal year 2009, which ended October 31, 2009, financial markets were characterized by one of the worst market downturns in memory and declining interest rates. With these conditions came significant increases in the number of customer contacts with the Office of the Ombudsman, up 1,242 from 2,605 in 2008, and in the number of reviews conducted, up 94 from 78 in 2008. The volumes of both contacts and complaints peaked in the third quarter. However, despite the improvement in market conditions during the year, the volume of contacts and complaints remained above longer term historical levels at year end.

Banking services related complaints in 2009 accounted for 42% of the Office's reviews, down from 50% in 2008. Consistent with previous years, account and MasterCard and personal lending related issues accounted for a significant proportion of these complaints. Wealth management services related complaints accounted for 58% of the Office's reviews, up from 50% in 2008. Consistent with previous years these complaints related primarily to investment performance and suitability. The growth in volume and the nature of the complaints generally reflected market conditions during the year. An increase in reviews

with respect to mortgages reflected the large number of customers refinancing in the lower rate environment and questioning prepayment charges. The increase in wealth management related reviews reflected the negative impact of market conditions on portfolio values. Information available from other financial institutions and the OBSI indicates that volumes were up substantially across the financial services industry.

The Year in Review

Results of Reviews

Of the 172 reviews opened in 2009 the BMO Office of the Ombudsman made recommendations involving compensation to customers in 49 cases, compared with 21 cases in 2008. Of these offers 80% were accepted in 2009, compared with 100% in 2008.

	Fiscal Year (ended October 31)		Percentage of Total		%
	2009	2008	2009	2008	
Contacts with the Office					
Managed by BMO's Ombudsman	2281	1517	59%	58%	
Referred to BMO	1566	1088	41%	42%	
	3847	2605	100%	100%	
Reviews Conducted by the Office					
Banking services	73	39	42%	50%	
Wealth management services	99	39	58%	50%	
	172	78	100%	100%	
Source of Complaints Reviewed					
Personal customers	167	75	97%	96%	
Commercial customers	5	3	3%	4%	
	172	78	100%	100%	
Issues Raised in Reviews					
Accounts	25	20	15%	26%	
Mastercard and personal lending	22	10	13%	13%	
Mortgage	17	3	10%	4%	
Insurance	4	1	2%	1%	
Wealth management	99	43	58%	54%	
Other	5	1	3%	1%	
	172	78	100%	100%	
Results of Reviews					
Offer of compensation	49	21	28%	27%	
Accepted	39	21	23%	27%	
Not accepted	10	0	6%	0%	
No compensation offered	123	57	72%	73%	

The Dispute Resolution Process

“We encourage clients to resolve their concern with the Bank where it originated, prior to our involvement.”

While most problems are resolved at the branch level, some do require further evaluation to achieve a satisfactory outcome. For this reason, the Bank offers you a comprehensive dispute resolution process.

If you have a dispute there are several steps you are encouraged to take. Keep in mind that the Office of the Ombudsman is an important part of the dispute resolution process, but not a substitute for the regular channels.

This process has been designed to put you in touch with the people who can get problems resolved – and to ensure that all avenues for dispute resolution are explored. In all, you have up to four steps that can lead to the successful resolution of your concerns.

Four steps toward resolution

- 1 **Talk to us** - Talk to a representative at the branch or office where your complaint originated, or where you normally conduct business. If your concerns are not resolved, please involve the Manager/Supervisor.
- 2 **Escalate to a Senior Officer** - If your complaint is unresolved after following Step 1, you may escalate to the appropriate business group Senior Officer.*
- 3 **Escalate to BMO's Ombudsman** - If your complaint is unresolved following Steps 1 and 2, you may escalate to BMO Financial Group's Ombudsman. The Ombudsman will conduct a review of your complaint based on fairness, integrity, and respect and make a non-binding recommendation in a timely fashion.
- 4 **Contact the Ombudsman for Banking Services and Investments (OBSI)** - If you are not satisfied with the BMO Ombudsman's review, you may contact the Ombudsman for Banking Services and Investments ("OBSI") within 180 days and request a further review. You may also contact the OBSI if you have waited more than 90 days for a resolution after escalating your concern to a BMO Senior Officer

* For additional information and business group contact information, please see our **"We Can Help - Resolving Customer Complaints"** brochure available in all BMO Bank of Montreal branches or online at bmo.com

Who to Contact

BMO Bank of Montreal

Direct Banking

Call: 1-877-CALL-BMO (225-5266)

TTY: 1-866-889-0889

Direct Banking for Business

Call: 1-877-262-5907

Visit: bmo.com

BMO MasterCard®

Call: 1-800-263-2263

TTY: 1-866-859-2089

Visit: bmo.com

Senior Manager, Customer Support

P.O. Box 300, Stn. M

Toronto, ON M6S 4X2

Fax: 1-877-887-9991 (English)

Fax: 1-877-227-6428 (French)

BMO Insurance

BMO Life

Call: 1-866-881-9054

Visit: bmlife.com

BMO InvestorLine®

Call: 1-888-776-6886

Email: info@bmoinvestorline.com

Visit: bmoinvestorline.com

BMO Nesbitt Burns®†

Contact your Branch Manager as indicated
on your account statement

BMO Harris Private Banking™

Call: 1-800-844-6442

Visit: bmoharrisprivatebanking.com

BMO Financial Group

President and Chief Executive Officer

1 First Canadian, Place, P.O. Box 1

Toronto, ON M5X 1A1

BMO Financial Group Ombudsman

55 Bloor Street West, 8th Floor,

Toronto, ON M4W 3N5

Call: 1-800-371-2541 Fax: 1-800-766-8029

Email: bmo.ombudsman@bmo.com

Visit: bmo.com

Ombudsman for Banking Services and Investments

401 Bay St., Suite 1505

P.O. Box 5

Toronto, ON M5H 2Y4

Call: 1-888-451-4519 Fax: 1-888-422-2865

Email: ombudsman@obsi.ca

Visit: obsi.ca

Questions & Answers

“We strive to answer customers’ concerns quickly. In 2009 we completed 77% of our reviews within 20 days and 99% within 90 days.”

Q&A

1. What can the Ombudsman do for me?

The Ombudsman does...

- Provides dialogue and feedback based on fairness, integrity and respect
- Maintains independence while reviewing your concern
- Will make a non-binding recommendation, based on fairness and good-banking practices, in a timely manner

The Ombudsman does not:

- Investigate credit granting policies or risk management decisions of the Bank
- Investigate levels of interest rates, service charges or fees that apply to all customers
- Review matters which are, or have been, the subject of legal proceedings

2. I have investments with your brokerage firm which I feel are not being properly handled in regard to the content of the stocks in the portfolio. I have lost money in several instances. Can you help me in the recovery of my losses?

We are able to facilitate a review of your brokerage file, including the suitability of the stocks (based on the risk tolerance determined when your brokerage account was opened) as well as the adherence to proper procedures.

3. I don't think the Bank will address my concern. Can I contact you directly with my problem, rather than following the dispute resolution process?

As most problems are in fact solved through the Bank's internal dispute resolution process, we must first give the Bank the opportunity to review the concern. If you feel, that after going through the process, your question(s) have still not been answered, we will investigate.

4. If I lose my ABM card and someone else makes unauthorized withdrawals, does the Bank hold me responsible?

Cardholders are responsible for all unauthorized use of valid cards. However, cardholders may not be held liable for losses resulting from circumstances beyond their control, provided the cardholder co-operates in any subsequent investigation.