

MARKET CONDUCT CODE



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OUR MARKET CODE PRINCIPLES:

Credit unions are unique institutions. Operating in Canada for over 100 years, credit unions are financial cooperatives that are governed and financed differently than banks. At credit unions, members are shareholders. Being a member means sharing in the credit union's success.

Our primary motivation is providing quality products and financial advice services to our members and account holders. We are committed to ensuring that our members and account holders are completely satisfied with the level of services they receive.

This is our Market Conduct Code.

Our principles-based Code recognizes the best practices we pledge to follow for soliciting, promoting, advertising, marketing, selling, or distributing our products or services. The Code demonstrates our commitment to the fair treatment of all those who use our services. We believe in fair sales practices, access to banking services, transparency and openness, and a reasonable approach to settling complaints. Individuals are entitled to the best possible care of their financial interests.

Credit unions operate within a strong legal and regulatory framework and continually practice absolute excellence in consumer protection. In addition to the best practices set out in the Code, we respect all our legislative regulatory obligations. Our best practices can be summarized in five key principles:

1. **Business Practices:**

We are committed to ethical business practices and the financial well-being of our members and customers using our products and services. It is a core component of our governance and corporate culture.

2. **Fair Treatment and Fair Sales Practices:**

Treating members and customers fairly, acting in good faith and demonstrating fair sales practices at all times are integral parts of our business practices.

3. **Access to Banking Services:**

We ensure that all credit union members and customers are granted access to basic financial services.

4. **Transparency and Disclosure:**

The credit union considers the financial needs of its members, provides clear and transparent disclosure and uses plain language and/or user-friendly language descriptions of products and services in its communications to ensure people make informed decisions.

5. **Complaints:**

We have clear processes for resolving and escalating complaints. We examine complaints and work to settle them fairly and in a timely manner, and we track complaints to help ensure our practices continue to improve.

IMPLEMENTATION AND COMPLIANCE

Preamble:

Credit unions are independent financial cooperatives, meaning they are governed and financed differently than banks. Credit union Members are owners that have a say in the credit union's actions. Members elect a Board to provide leadership and ensure that members' views are represented. Credit unions have always been motivated to provide financial service and advice to their Members, Account Holders, Consumers and communities, not just to grow profits.

Being a Member owner also means sharing in the credit union's success. Some credit unions offer lower interest rates and service fees, others distribute patronage dividends, and many contribute to community initiatives. As a community-owned financial institution, the credit union is sensitive to its Member's, Account Holder's, and Consumer's satisfaction with the level of service they receive.

Credit unions repeatedly demonstrate excellence in customer service, as evidenced by independent measures.¹

Applicability:

Effective January 1, 2022, each credit union in British Columbia will be required to adopt a code of market conduct to promote the fair treatment of the credit union's members, account holders and consumers, and to file a copy of their code of market conduct with the BC Financial Services Authority ("BCFSA"). While credit unions are not required to adopt this Code, BCFSA supports its use by all British Columbia credit unions.

Proportionality:

At a minimum, each credit union will implement the **requirements**² set out in this Code. The credit union will make all reasonable efforts to ensure the minimum proposed standards are met, in a manner that is best suited for its members and consumers.³

The credit union will determine whether to implement the **recommendations**⁴ set out in this Code. Where the credit union chooses to implement a recommendation, it will do so in a manner that is best suited for its members and consumers.⁵

¹ As evidenced by receipt of Ipsos' *Customer Service Excellence Award*, for the fourteenth consecutive year in 2018: <https://www.ipsos.com/en-ca/news-polls/ipsos-awards-top-honours-financial-services-excellence-canada>

² A **requirement** exists where the word "will" is used throughout this Code.

³ Make a risk-based decision, based on size, risk profile, and the nature and complexity of its operations, products, and services, and its regulatory obligations.

⁴ A **recommendation** exists where the word "should" is used throughout this Code.

⁵ Supra, note 14.

Implementation:

The credit union will aim to have the **requirements**⁶ set out in the Code implemented into its operations by January 1, 2022, in a manner that is best suited for the credit union.⁷ The credit union will also respect all regulatory obligations and codes of conduct/ethics that apply to it.

The credit union will demonstrate its commitment to this Code by:

- Completing an annual self-assessment assessing its adherence to the Code;
- Reporting the results of the annual assessment to the Board of Directors in accordance with section 1.3.

Code Reviews:

CCUA, with Centrals and credit unions, will review the Code, and update if needed⁸, at least once every three (3) years.

Language in this Code:

Reference to the word **"will"** in sections throughout this Code means the credit union is *required* to adhere to that section.

Reference to the word **"should"** in sections throughout this Code means it is *an industry standard* and *recommended* that the credit union adhere to that section.

Reference to the word **"may"** in sections throughout this Code means it is *at the discretion of the credit union* to decide whether to adhere to that section.

Reference to the word **"inform"** in sections throughout this Code means it is *at the discretion of the credit union* to decide how to inform⁹. It is recommended that when the credit union refuses a Product or Service to a Member, Account Holder, or Consumer, they do so in writing, subject to any requirements to the contrary¹⁰.

⁶ A **requirement** exists where the word "will" is used in the Code.

⁷ Each credit union should make a risk-based decision on how to implement the standards, based on: the credit union's size, risk profile; the nature and complexity of its operations, products and services; and its regulatory obligations.

⁸ If issues or circumstances arise.

⁹ For example, digitally, orally, in paper format.

