



# Financial **PROTECTION**

**SAFEGUARD YOUR FINANCES**



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# Legislation •

## Reasons for Financial Acts

### The Act promotes:

- Financial stability
- The safety and soundness of financial institutions
- The fair treatment and protection of financial customers
- The efficiency and integrity of the financial system
- The prevention of financial crime
- Financial inclusion
- Transformation of the financial sector
- Confidence in the financial system

By implementing the Act, it will support balanced and sustainable economic growth in South Africa





## Financial Acts

### **Financial Advisory and Intermediary Services Act, (Act 37 of 2002) (FAIS)**

The purpose of the FAIS Act is to protect consumers of financial services and to professionalise the financial services industry.

To achieve this, the FAIS Act issues certain requirements on providers of financial services to ensure that consumers receive proper financial advice, that they are provided with sufficient information to make informed investment decisions and that they are dealing with fit and proper financial advisors and intermediaries.

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### **Collective Investment Schemes Control Act, (Act 45 of 2002) (CISCA)**

CISCA was enacted to regulate and control the establishment and administration of collective investment schemes. Collective Investment Scheme portfolios, whether local funds or foreign funds, can only be marketed and solicit investment in the Republic of South Africa from financial customers if these funds have been approved by the FSCA.

CISCA requires anyone who wants to establish and administrate a collective investment scheme, to register and obtain a license from the FSCA.

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### **Financial Sector Regulation (Act 9, 2017) (FSR)**

The FSR Act was implemented to stabilise the financial systems in South Africa. The focus is the system must work in the interest of the financial consumer.

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# Rights and Responsibilities •





## Rights

You have the right to...

- Information
- A written quotation
- Policy document within 30 days of signing the application
- Information on how to submit a claim
- Cost of insurance
- Commission paid to intermediary
- Fees for services rendered in relation to a financial product
- Inclusions and exclusions of the policy
- Physical address and telephone number of the provider
- You have the right to take time off
- You have the right to cancel
- You have the right to complain

## Responsibilities

- Choose a Financial Services Provider (FSP) that is registered with the Financial Sector Conduct Authority (FSCA)
- Ask to see the FSP license
- Make sure the paperwork is complete before you sign it
- Ask questions and ensure that the FSP answers them in clear and simple language which you can understand so that you have a clear understanding of what you are buying
- Store the policy document in a safe place
- Read through the entire contract document before you sign
- Make sure that you understand what you are going to be paying for

# Complaints Procedure ●

## Who can I complain to?

Any person who wants to submit a complaint against a regulated entity must follow the following process:

- Complain to the **entity**, they will need to respond to you and if your complaint is rejected
- You can send a complaint to the relevant authority, i.e. the relevant **ombudsman**
- Should you still be unsatisfied with the outcome, you can approach **the FSCA**

## Complaints to the entity



- You must submit a formal complaint to the institution you are experiencing the problem with. The institution should be given the opportunity to resolve the problem before it is referred to the ombudsman/adjudicator.



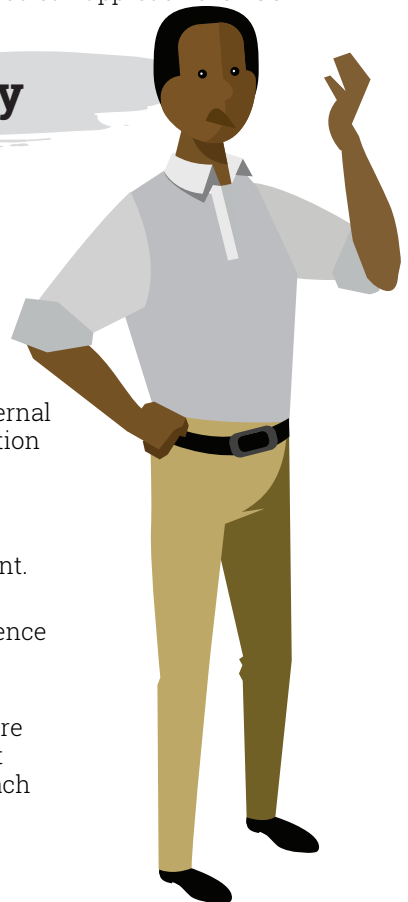
- As a suggestion, please approach the internal complaints officer of the relevant institution as this may help speed up the process.



