



United Overseas Bank Limited – Vancouver Branch Prohibited Conduct / Coercive Tied Selling

Why Did We Create This Pamphlet?

The *Bank Act* requires banks to inform customers in plain language that coercive tied selling and taking advantage of a person are against the law. To comply with the law, United Overseas Bank Limited has created this pamphlet explaining:

- what prohibited conduct is and is not, and
- how to contact us if you have any questions, complaints or concerns.

What is Prohibited Conduct?

Section 627.04 of the *Bank Act* prohibits banks from engaging in certain conduct. More specifically, it is against the law for a bank to “*impose undue pressure on, or coerce, a person to obtain a product or service from a particular person, including the bank and any of its affiliates, as a condition for obtaining another product or service from the bank*” or “*take advantage of a person*”. You cannot be unduly pressured to buy a product or service that you don’t want, from a bank or one of its affiliates, to obtain another bank product or service.

Coercive tied selling is an example of prohibited conduct, as illustrated below:

Your bank’s mortgage specialist tells you that you qualify for a home mortgage. However, you are also told that the bank will approve your mortgage only if you transfer your investments to the bank or its affiliates. You want the mortgage, but you do not want to move your investments.

Your bank’s credit officer tells you that you qualify for a Registered Retirement Savings Plan (RRSP) loan. However, you are also told that the bank will approve the loan only if you use the money to buy the bank’s mutual funds. You want the loan, but you want to invest the money somewhere else.

Both of the above practices are against the law. If you qualify for a product, a banking representative is not allowed to excessively pressure you to buy another unwanted product or service as a condition of obtaining the product you want.

What is Our Commitment to You?

We expect all employees at United Overseas Bank Limited to comply with the law by not practicing coercive tied selling or taking advantage of you. We urge you to let us know if you believe that you have experienced prohibited conduct in any dealings with us. You can find out how to contact us at the end of this pamphlet.

What is NOT Prohibited Conduct?

Most businesses, including United Overseas Bank Limited, look for tangible ways to show their interest in your business and appreciation for your loyalty. Sales practices, such as *preferential pricing* and *bundling of products and services*, offer potential and existing customers better prices or more favourable terms.



These practices are not prohibited conduct under the *Bank Act*. Many of these practices will be familiar to you in your dealings with other businesses.

What is Preferential Pricing?

Preferential pricing means offering customers a better price or rate on all or part of their business. For example, a printer offers a lower price for each business card if you buy a thousand cards instead of a hundred. A shoe store offers a second pair of shoes at half price.

Similarly, a bank may be able to offer you preferential pricing - a higher interest rate on investments or a lower interest rate on loans - if you use more of its products or services. The following two examples will help to explain preferential pricing in banks.

After approving your application for a home mortgage from the bank, your bank's mortgage specialist tells you that this mortgage would be available at a lower interest rate if you transferred your investments to the bank or its affiliates.

After approving your application for an RRSP loan, your bank's credit officer offers you a lower interest rate if you use the loan to buy the bank's mutual funds.

The above practices are acceptable. The approval of your mortgage and RRSP loan is *not conditional* on your taking another bank product or service. Rather you are offered preferential pricing to encourage you to give the bank more business.

What is Bundling of Products and Services?

Products or services are often combined to give consumers better prices, incentives or more favourable terms. By linking or bundling their products or services, businesses are often able to offer them to you at a lower combined price than if you bought each product on its own. For example, a fast-food chain advertises a meal combination that includes a hamburger, fries and a drink. The overall price is lower than if you bought the three items separately.

Similarly, banks may offer you bundled financial services or products so that you can take advantage of package prices that are less than the sum of the individual items.

The following example will help to explain the bundling of bank products and services.

You plan to open a bank account that charges you for individual transactions. The banking representative offers you a package of services that includes a comparable bank account, a credit card with no annual fee and a discount on purchasing traveller's cheques. The total price for the package is less than if you purchased each part of the package separately.

Bundling products in this way is permitted because you have the choice of buying the items individually or in a package.

How Do We Manage Our Credit Risk?

To ensure the safety of their depositors, creditors and shareholders, banks must carefully manage the risk on the loans and credit cards they approve. Therefore the law allows us to impose certain



requirements on borrowers as a condition for granting a loan - but only to the extent necessary for us to manage our risk.

The following example will help to explain how banks manage such risk.

You apply for an operating loan for your business. To manage the risk associated with the loan, your bank requires your business to have an operating account with the bank as a condition for obtaining the loan.

The above example is legal and appropriate. Having your business' operating account at the bank allows your bank to assess possible risks associated with your business' cash flow and manage the risk associated with the loan.

At United Overseas Bank Limited, our requirements for borrowers will be reasonable and consistent with our level of risk.

How Can You Contact Us?

Please let us know if you have any questions, complaints or concerns or about your dealings with United Overseas Bank Limited.

United Overseas Bank Limited is committed to maintaining a strong and mutually-satisfying relationship with every customer.

Should an occasion arise where you are not satisfied with (i) a product or service offered, sold or provided by us or (ii) the manner in which a product or service is offered by us, we would like you to inform us immediately. You may discuss any problem or issue that is of concern to you with our staff at our office or telephone us at 604-662-7055. If you prefer to tell us about your problem in writing, you have the following options:

Mail: 2400-650 West Georgia Street
Vancouver, B.C.
V6B 4N9

Fax: 604-662-3356

Email: UOB.Vancouver@UOBgroup.com
(Please include your full name, address and telephone numbers on your email.)

Please refer to our "Resolving Your Complaint" brochure for details on our complaint-handling procedures.

If you feel that your issue has not been resolved you can contact the Financial Consumer Agency of Canada (FCAC).

FCAC supervises federally-regulated financial institutions, such as United Overseas Bank Limited to ensure they comply with federal consumer protection laws. The FCAC also helps educate consumers and monitors industry codes of conduct and public commitments designed to protect the interests of consumers.



Federal consumer protection laws affect you in a number of ways. For example, financial institutions must provide you with information about their fees, interest rates, cost of borrowing and complaint handling procedures.

You can reach FCAC by:

Telephone: 1 866 461-2232, en français
1 866 461-3222

Web Site: www.fcac-acfc.gc.ca

By Writing: Financial Consumer Agency of Canada
6th Floor, Enterprise Building
427 Laurier Ave West
Ottawa, ON K1R 1B9

The FCAC will determine whether the financial institution is in compliance. It will not however, resolve individual consumer complaints.