¹⁰ For example, Suspicious Transaction Reporting – Tipping off

DEFINITIONS:

For the purposes of this Code the following words shall have the meanings ascribed to them below. Wherever a plural expression is defined below, that expression is considered as including the singular where required by the context:

“**Accounts**” includes Membership Accounts, Deposit Accounts, Credit Accounts, or Products, or Services, as defined in this Code;

“**Account Holder**” is an individual that holds an Account with the credit union other than a membership account;

“**Advertisements**” include any promotion of any credit union Products or Services, made in any public manner, including in-branch¹¹, in print, on the radio, on the television, and/or in digital or electronic media;

“**Agreement**” is a legally binding arrangement between the credit union and a Member or Account Holder¹² and may include, financial services agreements, account operating agreements, and Terms and Conditions;

“**ATM**” means an Automated Teller Machine;

“**Basic Banking Services**” includes the opening of a personal deposit account with less than \$150,000 and the cashing of Government of Canada cheques or other instruments;

“**Board**” means the credit union’s Board of Directors;

“**Code**” means this Market Conduct Code for British Columbia Credit Unions;

“**Complaint**” includes any expression of dissatisfaction about a Product or Service received by the credit union;

“**Consumer**” includes a potential credit union Member or Account Holder;

“**Credit Account**” includes all credit facilities, such as, loans, mortgages, credit cards, lines of credit, and overdrafts;

“**Deposit Account**” includes an account held by a Member or Account Holder¹³ and allows money to be deposited and withdrawn. This includes accounts such as savings and chequing accounts;

¹¹ Regardless of whether in digital or paper form.

¹² Consumers are not included in this definition because individuals that have Agreements with the credit union fit the Code’s definition of a Member or Account Holder.

¹³ Consumers are not included in this definition because individuals that have a Deposit Account with the credit union fit the Code’s definition of a Member or Account Holder.

“Marketing Materials” includes any materials that the credit union makes available to any individual for the purpose of making that individual aware of any credit union Products or Services, including materials in print and electronic form¹⁴;

“Member” means a “member” of a credit union as defined in the *Credit Union Incorporation Act* and the *Financial Institutions Act as applicable*;

“Membership Account” is an account where a member is given a credit union Member share;

“Onboarding” means the opening of any Account for any individual who has no other Accounts with the credit union;

“Personal Information” is defined as in the [Personal Information Protection and Electronic Documents Act](#) (PIPEDA) / [The Personal Information Protect Act](#) in British Columbia;

“Products” includes all products offered by the credit union, including registered products;

“Senior Management” includes personnel who are members of the credit union’s highest level of management – e.g., its core management, executive management or upper management team;

“Services” includes any activities involved in accepting and safeguarding money owned by individuals or entities, and the lending out of this money;

“Terms and Conditions” refers to the set of rules the credit union and a Member, Account Holder, or Consumer agree to abide by in order to acquire and/or use a credit union Product or Service, including, but not limited to, service fees and account structures;

“Vulnerable Members” includes any adult Members, Account Holders or Consumers who by nature of a physical, emotional or psychological condition are permanently or temporarily dependent on other persons for financial care and assistance and/or incapable of making decisions about their financial affairs; and

“Whistleblower” means employees of the credit union who report suspected unethical conduct in anonymity.

¹⁴ For example, materials available for download online.

1. BUSINESS PRACTICES:

We are committed to ethical business practices and the financial well-being of our Members and Account Holders and Consumers using our products and services. It is a core component of our governance and corporate culture.

1.1 Business Culture

The credit union will promote an ethical “fair treatment” business culture in which it makes strategic decisions, demonstrates in its daily conduct, and communicates with credit union employees, its corporate commitment to the financial well-being and fair treatment of all Members, Account Holders, and Consumers.¹⁵

1.2 Governance and Accountability

The credit union’s Board, as elected by the credit union membership, is responsible for overseeing Senior Management’s implementation and adherence to the Code and for ensuring the overall fair treatment of Members, Account Holders, and Consumers. The credit union will implement a policy and/or procedure that sets out:

- the credit union’s requirement to promote a “fair treatment” corporate culture, as per [section 1.1](#);
- who, at the Board level¹⁶ will be responsible for ensuring adherence to the Code; and
- that the Board will review the report set out in [section 1.3](#)¹⁷, and take necessary action to ensure deficiencies noted in the report are remedied, in a manner that is best suited to the credit union.

1.3 Reporting to the Board

At least annually, Senior Management will be responsible for reporting to the Board on the credit union’s adherence to the principles in this Code, including the results of the credit union’s annual self-assessment.

1.4 Protection of Personal Information

The credit union will **safeguard, collect, use,** and **disclose** Personal Information in accordance with the [Personal Information Protection and Electronic Documents Act](#) (PIPEDA)

¹⁵ *Conduct of Insurance Business and Fair Treatment to Customers*, Canadian Council of Insurance Regulators, Canadian Insurance Services Regulatory Organizations (2018 Sept), p. 9, online: <https://www.ccir-ccra.org/Documents/View/3450>

¹⁶ For example, The Board as a whole, or a Board committee.

¹⁷ For example, the report can be a copy of the annual self-assessment, or a written report from Senior Management, etc.

and [The Personal Information Protect Act](#) in British Columbia.

1.5 Financial Well-being and Financial Literacy

The credit union values and supports the financial well-being and financial literacy of Members, Account Holders and Consumers. In this regard, the credit union should engage in efforts to support financial literacy in their communities and include the development and execution of initiatives that support credit union values in its business planning cycle.

Initiatives that supports these values may include offering awareness and/or education on **improving credit bureau scores, safely using internet and mobile banking**, and improving financial well-being through appropriate **financial planning**.

1.6 Whistleblowing

The credit union will provide a channel through which Whistleblowers can report suspected unethical conduct in anonymity while respecting the rights of those about whom concerns are raised, to address or answer those concerns.

The credit union will have a policy and/or procedure in place for employees to report incidents of actual or potentially improper or unethical conduct, without fear of reprisal or unwarranted negative consequences. Whistleblowers will be protected, to the extent possible under the circumstances, as described in the credit union's procedures.

The credit union's Board is responsible for periodically reviewing, approving, and maintain the 'Whistleblowing' policy and/or procedure. Senior Management of the credit union is responsible for managing, monitoring and controlling credit union operations, in accordance with the 'Whistleblowing' policy and/or procedure.

1.7 Lobbying Activities

The credit union, like any other business, association, or individual, may occasionally interact with government and comment on policy, legislation, regulation, or other actions of government. This activity is both legitimate and in the best interests of the credit union and its Members and Account Holders.

