

On the basis of Articles 4g, 9 and 25 of the Law on the Banking Agency of the Federation of Bosnia and Herzegovina („Official Gazette of the Federation of B&H“, No. 9/96, 27/98, 20/00, 45/00, 58/02, 13/03, 19/03, 47/06, 59/06, 48/08, 34/12 and 77/12), Article 41 of the Law on Protection of Users of Financial Services („Official Gazette of the Federation of B&H“, No. 31/14), Article 18 of the Statute of the Banking Agency of the Federation of B&H („Official Gazette of the Federation of B&H“, No. 42/04), Articles 5 and 6 of the Decision on Conditions and Manner of Customer Complaints Management in Banks, Microcredit Organisations and Leasing Companies („Official Gazette of the Federation of B&H“, No. 23/14 and 26/14) and Articles 3 and 4 of the Decision on Conditions and Manner of Handling of Guarantors' Requests for Release from the Guarantor's Obligation („Official Gazette of the Federation of B&H“, No. 23/14 and 24/16), the Board of Directors of the Banking Agency of the Federation of B&H, at the 61st meeting, held on 25.07.2014, adopted the following:

CODE OF CONDUCT OF OMBUDSMEN FOR BANKING SYSTEM OF FEDERATION OF BOSNIA AND HERZEGOVINA

I. CORE PROVISIONS

Article 1

These rules determine the conditions and manner of conduct of Ombudsmen for the banking system (hereinafter: Ombudsman) established in the Banking Agency of the Federation of Bosnia and Herzegovina (hereinafter: the Agency) in processing a written notice, i.e. the complaint of a client, user of financial services (hereinafter: User) if the financial organisation of the banking, microcredit and leasing system of the Federation of B&H (hereinafter: Service Provider) has not responded to the written complaint of a User within the time prescribed by the law or regulations of the Agency, or if the User is not satisfied with the response of Service Provider or another outcome of the proceedings following the complaint filed against the Service Provider, as well as the conditions and manner of conduct of Ombudsmen at a Guarantor's request for release from the guarantor's obligation.

Meaning of Certain Terms

Article 2

With respect to these rules, certain terms have the following meanings:

- a) the Ombudsman is one of the bearers of the protection of Users' rights in the Federation of Bosnia and Herzegovina, established by the Agency, who enables that such disagreements and disputes between Service Providers and Users be resolved fairly and quickly by independent persons, with a minimum of formalities throughout harmonisation, mediation or other peaceful means. The objective of the Ombudsman is to promote and protect the rights and interests of Users;
- b) the User is any natural person to whom Law on Protection of Users of Financial Services applies, as well as Guarantors, regardless of whether they are natural persons or legal entities;
- c) the Guarantor is a legal entity or natural person that is a Guarantor of the loan deal and that obligates themselves, exclusively in written form, to settle the debt to the creditor only when it is not possible by making use of all instruments of credit insurance in

- accordance with the provisions of the Law on Guarantor Protection in the Federation of B&H;
- d) the Service Provider is a bank, microcredit organisation and leasing company;
 - e) a notice or complaint is any written appeal of the User addressed to the Ombudsman, when the User feels that the Service Provider is failing to comply with the provisions of the law or other regulations;
 - f) a request is every written appeal to the Ombudsman, requesting release from the guarantor's obligation, when the Guarantor believes that the creditor is failing to comply with the provisions of the Law on Guarantor Protection.

II. RULES OF PROCEDURE

General Conditions

Article 3

- (1) The Ombudsman conducts the procedure in response to the notices, or complaints, requests or ex officio and other documents by which Users appeal to the Ombudsman.
- (2) The Rules of Procedure will be separately determined with clients and will determine the Users' method of communication with the Ombudsman.

Article 4

- (1) The Ombudsman exercising their function gives answers, recommendations, opinions, suggestions, drafts reports and proposes measures for dealing with complaints or requests.
- (2) In the mediation process, the Ombudsman acts according to the rules of the mediation procedure and, following the completion of the mediation procedure, drafts written Settlement Agreements, which have the power of enforceable documents.

Article 5

The Ombudsman's acts are not administrative acts, but the User can file a complaint to the Ombudsman about the content of what was submitted in writing.

