



FAI | THE OFFICE OF THE CZECH
FINANCIAL ARBITRATOR

**ANNUAL REPORT ON THE ACTIVITIES
OF THE FINANCIAL ARBITRATOR
IN 2021**

**(Presented pursuant to Section 21 of Act No. 229/2002 Coll.,
On the Financial Arbitrator, as amended)**

June 2022

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FINANCIAL ARBITRATOR'S FOREWORD

Dear readers,

The Financial Arbitrator and the Office of the Financial Arbitrator present to you a report on their activities for the year 2021.

We have prepared a user-friendly overview of the activities of the Financial Arbitrator as an out-of-court dispute resolution body competent to decide certain consumer disputes in the financial market. In particular, we focused on the Financial Arbitrator's scope of competence, the results of her decision-making activity and information on the costs of her activities, or the activities of the Office of the Financial Arbitrator in 2021.

Any consumer who is in a dispute with their payment service provider, building savings bank, consumer credit provider, life insurance company, investment firm, management company, investment or insurance intermediary or money exchange provider, can turn to the Financial Arbitrator. At the same time, the dispute must fall under the jurisdiction of the Czech general courts, otherwise the Financial Arbitrator would not be competent to issue a decision. During the year 2022, the scope of the Financial Arbitrator's competence will be extended to disputes arising from pension products and dynamic currency exchange.

The dispute is resolved by the Financial Arbitrator in the proceedings initiated by a consumer's complaint, and a financial institution is obliged to participate and provide the Financial Arbitrator with assistance. The proceedings are free of charge. The consumer does not need to be legally represented in the proceedings before the Financial Arbitrator, as the Financial Arbitrator is obliged to assist the consumer in drafting the complaint, guide them through the proceedings and enable them to pursue their legitimate claims. In order to do so, the Financial Arbitrator is entitled to request cooperation from consumers, financial institutions or other natural or legal persons addressed. She is particularly entitled to request documents, statements or attendance at oral hearings. At the same time, the Financial Arbitrator is obliged to secure the evidence necessary for a reliable assessment of the case even by herself.

The primary objective of the proceedings before the Financial Arbitrator shall always be to seek an amicable settlement of the dispute. The Financial Arbitrator shall express, where she deems it appropriate, a preliminary legal assessment of the dispute. She may recommend to the financial institutions to resolve the dispute amicably or, alternatively, to the consumers to consider withdrawing their complaint because she could not uphold it. In doing so, the Financial Arbitrator shall always advise the parties of the potential reviewability of the Financial Arbitrator's decision by a court.

If the parties to the dispute fail to reach an amicable settlement or the consumer does not withdraw their complaint, the Financial Arbitrator shall decide the case. The Financial Arbitrator is obliged to decide in accordance with the law and on the basis of a reliable finding of the facts of the case, i.e., in the same way as a general court would decide. The decision of the Financial Arbitrator must be legally correct, impartial and convincingly reasoned. The decision may be challenged by either party to the dispute (both the consumer and the financial institution) before a general court, which will review the decision and may change it or replace it with its own decision.

In order for a dispute to be resolved correctly, sufficient evidence must be gathered and then assessed very carefully so that the decision could withstand judicial review. The Financial Arbitrator makes every effort to decide disputes as quickly as possible, but never at the expense of properly assessing the case or reaching an amicable settlement between the parties. Thus, to evaluate the work of the Financial Arbitrator solely on the basis of the length of the proceedings is a misunderstanding of her role and purpose.

It is also not true that the Financial Arbitrator or the proceedings before her violate the principle of equality of arms or that the Financial Arbitrator unduly protects the consumer. The Financial Arbitrator cannot afford to do so under any circumstances.

This is evidenced by the data on the number of proceedings terminated for the consumer's insufficient assistance, the number of rejected complaints where the consumer made an unjustified claim, and the number of proceedings terminated due to consumer's withdrawal that followed a preliminary legal assessment of the case in which the Financial Arbitrator explained that she could not uphold the consumer's complaint.

The proceedings before the Financial Arbitrator are also beneficial (especially financially) for the financial institutions themselves. They have an opportunity to assess their situation and to reach an amicable settlement at the beginning or during the proceedings before the Financial Arbitrator.