In conducting these activities, a credit union may employ a lobbyist, either on staff or as a consultant, and when doing so will ensure that each lobbyist will act in accordance with any laws and regulations that apply to them, including registration with the BC Lobbyist Registry as per the requirements therein.

2. FAIR TREATMENT AND FAIR SALES PRACTICES:

Treating members and customers fairly, acting in good faith and demonstrating fair sales practices at all times are integral parts of our business practices.

2.1 Fair Treatment

Credit unions will treat Members, Account Holders, and Consumers fairly during their dealings with the credit union.¹⁸ This section 2.1 (including subsections), sets out what fair treatment means and is meant as a minimum standard for fair treatment.

2.1.1 Discrimination

Unless the distinction is required or justified by any law¹⁹, or is a special Product or Service offering that is designed for Members, Account Holders, or Consumers of a particular target market group, the credit union will not discriminate against individuals for any reason set out in the British Columbia *Human Rights Code*, as found [here](#).

2.1.2 Take Advantage

The credit union will not knowingly take advantage of anyone through manipulation, concealment, misrepresentation of facts, unfair dealings, or unethical activity, or knowingly take advantage of anyone who is unable to protect their own interests.

2.1.3 Conflicts of Interest

Where conflicting interests compete with the credit union's duty of care owed to Members, Account Holders, and Consumers, risks may be created. The credit union will take all reasonable steps to identify, and avoid or manage, conflicts of interest.

In this regard, the credit union will ensure conflicts of interest are appropriately dealt with, by having a policy and/or procedure in place for addressing them. The credit union will decline to act where conflicts of interest cannot be avoided or managed satisfactorily.²⁰

2.1.4 Debt Collection

The credit union and debt collection service providers it may engage will not use threatening, intimidating or abusive language, or apply excessive or unreasonable pressure to repay against any borrower of the credit union, including the use of any false statement, any unfair practice, or harassment.

¹⁸ *Sound Commercial Practices Guideline*, AMF, (2013 Jun), p. 7, online: https://lautorite.qc.ca/fileadmin/lautorite/reglementation/lignes-directrices-assurance/ligne-directrice-saines-pratiques-commerciales_an.pdf

¹⁹ Such as for closed bond of association credit unions.

²⁰ *Conduct of Insurance Business and Fair Treatment to Customers*, Canadian Council of Insurance Regulators, Canadian Insurance Services Regulatory Organizations (2018 Sept), p. 13, online: <https://www.ccir-ccra.org/Documents/View/3450>

2.2 Fair Sales

The credit union provides accurate Product and Service information to assist Members, Account Holders, and Consumers in making appropriate Product and Service choices.²¹ This section 2.2 (including subsections) sets out what fair sales means and is meant as a minimum standard for fair sales.

2.2.1 Product and Service Advertising and Promotion

The credit union will ensure its advertising, marketing materials, and communications are fair, accurate, clear, not deceptive or misleading, and in accordance with advertising standards that may apply to it. An example of such standards is the *Canadian Code of Advertising Standards*.²²

The credit union will also ensure that where it uses the terms “bank”, “banking”, or “banker” in any Product or Service advertising or marketing materials, it will adhere to the “Banking Terminology” requirements set out in [section 4.7](#).

2.2.2 Appropriate Products and Services

The credit union will give Members, Account Holders, and Consumers sufficient information on the Products or Services it offers to enable the selection of the most suitable, affordable, and appropriate Product or Service.

2.2.3 Professional Standards and Professional Development

The credit union is committed to high professional practices, ethics, and behaviors. The credit union will ensure the professional development of its employees, as needed, and credit union employees will exercise reasonable and prudent judgement when recommending Products and Services to meet the needs of Members, Account Holders and Consumers.

Knowledgeable employees will be accessible in-person through the branch, online through e-mail or other electronic means, or through toll-free call centers or branch telephone numbers for Members, Account Holders, and Consumers to contact if they have questions about a Product or Service. This information should be available on the credit union’s website.

2.2.4 Tied Selling and Undue Pressure

The credit union will not impose undue pressure²³ on, or coerce or force Members, Account Holders, or Consumers to obtain Products or Services as a condition for obtaining other Products or Services – this is considered ‘coercive tied selling’ and is illegal in Canada. The

²¹ *Sound Commercial Practices*, AMF (2013 Jun), p. 10, online: https://lautorite.qc.ca/fileadmin/lautorite/reglementation/lignes-directrices-assurance/ligne-directrice-saines-pratiques-commerciales_an.pdf

²² *The Canadian Code of Advertising Standards*, Online: <https://adstandards.ca/code/>

²³ “Undue Pressure” means any pressure, imposed by a practice or communication, that could be reasonably considered to be excessive or persistent in the circumstances.

credit union will **not** impose undue pressure on or coerce a person to buy or obtain a Product or Service that they do not want, in order to obtain another desired Product or Service.

2.2.5 Preferential Pricing

Preferential pricing means offering a person a better price or rate on all or part of their business. The credit union may offer preferential pricing. For example, the credit union may offer a better price or rate on a Product or Service if the Member, Account Holder, or Consumer has or acquires several of the credit union's Products or Services. The credit union will be transparent to the Member, Account Holder, or Consumer about such preferential price or rate.

2.2.6 Negative Option Billing

Negative option billing is a business practice with which unsolicited goods and services are provided *automatically* and where a person must either pay for the service or specifically decline it in advance of billing. The credit union will not practice negative option billing.

For example, the credit union cannot provide a free or introductory trial offer for a Product or Service, and then at the end of the offer, automatically enroll the individual for the Product or Service and charge them for it.

2.2.7 Obtaining Consent

The credit union will obtain the Members', Account Holders', or Consumers' express consent²⁴ for new and optional Products or Services, such as mortgages or creditor insurance, etc. See [subsection 4.6.1](#) for "Changes to Terms and Conditions".