- Give the institution 30 working days (6 weeks) to rectify/resolve your complaint.
- Keep a copy of any letters or correspondence between you and the institution.



- If your complaint is not resolved or you are unhappy with the outcome, or you do not receive a response at all, you may approach the office of the relevant ombudsman/adjudicator.







## Ombudsman Complaints



- Ensure that you provide the ombudsman with copies of supporting documents referred to in the complaint, including correspondence with the institution.



- When you write a letter of complaint, set out the facts as clearly as possible.



- Write down the facts in a logical order and stick to what is relevant. Include important details like your claim number or your policy number.
- The Ombud will do their investigation and provide you with a response.

## The FSCA Complaints

- If you are still unhappy with the response, you can email [info@fsc.co.za](mailto:info@fsc.co.za) or call 0800 20 3722 for further assistance.
- The FSCA will strictly deal with complaints regarding contravention of the Acts it administers.
- Complaints may be made to the Authority by a letter, email or by personal visits.
- A formal written complaint should always be submitted to the Authority.
- The complainant or a person acting on their behalf, e.g. the ombudsman, the broker etc. may make complaints.
- Details of the complainant, the efforts made by the person to resolve the matter with the body concerned, reference numbers, and copies of any relevant correspondence in the possession of the complainant should be provided at the time of complaint.

# Keeping Financial Records •



## **1 Month**

ATM receipts: keep for 1 month until you have verified the transactions against your bank statement

## **1 year**

Quarterly investment statements, e.g. your monthly pension benefit statement

## **3 years**

- Income tax returns
- Medical bills and cancelled insurance policies
- Records of selling a house (documentation for capital gains tax)
- Records of selling a stock (documentation for capital gains tax)
- Annual investment statements

## **7 years**

Records of loans that you have paid off

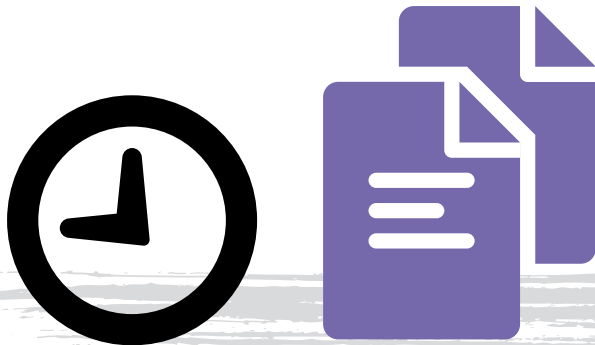


## Whilst active

- Contracts
- Insurance documentation
- Shares and stock certificate
- Title deeds
- Records of pension fund membership and retirement funds

## Forever

- Marriage certificates
- Divorce decrees
- Death certificates
- Wills
- Adoption papers
- Birth certificates
- ID Document



# Safeguard Rules ●

## ✘ Rule 1: Never gamble when it comes to investment

- Do not follow hunches – that is called gambling
- Do not put money on the “unknown”
- Decide whether you want to invest for fun or for profit
- Focus on “expected returns” – it is a requirement for financial security

## ✘ Rule 2: Do not follow blindly

- Do your research when making an investment decision. Do not make the media the only place you get your information.
- Trying to “out-guess” the market by following the forecasts of the financial media may result in losses.

## ✘ Rule 3: Do not invest blindly

**Gaining an understanding will require work and time on your part. However, avoiding this research will cost you dearly in the long run.**

Ask the following questions of your financial advisor:

- How will I potentially lose money with this investment?
- How will this investment support my investment plan?
- Will I be able to exit from this investment?
- Does this investment make business sense? Is it too good to be true?
- What is the risks / reward ratio of this investment? Will it lower my portfolio risk and will it increase my returns?
- When can I exit from this investment?