Article 6

- (1) During the procedure, the Ombudsman will strive to settle the case amicably by mediating between the parties.
- (2) Throughout the whole procedure, the Ombudsman will strive to complete the procedure in an effective and quality manner in response to the complaint or request.
- (3) The Ombudsman will lead the mediation process in the interest of an amicable resolution of contentious situations pointed out in the complaint or request.
- (4) The Ombudsman will determine the matters of procedure and deadlines for action, which are not regulated by the law and these rules, in each individual case.

Article 7

The Ombudsman does not charge a fee for their work, but the parties alone bear the costs related to the submitted brief and actions taken while submitting the application.

Rights of the User

Article 8

- (1) If the Service Provider has not responded to the User's complaint within 30 days of the complaint being filed or if the User is not satisfied with the response of the Service Provider or another outcome of the procedure conducted in response to the complaint filed against the Service Provider, they are entitled to notify or file a complaint to the Ombudsman.
- (2) The Guarantor is entitled to file a request to the Ombudsman for the release from the guarantor's obligation, if they believe that the creditor is failing to comply with the provisions of the Law on Guarantor Protection in the Federation of B&H.

Initiating Procedure/Rules of Procedure

Article 9

Procedure before the institution of the Ombudsmen is initiated per notice or complaint, request or ex officio.

Article 10

- (1) The notice or complaint or request referred to in Article 8 of these rules includes:
 - a) personal information: full name, address, full name of the legal representative or proxy of the applicant and their residence or domicile and the address of that entity;
 - b) the business name, headquarters and address of the Service Provider and its organisational unit, the conduct of which the complaint or request refers to;
 - c) a complete and accurate description of the dispute, including the time and place of its occurrence;
 - d) a statement as to whether and when another entity or body initiated a procedure in connection with the submitted request or complaint;
 - e) the filing date, the signature of the User or Guarantor, i.e. the legal representative or proxy.
- (2) Along with the notice and/or complaint referred to in the previous Paragraph, the User will enclose:
 - a) a photocopy of the contract executed with the Service Provider, the conduct of which the User is complaining about, if possible;
 - b) a photocopy of other documents and documents related to the conditions of use of the financial services, if possible;
 - c) the complaint submitted to the Service Provider;
 - d) the Service Provider's response to the User's complaint, if it was forwarded to the User and
 - e) available evidence to support the highlighted claims and facts described in the complaint.
- (3) Along with the request for release from the guarantor's obligation referred to in Paragraph (1) of this Article, the Guarantor will enclose:
 - a) a photocopy of the guarantor or loan agreement executed with the Service Provider;
 - b) a photocopy of other documents related to the conditions of use of financial services;

- c) available evidence to support the highlighted claims, facts and circumstances described in the request.

Article 11

- (1) The notice and/or complaint or request to the Ombudsman must be submitted in written form and is to be delivered to the Agency by mail or personally handed in to the protocol. Submissions sent by e-mail also fulfill the requirement of written form, with the response of the Ombudsman having to be mailed to the address of the applicant.
- (2) A complaint or request to the Ombudsman can be submitted via a proxy, who must also submit the original authorisation for representation (power of attorney) on behalf of which the complaint or request is being filed.
- (3) The User, the Guarantor or their proxy shall notify the Ombudsman of any change of address and circumstances related to their complaint or request.

Article 12

If the complaint or request does not contain the information referred to in Article 10, Paragraph (1) of these rules, i.e. if the User did not enclose the annexes referred to in Article 10, Paragraphs (2) and (3) of these rules or if the content of the aforementioned is incomplete or incomprehensible, the Ombudsman will, within 15 days from the receipt of the application, invite the User to organise the aforementioned in an appropriate manner within 8 days of being invited, i.e. to make a correction, provide other explanations, amendments and evidence in that same period of time, if that is necessary for the proper and complete assessment of the justification of the submitted complaint or request.

Article 13

If the User proves that they were unable to obtain the annexes referred to in Article 10, Paragraph (2) or (3) of these rules from the Service Provider in regular procedure, the Ombudsman will request the aforementioned from the Service Provider in written form, if they determine that these are necessary for the proper and complete assessment of the justification of the complaint or request.