2.2.8 Risk Management

The credit union may apply, to the extent necessary, reasonable requirements²⁵ on Members, Account Holders, or Consumers as a condition of acquiring a Product or Service in order to manage risk, costs, or to comply with any laws that apply to the credit union.

2.2.9 Providing Products and Services Digitally and Onboarding Digitally

Where Products and Services are offered digitally, the same level of fair treatment, transparency, and disclosure should be applied as with traditional means, in a manner appropriate to the medium, including, where necessary, access to a knowledgeable credit union employee.²⁶

2.3 Vulnerable Members

Vulnerable Members may have physical or cognitive challenges impacting their capacity to access or use financial products and services, which could make them susceptible to financial

²⁴ The individual must clearly agree to a product or service in writing or verbally **before**.

²⁵ For example, require an individual to increase their credit score before providing them with a credit card.

²⁶ *Treating Financial Consumers Fairly Guideline, FSCO, online:*

https://www.fSCO.gov.on.ca/en/about/superintendent_guidelines/Pages/fair-treatment-guidelines.aspx

exploitation. The credit union recognizes that Vulnerable Members may have a greater need for tailored financial advice, strategies and support, and should receive effective, but not intrusive, form of support, assistance or protection when they are unable to care for their financial affairs.

While not all elder members are vulnerable or unable to protect their own interests, certain vulnerabilities may be more common among elder members.

2.3.1 Identification of Vulnerable Members

The credit union will implement policies and procedures to identify and support Vulnerable Members, including processes for employees to report and escalate concerns relating to the possible financial exploitation or abuse of Vulnerable Members.

2.3.2 Communication with Vulnerable Members

The credit union will implement measures to support effective communication with Vulnerable Members, taking into account issues relating to vision, hearing, mobility or other physical or cognitive impairments.

2.3.3 Training and Resources to support Vulnerable Members

The credit union will provide appropriate training and make appropriate resources available to employees who serve Vulnerable Members, ensuring they understand issues and challenges more common to Vulnerable Members and their financial service needs and are better prepared to identify potential financial exploitation.

2.3.4 Endeavoring to Mitigate Potential Financial Harm to Vulnerable Members

The credit union will implement measures to support awareness of potential financial exploitation and abuse of Vulnerable Members. Where the credit union becomes aware of the likelihood of financial exploitation or abuse of Vulnerable Members, it will endeavor to mitigate potential financial harm, while respecting members' privacy, security and autonomy.

2.3.5 Taking into Account Vulnerable Member Needs

The credit union will take into account the needs of Vulnerable Members when providing notice of changes to products and services, fee structures, or the terms and conditions of the Financial Service Agreement. The credit union will ensure complaint handling procedures provide fair access and appropriate assistance to Vulnerable Members wishing to file a complaint.

3. ACCESS TO BANKING SERVICES:

We ensure that all credit union members and customers are granted access to basic financial services.

3.1 Opening of Deposit Accounts

The credit union should open a Deposit Account for any individual whose identity it can verify, unless it has a sound business reason for not doing so (see below). Identity will be verified in accordance with the credit union's Deposit Account opening process. At a minimum, the identification requirements in the [Proceeds of Crime \(Money Laundering\) and Terrorist Financing Act](#), will be used to verify identity.

The credit union may refuse to open a Membership Account or a Deposit Account if it has a sound business reason for doing so, including if the applicant represents an unacceptable risk²⁷ to the credit union (as set out in [section 3.2](#)).

The credit union cannot refuse to open a Membership Account or a Deposit Account if (i) the refusal is based on a reason that is prohibited grounds of discrimination, (ii) the refusal is solely because the applicant does not have a job or has been bankrupt, or (iii) if reasonable restrictions can be imposed to manage risk to the credit union (as set out in [section 3.2](#) and [section 3.3](#), including subsections).

3.2 Refusal to Open a Deposit Account

The credit union may refuse to open a Membership Account or a Deposit Account, if it has a sound business reason to do so. A sound business reason can include the following:

- the credit union has reasonable grounds to believe²⁸ that:
 - the account will be used to break the law or commit fraud,
 - the applicant intentionally provided false information when the account was opened,
 - the opening of the account will expose the credit union Members or Account Holders, or employees to physical harm, harassment, or abuse, or
 - the applicant has a history of illegal or fraudulent activity with the credit union or any provider of financial services;
- the applicant cannot or will not provide acceptable identification, in accordance with the credit union's Membership Account and/or Deposit Account opening process;
- the applicant will not allow the credit union to verify identification or information provided;

²⁷ "Unacceptable risk" is to be determined by the credit union. The credit union must ensure that any refusal to open an account is in accordance with [section 3.2](#).

²⁸ Reasonable grounds to believe is more than a reasonable suspicion.

- the credit union has a sound business reason to place restrictions on the Deposit Account and the applicant will not accept the restrictions;
- the applicant represents an unacceptable risk²⁹ to the credit union; or
- the credit union is a 'closed bond of association'³⁰ credit union and the applicant does not meet the credit union's membership requirements.

The credit union may also refuse to open a Membership Account or a Deposit Account or impose restrictions, if the applicant has previous write-offs and losses or a poor credit bureau score.

The credit union will not refuse to open a Membership Account or Deposit Account solely due to a lack of employment, bankruptcy, or if the refusal would constitute a breach of the British Columbia *Human Rights Code*.

3.2.1 When the Credit Union Refuses to Open a Deposit Account

When the credit union refuses to open a Membership Account or a Deposit Account, it will inform the applicant that it will not be opening the Account.

3.2.2 When the Credit Union Should Not Refuse to Open a Deposit Account

Subject to [section 3.2](#) and [section 3.3](#) (including subsections), the credit union should not refuse to open a Membership Account or a Deposit Account, **if**, other than for the cost of the credit union's minimum share requirement, the applicant is not making an immediate initial deposit.

3.2.3 Closing a Deposit Account

Where the credit union closes a Membership Account or a Deposit Account, it will do so in accordance with the agreement that governs the relationship between the Member or Account Holder³¹, and the credit union.