The consumers are increasingly turning to the Financial Arbitrator with their claims. Unfortunately, they have frequently contacted her about non-life insurance disputes, which the Financial Arbitrator is not competent to resolve. Therefore, the consumers were often disappointed that they could not resolve their financial disputes before a single out-of-court dispute resolution body.

The Financial Arbitrator must positively highlight the change in the attitude of the majority of consumers as parties to the proceedings before the Financial Arbitrator that she has observed during the reporting period, as the consumers try to act more actively and independently in the proceedings (without paid representatives). They also try to provide more assistance to the Financial Arbitrator, better accept her preliminary legal assessments of their cases and negotiate reasonably to resolve their disputes with financial institutions amicably.

Last but not least, the proceedings before the Financial Arbitrator also contribute significantly to increasing financial literacy, as many consumers gain new knowledge and experience by going through the proceedings and often become aware of their own mistakes or wrong decisions.

Naturally, there were also consumers who were dissatisfied with the work of the Financial Arbitrator and her colleagues, despite a proper legal assessment of their case supported by the established decision-making practice of the general courts. As a rule, however, it is those who are really to blame for their losses, who sign contracts without reading them, do not read the preliminary legal assessment or the decision of the Financial Arbitrator, and then do not hesitate to complain about the Financial Arbitrator instead of any self-reflection.

Unfortunately, even in 2021, there are consumer advocates who, instead of referring the consumers directly to the Financial Arbitrator (because it will be free of charge and the consumers can handle the proceedings before the Financial Arbitrator by themselves) represent them in the proceedings for a success fee of up to 30% of the amount awarded, submit poor quality complaints, then unnecessarily prolong the proceedings and often complicate the amicable settlement of the dispute.

In Prague on 30th June 2022

Monika Nedelková, the Financial Arbitrator
And everyone from the Office of the Financial Arbitrator

I. SUMMARY OF KEY INFORMATION ON THE ACTIVITIES OF THE FINANCIAL ARBITRATOR AND THE ECONOMIC ACTIVITIES OF THE OFFICE OF THE FINANCIAL ARBITRATOR IN 2021

In 2021, the Financial Arbitrator was competent to decide disputes arising from the provision of payment services, building savings, non-payment accounts and bankbooks, electronic money, consumer credits, including mortgage credits and credits from building savings, collective investment and investment services, money exchange and life insurance. ([🔗 More about the competence of the Financial Arbitrator on p. 8](#))

The dispute can only be dealt with by the Financial Arbitrator in duly initiated proceedings, and only if a consumer files a complaint. The financial institution against which the complaint has been filed is obliged to participate in the proceedings and provide sufficient assistance to the Financial Arbitrator.

The primary objective of the Financial Arbitrator, when the consumer is in the right, is to bring the parties to the dispute to an amicable settlement so that the consumer does not have to go to court and pay costs of the court proceedings. The proceedings before the Financial Arbitrator are free of charge and the consumer is not required to be legally represented (legal costs are not awarded in proceedings before the Financial Arbitrator).

In the proceedings, the Financial Arbitrator (like a general court) can assess whether the financial institution has breached any of its legal obligations towards the consumer, either under the law or stipulated by a contract. The consumer may seek a declaration that the contract or its terms are invalid, or they may request that the Financial Arbitrator orders the financial institution to pay a sum of money to the consumer, either as payment under the contract or as damages, etc.

The Financial Arbitrator must, as a matter of principle, assess the dispute in accordance with the law. She cannot act in favour of either party to the dispute. If the dispute cannot be settled amicably, the Financial Arbitrator issues a decision which the disputing party may challenge in court. A decision by the Financial Arbitrator that unreasonably favours a party to the dispute would have to be overturned by the court and the unsuccessful party would very likely be ordered to pay the costs of the court proceedings. ([🔗 More about the rules of procedure on p. 15](#))

An amicable settlement is a situation where a consumer and a financial institution reach a settlement agreement, but also where it becomes clear during the proceedings before the Financial Arbitrator that the consumer's claim is unjustified, and the Financial Arbitrator is able to explain to the consumer that their complaint should be withdrawn.