Article 14

If the User does not submit the requested information within the time frame specified in Article 12 of these rules, the Ombudsman will inform the User in a reasoned response that such an application is not accepted and will be considered as not filed.

Article 15

If the User has filed a complaint to the Ombudsman without previously addressing the Service Provider, the Ombudsman will not consider their complaint and will promptly forward it to the Service Provider for consideration and respond to the User, of which the User will be notified in written form, in accordance with the law and regulations of the Agency, unless it is clear from the submitted application that the rights of the User are threatened by the Service Provider's conduct.

Preliminary Procedure

Article 16

The Ombudsman will file each application in written form in a special register, and then start the preliminary examination, during which procedural requirements for the consideration of

the case are determined, such as the accuracy and acceptability of the aforementioned application.

Article 17

- (1) If the User contacts the Ombudsman orally or by telephone, and the Ombudsman determines that there is no basis for accepting the complaint and taking measures that are within their competence and authority, the Ombudsman will provide guidance to the applicant on the body and the procedure in which they can exercise their possible right.
- (2) In the case referred to in Paragraph (1) of this Article, the application will not be registered as a received complaint or a request, but rather the Ombudsman will make a record of being contacted and the expert assistance that was provided, an official record of which will be drafted.

Article 18

- (1) The Ombudsman will keep records of all received applications and actions taken, with the exception of oral contact, of which a book of official records will be kept.
- (2) Information from the records referred to in Paragraph (1) of this Article are an integral part of the annual and semi-annual report on the work of the Ombudsmen, which is submitted to the Parliament of the Federation of B&H and the Government of the Federation of B&H.

Article 19

The Ombudsman will notify the User in a reasoned response of not accepting the received application:

- a) which is basically identical to the complaint or request already considered by the Ombudsman, and contains no relevant new information;
- b) which was filed by an unauthorised person;
- c) which is considered malicious, misused or used contrary to its purpose.

Processing User Notices or Complaints

Article 20

- (1) Upon receiving and based on the assessment of the justification of the User's application, the Ombudsman will request the Service Provider's statement on the allegations in the User's notice or complaint.
- (2) The Service Provider shall, within 8 days of receiving the Ombudsman's document, make a statement about the User's claims and provide evidence to support the information in the statement as well as possibly propose a resolution of the dispute, which also includes a mediation proposal.
- (3) If it is necessary for the assessment of the merit of the complaint and the discussion of the dispute, the Ombudsman may request additional explanations, amendments and evidence from the Service Provider, which shall comply with this request within 8 days of receiving the request.
- (4) The Service Provider's statement must include: a description of the dispute, an assessment of the merit of the complaint while citing the provisions of regulations or contracts that have led to the dispute, and requested answers to questions from the Ombudsman's document.
- (5) If, based on the facts in the client's complaint, and after the Service Provider's statement about these facts within the time frame referred to in Paragraph (3) of this Article, the

Ombudsman concludes that the provisions of the law or other regulations have been violated, they will submit a written recommendation to the Agency for further processing of the User's complaint in accordance with the authority of the Agency under its jurisdiction.

- (6) If, based on the facts in the client's complaint, and after the Service Provider's statement about these facts within the time frame referred to in Paragraph (3) of this Article, the Ombudsman concludes that the provisions of the law or other regulations have not been violated, the Ombudsman, the client or the creditor may submit written to initiate the mediation procedure.

Processing Requests for Release from the Guarantor's Obligation

Article 21

- (1) Upon receiving and evaluating the assessment of the merit of the Guarantor's request, the Ombudsman will contact the Service Provider in written form and request the Service Provider's statement on the claims in the Guarantor's request.
- (2) The Service Provider shall, within 15 days of receiving the Ombudsman's document, make a statement about the claims in the Guarantor's request for release from the guarantor's obligation as well as provide evidence to support the information in the statement.
- (3) Based on the evidence submitted in the Guarantor's request and after the Service Provider's statement about these facts, the Ombudsman will consider whether the law governing the protection of Guarantors have been violated.
- (4) After the procedure and the assessment of the facts, the Ombudsman will submit a written recommendation to the Agency, proposing processing the request for release from the guarantor's obligation.