NOTE: *There is a difference between closing a Deposit Account and terminating a membership. Where the credit union terminates a membership, it must do so in accordance with its provincial legislation.*³²

²⁹ "Unacceptable risk" is to be determined by the credit union - see [section 3.2](#).

³⁰ 'closed bond of association' credit unions are credit unions whose membership is limited to people who share a common bond – e.g. culture, religion, working in the same industry or for the same company, living in the same community or other unifying criteria

³¹ Consumers are not included in this section as individual's that have a Deposit Account with the credit union fit the Code's definition of a Member or Account Holder.

³² *Credit Union Act*, or an equivalent

3.3 Restrictions on Deposit Accounts

The credit union may choose to impose reasonable restrictions on certain Deposit Accounts for risk management purposes. Restrictions may include:

- placing temporary holds on cheques deposited to allow reasonable time for such items to clear;
- limiting the amount of cash provided back on cheque deposits;
- limiting or revoking:
 - overdraft or chequing privileges,
 - online privileges, or
 - debit card privileges, including ATM withdrawal limits;
- placing restrictions mandated by law or legal judgement that applies to the credit union; or
- placing any other reasonable restrictions necessary for risk management purposes.

3.4 Low-Fee and No-Fee Deposit Accounts

The credit union should offer 'low-fee' and/or 'no-fee' Deposit Accounts to provide access to basic banking services to Members who would not otherwise be able to open and operate other types of accounts because of higher costs.

3.4.1 Individuals Eligible for Low-Fee and/or No-Fee Deposit Accounts

Where the credit union offers 'low-fee and/or 'no-fee' Deposit Accounts, the credit union will decide the eligibility criteria for each account. The criteria should be appropriate to meet the purpose stated in [section 3.4](#).

3.4.2 Low-Fee Deposit Account – Monthly Fees

Where the credit union offers a 'low-fee' Deposit Account, it will determine the monthly fee to charge for the account. The fee should be appropriate to meet the purpose stated in [section 3.4](#).

NOTE: *The credit union may apply charges for transactions that occur over established limits.*

3.4.3 Features of Low-Fee and/or No-Fee Deposit Accounts

Where applicable, the credit union offers low-fee and no-fee accounts to ensure basic banking services are available to those who cannot otherwise afford an account. The credit union will determine the features of any 'low-fee' and/or 'no-fee' accounts.

3.5 Access to Funds

Credit unions should offer immediate access to the first \$100 of all funds deposited by cheque³³ (on any one day) into a deposit account, or on the next business day, if the cheque

³³ The *Access to Funds Regulations* (s. 2) say that Access to the first \$100 applies "only with respect to paper-based cheques... deposited in Canada that are encoded with magnetic ink to allow for character recognition, are not damaged or mutilated such that they are unreadable by cheque clearing systems, are drawn on an institution's branch located in Canada and are issued in Canadian dollars".

is deposited through an Automated Teller Machine (ATM).

3.5.1 Restricting Access to Funds

For risk management purposes, the credit union may limit the amount of funds accessed or extend the hold-period for cheques deposited into Deposit Accounts. See [section 3.5.2](#) for examples where access to funds may be refused. These may be changed, from time to time, as deemed appropriate by the credit union. The credit union should have a sound business reason for limiting access or changing hold periods.

Where the credit union reduces a funds access limit amount or increases a cheque hold-period as per [section 3.5.2](#), the credit union will inform the affected Member or Account Holder of that change. However, in cases where the credit union has reasonable grounds to believe³⁴ that the deposit is being made for illegal or fraudulent reasons, the credit union's responsibility to inform the member may be waived in accordance with the credit union's anti-money laundering policy.³⁵

3.5.2 Refusal of Access to Funds

The credit union does not have to grant Members or Account Holders³⁶ with access to funds deposited by cheque, into a Deposit Account, if:

- the account has been opened for less than 90 days;
- the cheque has been endorsed more than once;
- the cheque is being deposited more than six months after the date of the cheque;
- the cheque is not issued in Canadian dollars;
- the cheque is issued from a branch outside of Canada; or
- the credit union has reasonable grounds to believe³⁷ that the deposit is being made for illegal or fraudulent reasons.³⁸

3.5.3 When the Credit Union Refuses Access to Funds

Where the credit union refuses a Member's or Account Holder's³⁹ request to access the first \$100 deposited by cheque (on any one day) into a Deposit Account, the credit union should inform the individual that it will not be making the funds available.

³⁴ Reasonable grounds to believe is more than a reasonable suspicion.

³⁵ The following guidance documents outline possible restrictions for access of funds (e.g. Ministerial Directive, United Nations Act (UNA), Special Economic Measures Act (SEMA), credit union AML policy, etc.) FINTRAC, [Guidance on the risk-based approach to combatting money laundering and terrorist financing](#), June 2017. OSFI, [Detering and Detecting Money Laundering and Terrorist Financing](#), December 2008.

³⁶ Supra, note. 45.

³⁷ Reasonable grounds to believe is more than a reasonable suspicion.

³⁸ FCAC, *Cheque hold periods and access to funds: rights and responsibilities*, "Exceptions", online: <https://www.canada.ca/en/financial-consumer-agency/services/rights-responsibilities/rights-banking/cheque-hold-access-funds.html#toc2>

³⁹ Consumers are not included in this section because individuals requesting access to funds would hold a Deposit Account with the credit union and fit the Code's definition of a Member or Account Holder.

3.6 Cashing of Government of Canada Cheques

The *Access to Basic Banking Services Regulations*⁴⁰ for federally regulated financial institutions require that any branch that dispenses cash through a teller must cash a Government of Canada cheque if the cheque is for \$1,500 or less and the individual cashing the cheque shows acceptable identification⁴¹. The federal government provides an indemnity of up to \$1,500, per occurrence, to all financial institutions that provide this service and are members of the *Canadian Payments Association*.⁴²

While the *Access to Basic Banking Services Regulations*⁴³ do not apply to credit unions, the credit union should follow the *Regulations*⁴⁴ for cashing Government of Canada cheques for Members, Account Holders, and Consumers.