In 2021, a total of 1,709 new proceedings were initiated before the Financial Arbitrator, with a total of 2,820 disputes heard by the Financial Arbitrator during this period. The Financial Arbitrator also handled over 5,000 inquiries from the public concerning the Financial Arbitrator's competence or an individual consumer dispute. Compared to 2020, there has been an increase of almost 40% in the number of complaints received. At the same time, the Financial Arbitrator closed 30% more disputes in the reporting period than in 2020.

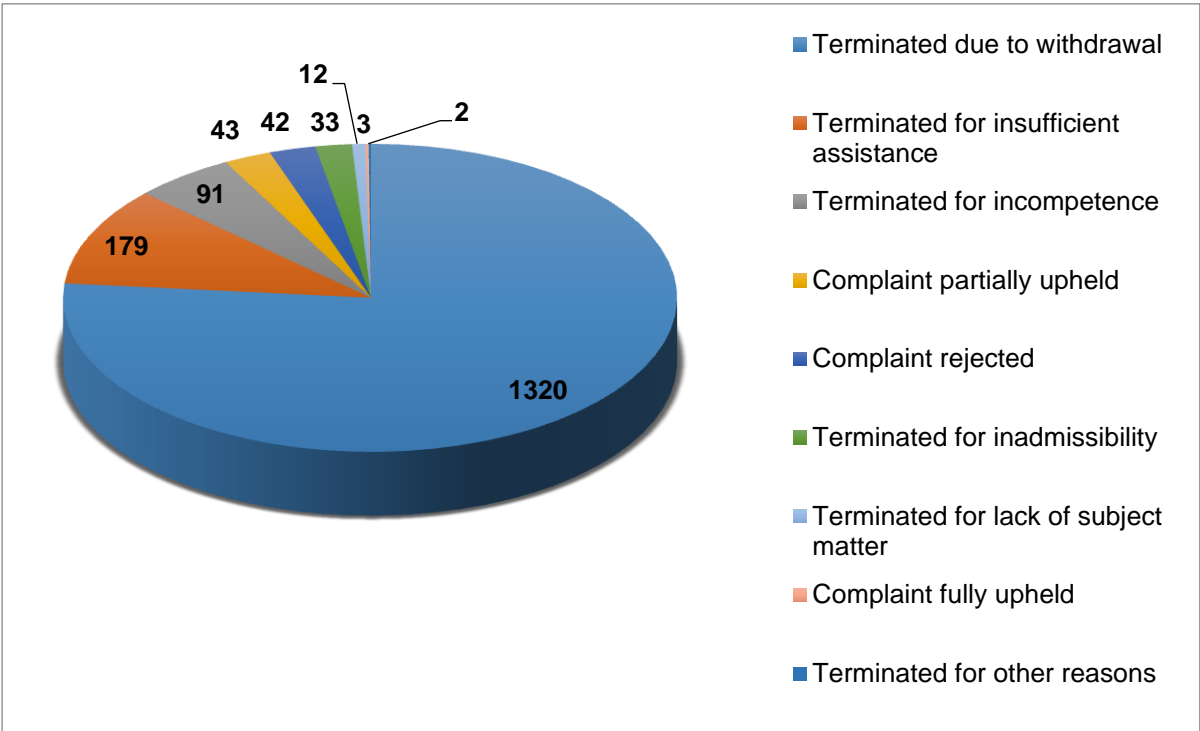
In the period under review, the Financial Arbitrator managed to bring a total of 1,725 proceedings to a final conclusion. In most cases, the Financial Arbitrator succeeds in reaching an amicable settlement of the dispute. Out of the total number of the disputes finally concluded in 2021, the Financial Arbitrator reached an amicable settlement in 1,332 cases, i.e., in more than three quarters (77%): 1,320 proceedings were terminated due to a withdrawal of the complaint and 12 proceedings were terminated for lack of subject matter.

