What you need to know about prohibited conduct
Why did we create this booklet?

Banks are required to inform customers and the public in plain language that it is prohibited to impose undue pressure, coerce, or take advantage of a person. To comply with the law, National Bank has created this booklet, which explains:

› what constitutes prohibited conduct,
› what is not considered prohibited conduct, and
› complaints or concerns.

What is prohibited conduct?

It is prohibited for a bank:

› to impose undue pressure on a person, for example, an excessive or persistent practice or communication by which a person might reasonably feel compelled to purchase a product or service;
› to coerce a person, for example, forcing a person to obtain a product or service as a condition of being able to obtain another;
› to take advantage of someone, for example, by abusing their vulnerability.
The following examples will help illustrate what consists of prohibited conduct.

You meet with an advisor in a branch because you want to open a bank account. At the end of the meeting, your advisor suggests that you get a credit card. You refuse, because you already have a credit card with another institution and do not need an additional card. The advisor insists and tries to manipulate you by telling you that if you do not take the credit card, he will not reach his sales targets and his compensation will be impacted.

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 investment products. You want the loan, but you want to invest the money somewhere else.

The above practices are against the law since a bank cannot pressure, coerce or take advantage of you. If you qualify for a product, a banking representative is not allowed to pressure you unduly to buy another unwanted product or service, including as a condition of obtaining the product you want.
What is our commitment to you?
We have implemented guidelines and training to ensure that all employees comply with these requirements. Please let us know if you believe that you have experienced any prohibited conduct in any dealings with us. You can find out how to contact us at the end of this brochure.

Compensation
Our internal employee compensation practices are designed to ensure that our employees are not encouraged to place their personal interests ahead of yours when recommending products or services that are appropriate for you.

What is not considered prohibited conduct?
Most businesses, including National Bank, look for tangible ways to show their interest in your business and their 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 should not be confused with undue pressure. 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 store offers a second product at a better price, e.g., “Buy one and get the second 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.

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 investment products.

The above practices are acceptable. The approval of your mortgage and RRSP loan is not conditional upon the taking of 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 soft 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 explain the bundling of bank products and services.

You plan to open a bank account that charges you for individual transactions. The bank 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 bought each part of the package separately.

Bundling products in this way is permitted because you have the choice of buying the items individually or as 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 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 company’s operating account at the bank allows your bank to assess possible risks associated with your company’s cash flow and manage the risk associated with the loan.

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

Complaint settlement

If you have a complaint, please refer to our For a trust-based relationship – Complaint Settlement brochure, which is available at any branch or on our website at nbc.ca by going to About Us › Our Organization › Complaint Settlement.