

Ombudsman

Annual Report 2010

BMO  Financial Group



Our Mandate

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

A Message from the Ombudsman

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,
Deputy Ombudsman

Gladys O'Neill, Assistant Manager

Danielle Guérin, Assistant Manager

Eric Marcoux, 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



Decreased Volumes

During BMO's fiscal year 2010, which ended October 31, 2010 conditions in Canadian financial markets generally improved and interest rates remained at historically low levels. With these conditions came significant decreases in the number of customer contacts with the Office of the Ombudsman, down 910 or 24% from 3,847 in 2009, and in the total number of complaints received, down 37 or 22% from 172 in 2009. In addition there were changes in the composition of complaints received during the year. However, the total volume of both contacts and complaints received remained above longer term historical levels at year end.

Banking services complaints accounted for 51% of the complaints received in 2010, up from 42% in 2009. Consistent with previous years, issues relating to accounts, MasterCard and personal lending, including fees or services issues, accounted for a significant proportion of these complaints. Wealth management related complaints accounted for 49% of the complaints received in 2010, down from 58% in 2009. Consistent with previous years these complaints related to investment performance and suitability and service issues.

Information available from other financial institutions and the Ombudsman for Banking and Investment Services indicates that while the experience regarding the total number of complaints received during the year varied, the percentage of wealth management related complaints received during the year typically decreased while the percentage related to banking services issues generally increased.

The Year in Review

Results of Reviews

During 2010 the BMO Office of the Ombudsman made recommendations to resolve customers' complaints in 21 cases, compared with 49 cases in 2009. Of these recommendations 100% were accepted in 2010, compared with 80% in 2009.

While unresolved complaints related to banking services included a wide variety of situations, they often involved inadequate safeguarding of confidential information related to accounts, debit cards or MasterCards. Many of the unresolved wealth management complaints related to the suitability or performance of securities held in portfolios during the unprecedented market conditions during 2009. Our reviews of the unresolved complaints did not find any losses attributable to servicing gaps.

	Fiscal Year (ended October 31)		Percentage of Total	
	2010	2009	2010	2009
Contacts with the Office				
Managed by BMO's Ombudsman	1636	2281	56%	59%
Referred to BMO	1301	1566	44%	41%
	2937	3847	100%	100%
Reviews Conducted by the Office				
Banking services	60	73	57%	42%
Wealth management services	46	99	43%	58%
	106	172	100%	100%
Source of Complaints Reviewed				
Personal customers	98	167	92%	97%
Commercial customers	8	5	8%	3%
	106	172	100%	100%
Issues Raised in Reviews				
Accounts	41	25	39%	14%
Mastercard and personal lending	9	22	8%	13%
Mortgage	7	17	7%	10%
Insurance	3	4	3%	2%
Wealth management	43	99	41%	58%
Other	3	5	2%	3%
	106	172	100%	100%
Results of Reviews				
Offer of compensation	21	49	20%	28%
Accepted	21	39	20%	23%
Not accepted	0	10	0%	5%
No compensation offered	85	123	80%	72%

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 that cannot be resolved either by the staff you normally deal with or through executive levels within the Bank’s dispute resolution processes, 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

Contact Us

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/mastercard

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 Life Assurance BMO Life Insurance

Call: 1-866-881-9054
Visit: www.bmoinsurance.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
Call: 1-800-372-5111
Fax: 416-927-6658

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: www.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: www.obsi.ca

Questions & Answers

“At the end of the year the Office of the Ombudsman had completed its review of 106 of the 135 complaints received during 2010. Of these reviews 97% were completed within 90 days.”

Q&A

1. What can the Ombudsman do for me?

The Ombudsman:

- 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.