The Financial Arbitrator fully upheld the consumer's complaint (the financial institution refused to settle the dispute amicably) in 3 proceedings and partially in another 43

proceedings. On the other hand, 42 proceedings ended with a rejection of the consumer's complaint because the Financial Arbitrator did not find the complaint justified and the consumer did not withdraw it.

In total, 179 proceedings had to be terminated by the Financial Arbitrator for consumer's insufficient assistance (the consumer did not provide the Financial Arbitrator with the required documents or statements even after repeated requests of the Financial Arbitrator and her offers of help and explanation). A total of 91 proceedings had to be terminated for inadmissibility (these were mainly disputes arising from the purchase of goods and private pension insurance or savings). A total of 42 proceedings were terminated because the Financial Arbitrator found during the proceedings that one of the legal obstacles had occurred (most often the Financial Arbitrator found that the financial institution had brought an identical claim before the general court).

Summary chart of the results of disputes settled in 2021



Consumer credit was the most frequent subject of disputes and inquiries in 2021, as in the previous year. In particular, disputes arising from early repayment of a mortgage credit or disputes over the validity of a credit agreement due to a failure to assess the debtor's creditworthiness prior to its conclusion were mostly dealt with. ([♣ More about the decision-making activity on p. 17](#))

The Financial Arbitrator publishes her decisions in anonymised form in the [Collection of Decisions](#) on her website. ([♣ More about the information duties of the Financial Arbitrator on p. 34](#))

As far as the staffing for the activities of the Financial Arbitrator is concerned, the total number of systemized posts authorised for 2021 was 57 posts (non-service posts in terms of Civil Service Act), including the Financial Arbitrator and the Deputy Financial Arbitrator. The majority of the employees of the Office of the Financial Arbitrator has a university degree in law, with 35 full-time equivalents dedicated to specialist dispute resolution activities.

Taking into account the rules of the proceedings before the Financial Arbitrator (that include her obligation to help the consumer with asserting their claims, to provide assistance to them, to decide within the statutory time limits, to decide even beyond the scope of the consumer's

complaint, to act actively during the consumer's negotiations with the financial institution on amicable settlement of the dispute) and the results of the activities of the Financial Arbitrator and the Office of the Financial Arbitrator since 2011, the optimal (maximum) number of ongoing disputes per one specialist employee appears to be 25 ongoing disputes.

Thus, the current number of employees providing specialist activities for the Financial Arbitrator is insufficient in relation to the number of the disputes and their complexity. ([♣ More about the Office of the Financial Arbitrator on p. 26](#))

As in previous years, the Office of the Financial Arbitrator and the Financial Arbitrator spent only the necessary expenses for their activities. They did not, as in the previous periods, use external legal or consultancy services. ([♣ More about the costs related to the Financial Arbitrator's activities on p. 29](#))

Even in 2021, the Financial Arbitrator, or more precisely the Deputy Financial Arbitrator permanently in charge of the foreign agenda, cooperated intensively at the international, especially European, level with the representatives of similar institutions abroad associated in the European network of financial ombudsmen FIN-NET and in the global INFO Network. ([♣ More about the international cooperation of the Financial Arbitrator on p. 37](#))

As for the Financial Arbitrator's outlook for the future, the disputes arising from financial services such as non-life insurance, private pension insurance, supplementary pension savings and shareholder and bondholder disputes are not yet within the scope of competence of the Financial Arbitrator, although they are financial services or financial market disputes, and consumers are interested in resolving them before the Financial Arbitrator. ([♣ More about the future outlook on p. 40](#))

The covid-19 pandemic has of course also affected the work of the Financial Arbitrator, or rather the Office of the Financial Arbitrator. However, it has in no way jeopardised the deciding of the disputes or other professional activities. It did, nevertheless, bring additional activities that needed to be ensured, regardless of the staffing capacity of the Office of the Financial Arbitrator. Thus, all employees of the Office of the Financial Arbitrator carried out its operation in accordance with the government measures (restrictions on contact with the public, hygiene and epidemiological measures, etc.) in addition to their normal work tasks.