Canada's *Financial Administration Act* provides that financial institutions, including the credit union, shall **not** charge a fee for cashing a Government of Canada cheque.⁴⁵

3.6.1 Refusal to Cash Government of Canada Cheques

The credit union may refuse to cash a Government of Canada cheque if one or more of the following apply:

- the cheque is for more than \$1,500;
- the individual requesting to cash the cheque cannot produce acceptable identification⁴⁶;
- the cheque has been endorsed or signed by a third-party;
- there is evidence that the cheque has been altered in any way or is counterfeit;
- the credit union has reasonable grounds to believe⁴⁷ that there has been illegal or fraudulent activity in relation to the cheque; or
- the credit union cannot verify that the cheque is legitimate, after contacting the federal government's 'Cheque Redemption and Control Directorate'.⁴⁸

3.6.2 Refusal to Cash Government of Canada Cheques for Individuals that are not Members or Account Holders

There is no legal requirement that a credit union cash a Government of Canada cheque for anyone who is not a Member or an Account Holder. However, in light of the federal regulations

⁴⁰ *Access to Basic Banking Services Regulations*, s. 6, online: <https://laws-lois.justice.gc.ca/eng/regulations/sor-2003-184/page-1.html#h-3>

⁴¹ In accordance with the credit union's identification policy, procedure, or process.

⁴² *Canadian Payments Association, Rule G8*: online: <https://www.payments.ca/sites/default/files/19-Sep-18/q8eng.pdf>

⁴³ *Supra*, note 51.

⁴⁴ *Supra*, note 51.

⁴⁵ Section 159(2)(a), online: <https://laws-lois.justice.gc.ca/eng/acts/F-11/page-28.html?txthl=cashing#s-159>

⁴⁶ In accordance with the credit union's identification policy, procedure, or process.

⁴⁷ Reasonable grounds to believe is more than a reasonable suspicion.

⁴⁸ <https://www.canada.ca/en/financial-consumer-agency/services/rights-responsibilities/rights-banking/cashing-government-cheque.html>

for banks⁴⁹ and the indemnity provided to all financial institutions that are members of the *Canadian Payments Association*⁵⁰, this is an expected industry standard.

3.6.3 Direct Deposit of Government of Canada Cheques

The credit union may assist its Members and Account Holders⁵¹ in signing up for direct deposit of their payments. The credit union should communicate the advantages of direct deposit such as: reliability, security, confidentiality and being environmentally friendly.

Enrolment of direct deposit forms can be obtained on the Government of Canada website here: <https://www.tpsgc-pwgsc.gc.ca/recgen/txt/depot-deposit-eng.html>

⁴⁹ *Access to Basic Banking Services Regulations*, s. 6, online: <https://laws-lois.justice.gc.ca/eng/regulations/sor-2003-184/page-1.html#h-3>

⁵⁰ *Canadian Payments Association, Rule G8*: online: <https://www.payments.ca/sites/default/files/19-Sep-18/q8eng.pdf>

⁵¹ Consumers are not included in this section because individuals that hold a Deposit Account with the credit union and fit the Code's definition of a Member or Account Holder.

4. TRANSPARENCY AND DISCLOSURE:

The credit union considers the financial needs of its members, provides clear and transparent disclosure and uses plain-language descriptions of products and services in its communications to ensure people make informed decisions.

4.1 Properly Informed Decisions

The credit union will facilitate Members', Account Holders', or Consumers' ability to make properly informed decisions about a Product or Service, by:

- providing information that is:
 - user-friendly language⁵² (wherever possible),
 - clear about any risks, exclusions or limitations,
 - up-to-date,
 - does not hide, diminish, or obscure important statements or warnings, but rather makes sure important information is prominently displayed, and
 - is based on disclosed personal circumstances and financial needs of the Member, Account Holder, or Consumer; and
- answering any questions asked about a Product or Service;
- having employees identify the types of Products or Services they are licensed or registered to sell or offer (if applicable); and
- disclosing any conflicts of interest⁵³, in accordance with [section 2.3.1](#) (if applicable).

4.2 Reviewing Product and Service Information for User-friendly Language

The credit union should, periodically, and as needed, review Product and Service information to ensure it is written in user-friendly language and easily accessible to the relevant Member, Account Holder, or Consumer. Where necessary, the credit union will amend Product or Service information to be in user-friendly language.⁵⁴

4.3 Legally Required Disclosure

As a minimum standard, the credit union will disclose all legally required information. For

⁵² Language for which "it is reasonable to conclude that an ordinary consumer of the class of persons for whom the document is intended, with average literacy skills and minimal credit experience, could be expected to understand the content, significance, and importance of the document without undue effort, World Bank Group, *Good Practices for Financial Consumer Protection (2017)*, p. 23

⁵³ *Sound Commercial Practices*, AMF (2013 Jun), p. 14, online: https://lautorite.qc.ca/fileadmin/lautorite/reglementation/lignes-directrices-assurance/ligne-directrice-saines-pratiques-commerciales_an.pdf

⁵⁴ User-friendly language requirements can be assessed through policy review processes.

example, as set out in the credit union's provincial legislation⁵⁵ or as set out in Agreements between the Member, or Account Holder⁵⁶, and the credit union.

4.4 Disclosure before or at the time a Product or Service is acquired

The credit union will facilitate the Members', Account Holders', or Consumers' ability to make informed decisions about a Product or Service, by informing of the following:

- the key features;
- any associated risks, exclusions, or limitations;
- any financial implications of a transaction;
- all costs, including fees and charges;
- the key terms and conditions that apply; and
- the person's rights and obligations (e.g. their right to file a complaint or to cancel a Product or Service)⁵⁷.

4.4.1 Product Fact Sheets

The credit union should have Product or Service information available to provide to Members, Account Holders, and Consumers in the form of fact sheets. This information can be in paper or digital format, will be written in user-friendly language, and, at a minimum, will list the features set out in [section 4.4](#).