## Rule 4: Compound your growth

To compound the growth of your investment you should:

- Start investing as soon as possible, the younger, the better
- Invest only in instruments that have proven return expectancies
- Keep adding to your portfolio
- You will see the benefits of compound growth in the long term



## Rule 5: Diversify your investment portfolio

- Never put all your money in one place
- Do not randomly diversify your portfolio without thorough investigation
- Always diversify with the intention of making a meaningful change to your portfolio
- Diversify. Remember when one investment goes down another may go up



## Rule 6: Manage your risk actively

Be very aware that “what goes up, must come down”, and that rule will apply to your investment growth too. It is important that you understand your own risk appetite to ensure you know the right time to take your money out of an investment if needed.



## Rule 7: Educate yourself

- Improve your financial intelligence
- The best investment you can make is in yourself because nobody can ever take it away from you, and it will pay you dividends for the rest of your life

# Contact details ●

## Pension Funds Adjudicator

If you have a complaint against your pension, provident, preservation or retirement fund that you have not been able to resolve with your employer, you may lodge a complaint with the PFA in writing.

[www.pfa.org.za](http://www.pfa.org.za)

Email: [enquiries@pfa.org.za](mailto:enquiries@pfa.org.za)

Tel: 012 346 1738 | 012 748 4000

Fax: 086 693 7472

## Long-term Insurance Ombudsman

For complaints about life policies, funeral cover and other long-term insurance matters, contact the Ombud.

[www.ombud.co.za](http://www.ombud.co.za)

Email: [info@ombud.co.za](mailto:info@ombud.co.za)

Tel: 021 657 5000

Sharecall: 0860 103 236

Fax: 021 674 0951

## Short-term Insurance Ombudsman

For complaints between members of the short-term insurance industry and customers contact the OSTI.

[www.osti.co.za](http://www.osti.co.za)

Email: [info@osti.co.za](mailto:info@osti.co.za)

Tel: 011 726 8900

Sharecall: 0860 726 890

Fax: 011 726 5501



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## Ombudsman for Financial Services Providers (FAIS Ombud)

Have a complaint against an FSP and not happy with their response? Lodge the complaint with the FAIS Ombud.

[www.faisombud.co.za](http://www.faisombud.co.za)

Enquiries on status of complaints:

[enquiries@faisombud.co.za](mailto:enquiries@faisombud.co.za)

Sharecall: 086 066 3247

Tel: 012 762 5000 / 012 470 9080

Fax: 012 348 3447

E-mail: [info@faisombud.co.za](mailto:info@faisombud.co.za)

P.O Box 74571, Lynnwood Ridge, 0040

Website: [www.faisombud.co.za](http://www.faisombud.co.za)

## Ombudsman for Banking Services

For banking-related complaints contact the ombud for banking services.

[www.obssa.co.za](http://www.obssa.co.za)

Email: [info@obssa.co.za](mailto:info@obssa.co.za)

Tel: 011 712 1800

Sharecall: 0860 800 900

## Credit Ombudsman

If you have been negatively impacted by credit bureau information or have a dispute with a credit provider lodge a complaint with the Credit Ombudsman.

[www.creditombud.org.za](http://www.creditombud.org.za)

Email: [ombud@creditombud.org.za](mailto:ombud@creditombud.org.za)

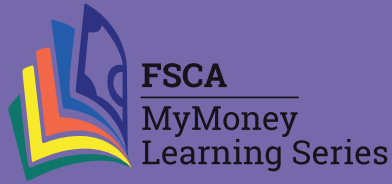
Call centre: 0861 662 837

Tel: 011 781 6431

Fax: 086 674 7414

SMS: "Help" to 44786





# Safeguard your finances



The purpose of this booklet is to help you safeguard your financial investments by knowing the legislations that impact investment and your rights and responsibilities.



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