II. COMPETENCE OF THE FINANCIAL ARBITRATOR

The Financial Arbitrator is pursuant to Section 1(1) of the Financial Arbitrator Act competent to decide a dispute otherwise falling under jurisdiction of the Czech courts, if it is a dispute between a consumer and

- a) a payment service provider in connection with offering and providing payment services,
- b) an electronic money issuer in connection with issuing and reverse exchange of electronic money,
- c) a creditor or an intermediary in connection with offering, providing or mediation of consumer credit or any other credit, loan or similar financial service,
- d) a person managing or administering a collective investment fund, or offering an investment in a collective investment fund or in a comparable foreign investment fund in connection with managing or administering a collective investment fund, or with offering an investment in a collective investment fund or in a comparable foreign investment fund,
- e) an insurer or an insurance intermediary in connection with distribution of life insurance and in connection with exercising rights and obligations from life insurance,
- f) a money exchange provider in connection with money exchange,
- g) a building savings bank or an intermediary in connection with offering, providing or mediation of building savings,
- h) a person providing investment services in connection with providing investment services,
- i) a person servicing a non-payment account in connection with servicing such account,
- j) a beneficiary of a single deposit in connection with accepting and refunding of such deposit.

From 11 May 2022

- k) a pension company or intermediary in connection with offering, providing or mediation of state-contributory supplementary pension insurance,*
- l) a pension company or intermediary in connection with offering, providing or mediation of supplementary pension savings,*
- m) a person providing or distributing a pan-European personal pension product in connection with providing or distributing a pan-European personal pension product,*

From 1 July 2022

- n) a person providing a dynamic currency conversion service offered to the payer prior to the initiation of a payment transaction via an ATM or at the point of sale of goods or services, in connection with providing such dynamic currency conversion service.*

Disputes under the competence of the Financial Arbitrator

The Financial Arbitrator is therefore competent to decide, for example, the disputes in connection with providing payment services regarding:

- misuse of a payment card by a third party to withdraw from an ATM or to make a purchase at a merchant,
- misuse of a payment instrument (internet banking),
- malfunction of an ATM – failure to dispense cash,
- failure to credit money deposited via an ATM or personally at a cash desk,
- validity of a payment account termination,
- deduction of charges from the amount of a payment transaction made by an intermediary payment service provider,
- non-execution of a payment transaction (or a refusal to execute it),

- multiple money debiting from an account when withdrawing from an ATM or making a purchase at a merchant,
- delayed execution of a payment transaction or failure to provide direct debit,
- incorrect exchange rate used for a cross-border wire transfer,
- incorrect fee for providing a payment service,
- payment transaction made without consent of a payment service user.

The Financial Arbitrator is competent to decide disputes arising in connection with consumer credits (including non-purpose, mortgage and building savings credits) or any other credit, loan or similar financial service between a consumer and a creditor or an intermediary regarding:

- validity of a credit agreement, of a provision on penalty for non-compliance with the agreement, or another provision of the credit agreement,
- determination of the amount of debt under a credit agreement,
- invalidity of a credit agreement due to non-assessment of a creditworthiness of a debtor prior to its conclusion,
- amount of a creditor's remuneration for providing a credit,
- right to a discount interest rate (after being claimed),
- calculation of the annual percentage rate of charge (APRC),
- right to early repay a credit, in particular the amount of costs reasonably incurred in connection with the early repayment of the credit or the amount of the early repayment fee,
- validity of a withdrawal of a credit agreement or an intermediary agreement,
- validity of declaring the whole credit payable,
- fees under a credit agreement or an intermediary agreement,
- damages caused by a creditor to a debtor in connection with a conclusion of a credit agreement.

The Financial Arbitrator is also competent to decide disputes arising in connection with a collective investment such as disputes between a consumer and a management company or an investment fund regarding:

- settlement of an executed order to buy/sell/exchange a unit,
- value of a unit,
- proper execution of an order to buy/sell/exchange a unit by an investment firm,
- proper execution of an order to buy/sell/exchange a unit by an investment intermediary,
- damages caused by an investment advice provided by an investment firm or an investment intermediary in connection with providing investment advice on collective investment,
- fee charged in connection with a purchase/sale/exchange of a unit,
- damages caused in connection with a fulfilment of information duties by a management company or an investment fund.