4.4.2 Disclosure at Deposit Account Opening

The credit union will provide the **Terms and Conditions Agreement** of the Membership account when a person becomes a Member. The Terms and Conditions should be offered to Members and Account Holders again when they open a new Deposit Account. The credit union should also provide an opportunity, whether in person or by secure email or other protected means, to answer any questions the person may have and to facilitate understanding of the agreement.

4.5 Disclosure After a Product or Service is Acquired, including Deposit Account

The credit union will help Members and Account Holders⁵⁸ use their Products and Services and keep them informed by providing regular statements (where required by law) and by providing notice of changes to interest rate and service charges and advise members when

⁵⁵ For example, Cost of Credit Disclosure Acts (or equivalents). [delete or include link to appropriate act]

⁵⁶ This section does not refer to Consumers because after a person has acquired a Product or Service, they fit the Code's definition of either a Member or Account Holder.

⁵⁷ *Sound Commercial Practices*, AMF (2013 Jun), p. 14, online: https://lautorite.qc.ca/fileadmin/lautorite/reglementation/lignes-directrices-assurance/ligne-directrice-saines-pratiques-commerciales_an.pdf

⁵⁸ This section does not refer to Consumers because after a person has acquired a Product or Service, they fit the Code's definition of either a Member or Account Holder.

Terms and Conditions change. This will be done in accordance with the “Notice” section in this Code ([subsection 4.6.1](#))

4.5.1 Providing Product or Service-Related Documentation

When a Member or Account Holder⁵⁹ acquires a Product or Service, the credit union will make available to that person, a copy of the documentation associated with that Product or Service.

4.5.2 Providing Product or Service-Related Statements

After a Member or Account Holder⁶⁰ acquires a Product or Service, the credit union will provide statements as legislated, and when requested by the Member or Account Holder.

Where statements have already been provided to the Member or Account Holder, the credit union may charge a reasonable fee for providing duplicate copies. Where electronic statements are available to the Member or Account Holder free of charge, the credit union may charge a reasonable fee for providing paper statements.

4.5.3 Providing Mortgage Information

Upon request, the credit union will provide general mortgage information to Members and Account Holders⁶¹ that have mortgages. The general information should include, how the prepayment penalty is calculated, applicable prepayment privileges, and a contact number the Member or Account Holder can call to obtain specific information about his or her mortgage from the credit union.

4.6 Notices

4.6.1 Changes to Terms and Conditions

The credit union will notify Members and Account Holders of changes to Terms and Conditions as defined in the definitions of the code, and in accordance with applicable disclosure legislation, or as set out in the respective Product or Service Agreement.

Where notice is not set out in legislation or the respective Agreement, the credit union will provide notice, as follows:

Change to Terms and Conditions

Notice will be provided and maintained for, at a minimum, **30 days after** the change(s) take effect. The credit union can make changes to the Terms and Conditions to correct non-substantive, clerical errors without notice to Members or Account Holders.

⁵⁹ Supra, note 71.

⁶⁰ Supra, note 71.

⁶¹ This section does not refer to Consumers because if person has a Mortgage with the credit union, they fit the Code’s definition of either a Member or Account Holder.

Notice will be provided and maintained through the credit union's website (if applicable), and either by mail, statement message, electronically or by posting in a branch.

The use of the Member or Account Holder's Accounts after the effective date of change is the Member or Account Holder's acceptance of the changes.

4.6.2 Branch Closures

Permanent or Temporary Branch Closures

The credit union will notify Members, Account Holders, and Consumers that a branch will be closing, as legally required (referred to in [section 4.3](#)).

Where the credit union is not legally required to provide notice of permanent or temporary branch closures, notice will be provided in the following manner:

Permanent Branch Closures

For permanent branch closures, the credit union will provide notice, in accordance with the Notice requirements set out in [subsection 4.6.4](#) of the Code, in the following manner:

- Where the Branch is located in an urban area or in a rural area where there is another retail deposit-taking branch within a travelling distance of 10km from the branch:
 - with **at least four months' notice before** the branch will be closing;
 - **as soon as possible**, if the branch will be closing in less than four months; or
 - **as soon as possible**, if the branch closes permanently due to unforeseen circumstances.
- Where the Branch **is not** located in an urban area or in a rural area where there is another retail deposit-taking branch within a travelling distance of 10km from the branch:
 - with **at least six months' notice before** the branch will be closing;
 - **as soon as possible**, if the branch will be closing in less than six months; or
 - **as soon as possible**, if the branch closes permanently due to unforeseen circumstances.

Temporary Branch Closures

For temporary branch closures, regardless of the branch's location, the credit union will provide notice in accordance with the Notice requirements set out in [subsection 4.6.4](#) of the Code, in the following manner:

- within **a reasonable period of time**⁶² **before** the temporary branch closure; or
- within **as soon as possible after** the branch is closed, if the branch closes temporarily due to unforeseen circumstances.

4.6.3 ATM Closures

The credit union should notify Members, Account Holders, and Consumers that an offsite or onsite ATM will be closing, as legally required (referred to in [section 4.3](#)).

Where the credit union is not legally required to provide notice of permanent ATM closures or temporary service interruptions for onsite and offsite ATMs, the credit union should provide notice when **all** of the following apply:

- an ATM will be closing permanently, there is a temporarily service interruption, or the ATM is closed due to unforeseen circumstances; and
- the credit union's only provision of financial services is the ATM; and
- the ATM **is not** located in an urban area or in a rural area where there is another retail deposit-taking branch within a travelling distance of 10km from the branch, the credit union will provide notice requirements.

Permanent ATM Closures

For permanent ATM closures, the credit union should provide notice in accordance with the Notice requirements set out in [subsection 4.6.4](#) of the Code, in the following manner:

- with **at least two months' notice before** the ATM will be permanently closing;
- if the ATM will be closing in less than two months, the credit union will provide notice **as soon as possible**; or
- if the ATM goes out of service due to unforeseen circumstances and will be closed permanently, **as soon as reasonably possible after** the ATM is out of service.