Initiating Procedure ex officio

Article 22

The Ombudsman initiates the procedure ex officio, if they conclude that the Service Provider does not comply with the provisions of the law, regulations of the Agency and these rules in its operations.

Article 23

- (1) If the Ombudsman concludes that the case, initiated ex officio, indicates possible violations of the User's rights, defined by law or Agency regulations, they will provide all the necessary documents, request the Service Provider's statement, and after its submission, by reviewing the aforementioned, consider the possibility of mediation in the interest of a peaceful and efficient resolution of the dispute.
- (2) All parties involved in the case will be notified of the actions taken ex officio and the responsible party's statement will be requested.
- (3) Refusal to comply with the request of the Ombudsman will be deemed non-cooperation, of which the Agency will be directly notified.

III. MEDIATION PROCEDURE IN PEACEFUL DISPUTE RESOLUTION – MEDIATION

Mediation Proposal

Article 24

- (1) If the Ombudsman, based on the facts and circumstances from the notice, i.e. the User's complaint and the Service Provider's statement and obtained evidence, concludes that mediation in peaceful dispute resolution (hereinafter: mediation) between the User and the Service Provider is needed to suspend the processing of the notice, i.e. the User's complain or that initiating the mediation procedure is purposeful for other reasons, they will notify the parties with a mediation proposal and request the consent of both parties to initiate this procedure within 15 days of the aforementioned assessment.
- (2) If the parties accept the mediation proposal, the Ombudsman will notify the parties of the place, date and hour of the mediation meeting.
- (3) When the User or Service Provider put forth a proposal for mediation in peaceful dispute resolution (hereinafter: mediation), the Ombudsman will forward it to the other party without delay and ask for its written consent to initiate this procedure.
- (4) If the other party gives its written consent with the mediation proposal, the Ombudsman concludes whether mediation between the User and the Service Provider is necessary.
- (5) If the Ombudsman concludes that mediation is necessary, they will notify the parties of the place, date and hour of the mediation meeting in written form.
- (6) If the Ombudsman concludes that mediation is not purposeful for other reasons, they will notify the parties of this in written form, along with appropriate recommendations or opinions.
- (7) If the party that has received the mediation proposal does not respond to the proposal within 15 days of receipt or within another period specified in the proposal, which may not be less than 8 days, the mediation proposal will be deemed rejected. The Ombudsman will notify the parties of this in written form.

Article 25

- (1) The party making or agreeing to the mediation proposal in written form is considered to have accepted the provisions of these rules as well as the rules of the Law on Mediation Procedure.
- (2) The mediation proposal form is given in Annex 1 of these rules and constitutes an integral part thereof.

Principles

Article 26

In the process of mediation in peaceful dispute resolution, the Ombudsman will respect the principles of: legality, impartiality, expertise, equal rights and fairness, efficiency and transparency of rules and procedures.

Participants in the Procedure

Article 27

- (1) In the mediation procedure, the parties may be the User, the Guarantor, or other persons who, by law or other regulations, have certain rights of Users and the Service Provider.
- (2) Authorised persons with specialised knowledge or mediators may also appear as participants in the mediation procedure.

- (3) The Ombudsman may, depending on the complexity of the case, which requires specialised knowledge and experience in a particular field, suggest that the mediation procedure be conducted before a mediator.
- (4) In the mediation procedure, the parties may be represented by their legal representatives or proxies, who submit the appropriate decision or authorisation for representation (power of attorney) at the first meeting.

Costs of Procedure

Article 28

The mediation procedure before the Ombudsman is free of charge for parties bearing only the material costs of the procedure (travel expenses, compensation and reimbursement of expertise expenses, rewards and compensation costs in the mediation process, etc.).

Course of Procedure

Article 29

- (1) The Ombudsman will mediate in a neutral and impartial manner throughout the entire procedure, with respect to the parties and with respect to the subject of the dispute and will neither make promises nor guarantee a specific result of the procedure.
- (2) The Ombudsman may not impose a resolution of the dispute on the parties.