Temporary Service Interruptions

For temporary ATM closures, the credit union should provide notice in accordance with the Notice requirements set out in [subsection 4.6.4](#) of the Code, in the following manner

- if the ATM will be temporarily out of service, **within a reasonable period of time**⁶³ **before** the ATM will be out of service; or

⁶² Credit union will determine what a reasonable period of time is given the circumstances, e.g.: the length of time the credit union is aware of the temporary closure in advance – the credit union knows 12 months in advance that the branch will be closing temporarily for renovations, then the credit union may want to follow the permanent branch closure notice requirements.

⁶³ Credit union will determine what a reasonable period of time is given the circumstances, e.g.: the length of time the credit union is aware of the temporary closure in advance – the credit union knows 12 months in advance that the ATM will be closing temporarily for replacement, then the credit union may want to follow the permanent ATM closure notice requirements.

- if the ATM temporarily goes out of service due to unforeseen circumstances, **as soon as possible after** the ATM is out of service,

the credit union should develop a notice policy for temporary service interruptions less than 15 days and make it available to the consumer upon request. The policy may address temporary situations such as servicing, offsite ATMs in remote locations, acts of vandalism or a power outage.

4.6.4 Notice Content for Permanent and Temporary Branch or ATM Closures

For all permanent or temporary branch or ATM Closures, notice should be posted in branch and provided through the credit union's website (if applicable), or by mail, or statement message, or electronically.

Notice for permanent and temporary branch or ATM closures, **not due to** unforeseen circumstances should include:

- the location of the branch or ATM and the date proposed for its closure;
- alternative sites where, after that date, Members, Account Holders, or Consumers may obtain services similar to the credit union's, or a telephone number that Members, Account Holders, or Consumers may call to be informed of those sites;
- how the credit union may be contacted in respect of the permanent or temporary branch or ATM closure; and
- where the branch or ATM closure is **temporary**, an estimated date, if known, when the branch will be re-opened or the ATM will be available for use.

Notice for permanent or temporary branch or ATM closures **due to unforeseen circumstances** should include:

- the location of the branch or ATM closure,
- alternative sites where Members, Account Holders, or Consumers may obtain services similar to the credit union's, or a telephone number that Members, Account Holders, or Consumers may call to be informed of those sites; and
- how the credit union may be contacted in respect of the branch or ATM closure.

4.7 Banking Terminology Disclosure Requirements

4.7.1 Application

Section 4.7 applies when the credit union uses any of the words "bank", and/or "banking", and/or "banker" in Advertisements or Marketing Materials.

When the credit union uses the words "bank", and/or "banking", and/or "banker" in Advertisements or Marketing Materials, the credit union will adhere to the requirements set out in [subsection 4.7.4](#).

4.7.2 Non-application

Section 4.7 does not apply to the common use and understanding of the words “bank”, and/or “banking”, and/or “banker”, when used in any manner.

For example, the use of the following words in the above manner, are exempt from section 4.7:

- *Bank account*
- *Banking*
- *Banking access*
- *Banking information*
- *Banking services*
- *Banking system*
- *Banking transaction*
- *Electronic banking*
- *Internet banking*
- *Mobile banking*
- *Online banking*

4.7.3 Disclosure at Onboarding

Subject to 4.7.2, where the credit union uses any of the words “bank”, and/or “banking”, and/or “banker” in Advertisements or Marketing Materials, the credit union will, when Onboarding⁶⁴, provide the applicant with written information that makes it clear that:

- the Account being opened is a credit union Account;
- the province the credit union is authorized to operate in; and
- the credit union’s deposit insurance system, in accordance with [subsection 4.7.4](#).

4.7.4 Identifying Deposit Insurance System

The credit union will follow the advertising requirements in accordance with the regulator’s guidelines for deposit insurance.

⁶⁴ Both in-person and digitally (e.g. online Account opening).

5. COMPLAINT HANDLING:

We examine complaints and have clear processes for resolving escalating complaints. We work to settle them fairly and in a timely manner, and we track complaints to help ensure our practices continue to improve.

5.1 Complaint Handling Procedures and Processes

The credit union will establish a 'complaint handling' policy and/or procedure for resolving Complaints fairly and transparently. The credit union's 'complaint handling' policy and/or procedure will outline the process for handling Complaints internally and externally, including the levels of severity required for the purposes of record keeping, as well as appropriate action to be taken. The credit union will designate an individual (e.g. a compliance officer or a senior employee) to be responsible for responsible for overseeing complaints handling processes.

5.2 Making Complaint Handling Information Available

The credit union will make available to Members, Account Holders, and Consumers, the credit union's complaint handling policy and/or procedure and the contact information for accessing the service. This information will be made available on the credit union's website (if applicable), in branch, and upon request.

5.3 Handling Complaints

The credit union will handle Complaints in a fair⁶⁵ and transparent⁶⁶ manner and responses will be timely.

5.4 Recording Keeping

The credit union's 'complaint handling' policy or procedure will outline record keeping, level of severity and appropriate action taken. Examples include: the level of severity for alleged loss of funds to due action or inaction by the credit union, mistreatment of a member, adjudication of loans, etc.

5.5 Reporting Complaints

The credit union will report to the Board, at least annually, on the number of complaints received, the general nature of those complaints, and how those complaints were dealt with. The types of complaints that require reporting and/or responding to by the Board will be set out in the credit union's complaint handling policy and procedure.

⁶⁵ "Fair" means unbiased, impartial, equitable, timely, and without trying to achieve an unjust advantage against the complainant.

⁶⁶ Transparent means the credit union will inform the complainant of the credit union's complaint handling process and keep the complainant apprised of their complaint status, upon request.

6. Document Control Log

Date	Revision	Actioner/Approver	Status	Comment
Jan 13, 2022	1.0	CCUA	Author	Document draft authored by the Canadian Credit Union Association
June 9, 2022	1.1	Jo Ha	Draft	Document revised and reformatted
June 23, 2022	1.1	Board of Directors	Approved	Document submitted to the Board of Directors for review & approval