Article 30.

- (1) The parties shall submit all relevant documentation related to the subject of the dispute to the Ombudsman in a timely manner.
- (2) The parties' attendance at the procedure is mandatory.

Article 31

- (1) The Ombudsman shall conduct the mediation procedure without delay.
- (2) The mediation procedure should be completed within 30 days of the procedure being initiated.

Article 32

- (1) The mediation procedure is initiated by a written mediation agreement, signed by the parties at the beginning of the mediation meeting.
- (2) Following the signing of the mediation agreement, the Ombudsman will briefly familiarise the parties with the objectives and rules of the procedure that will be conducted, the position of the Ombudsman as well as that of the parties.

Article 33

- (1) During the mediation procedure, the Ombudsman can also hold separate meetings with each party individually.
- (2) The Ombudsman will keep the information submitted to him during separate meetings confidential and will not discuss it with the other party, unless otherwise agreed upon.
- (3) At a party's request, expressed in a separate meeting, the Ombudsman may present proposed options, but not the resolution.

Article 34

- (1) When the parties in the mediation procedure discuss and find a resolution of the dispute, they will draw up and sign a written settlement agreement.

- (2) The settlement agreement, which the parties reach in the mediation procedure and draw up in written form, has the power of an enforceable document.
- (3) At the parties' request, the Ombudsman will participate in drawing up the agreement.

Article 35

- (1) Throughout the whole mediation procedure, each party can withdraw the mediation proposal at any given moment.
- (2) In the case referred to in Paragraph (1) of this Article, if the procedure involved multiple parties, the mediation procedure will continue with the remaining parties.
- (3) The Ombudsman may suspend the mediation procedure if they believe that further conducting the procedure and striving to achieve a peaceful resolution to the dispute is not purposeful, as a rule, after the parties are given the opportunity to make statements about that.
- (4) The mediation procedure may be suspended if the settlement agreement is not reached within 30 days of submitting the request for mediation, except that this time frame may be extended at the proposal of any party by agreement of the parties.

Article 36

The Ombudsman will draw up the party's statement (in spoken or written form) on withdrawing from further mediation procedure, i.e. the Ombudsman's assessment that further procedure is not purposeful, in the form of a separate document.

Article 37

The completion of the mediation procedure is determined, in accordance with the circumstances of the case, in the protocol drafted by the Ombudsman and signed by the parties, i.e. a note in written form in the case file.

Article 38

- (1) With the parties' consent, the mediation procedure can be suspended in the interest of obtaining appropriate evidence, an expert opinion or official position regarding the dispute or for other legitimate reasons.
- (2) The Ombudsman will suspend the mediation procedure if any reasons that prevent them from being neutral and impartial exist or appear in the course of the procedure.
- (3) The suspended mediation procedure will be continued at any party's or the Ombudsman's proposal.
- (4) In the parties' agreement, the Ombudsman will set a date and time to continue the mediation procedure.

IV. TRANSITIONAL AND FINAL PROVISIONS

Article 39

Initiating and conducting a mediation procedure between parties does neither preclude nor affect them exercising their right to judicial protection in accordance with the law.

Article 40

The provisions of these rules governing the relations and institutions of the Law on Protection of Users of Financial Services in the Federation of B&H will be applied within the time frame prescribed by this law.

Article 41

These rules will enter into force on the day following its publication in the „Official Gazette of the Federation of B&H“.

No.: U.O.-61-6/14

Sarajevo, 25.07.2014

**PRESIDENT OF THE
BOARD OF DIRECTORS**

Rajka Topčić, B.Sc. Ec.

ANNEX 1

PROPOSAL FOR MEDIATION IN THE PEACEFUL RESOLUTION OF A DISPUTE

1. Full name and address / Business name and headquarters of the proposer

Contact person Contact phone number

2. Full name and address / Business name and headquarters of the other party in the dispute

Contact phone number

3. Subject of the dispute (describe the dispute in question)

ANNEX:

1

2

3

4

5

6

I submit this proposal to the Ombudsman for the banking system within the Banking Agency of the Federation of Bosnia and Herzegovina in the interest of further actions and it being forwarded to the other party.