The Financial Arbitrator is competent to decide disputes arising from a provision of investment services between a consumer and a person providing investment services, e.g., an investment firm, an investment intermediary, a tied agent, a foreign person authorised by the oversight authority of another EU Member State, regarding for example:

- proper execution of an order to buy/sell a financial instrument,
- damages caused by an investment firm or an investment intermediary in connection with a provision of investment advice,
- fee charged in connection with a purchase/sale of a financial instrument,

- validity or termination of an investment services agreement.

The Financial Arbitrator may decide disputes arising in connection with money exchange, regarding particularly:

- withdrawal from a currency exchange contract,
- fee charged for currency exchange,
- validity of a currency exchange contract,
- calculation of an exchange rate.

The Financial Arbitrator is competent to decide disputes arising in connection with life insurance between a consumer and an insurance company or an insurance intermediary regarding:

- validity of an insurance agreement or its provision,
- amount of an insurance benefit,
- amount of a surrender value,
- damages caused by a breach of duties during a negotiation of an insurance contract.

The Financial Arbitrator may decide disputes arising not only from already concluded contracts on building savings, but also disputes that arise during a pre-contractual stage or during a mediation of building savings regarding:

- validity of a building savings contract or its provision,
- validity of withdrawal or termination of a building savings contract,
- validity of a unilateral change of a building savings contract (e.g., decrease of the interest rate on deposits or increase of the fee for keeping the building savings account),
- fee charged by a building savings bank to a building savings account,
- amount of state support for a building savings contract,
- damages caused by a breach of duties in connection with a mediation of a building savings contract.

Resolution of pension products disputes

With effect from 11 May 2022, the Financial Arbitrator shall be competent to decide disputes between a consumer and a pension company or intermediary in connection with offering, providing or mediation of state-contributory supplementary pension insurance, between a consumer and a pension company or intermediary in connection with offering, providing or mediation of supplementary pension savings and between a consumer and a person providing or distributing a pan-European personal pension product in connection with providing or distributing a pan-European personal pension product, as referred to in Section 2(1)(k), (l) and (m) of the Financial Arbitrator Act.

The Financial Arbitrator may decide disputes regarding:

- validity of a supplementary pension insurance contract, supplementary pension savings contract, pan-European personal pension product contract or the terms of such a contract;
- validity of withdrawal or termination of a supplementary pension insurance contract, supplementary pension savings contract or pan-European personal pension product contract;
- fee charged on the account held for a pension product by the entity that concluded the supplementary pension contract, supplementary pension savings contract and pan-European personal pension product contract with a consumer;

- amount of the state contribution credited and paid;
- payment of financial benefits from pension products;
- damages caused by a breach of duties in connection with a mediation of a supplementary pension insurance, supplementary pension savings or pan-European personal pension product.

Resolution of dynamic currency conversion disputes

With effect from 1 July 2022, the scope of the Financial Arbitrator's competence will be further expanded to include the resolution of disputes in the area of payment services – specifically Dynamic Currency Conversion (DCC) disputes.

The Financial Arbitrator will therefore be competent to resolve disputes between a consumer and a person providing a dynamic currency conversion service offered to the payer prior to the initiation of a payment transaction via an ATM or at the point of sale of goods or services, in connection with providing such dynamic currency conversion service. In particular, the subject matter of the dispute may be whether the trader from whom the consumer purchased the goods or services (the company operating the payment terminal or ATM abroad) had properly and promptly informed the consumer of the exchange rate and whether the consumer suffered any damages in this respect.

Legal impediments to the proceedings before the Financial Arbitrator

The Financial Arbitrator cannot decide a dispute between a consumer and a financial institution that would otherwise fall within her competence if one of the legal impediments to the proceedings has occurred, i.e.:

- the dispute has already been decided in merits by a court, or the court proceedings have been commenced,
- the dispute is currently being heard or has already been decided in merits by the Financial Arbitrator,
- the dispute has already been decided in merits in the arbitration proceedings, or the arbitration proceedings have been commenced.

Consumer disputes in the financial market out of competence of the Financial Arbitrator

At the same time, some disputes between consumers and financial institutions, even though they concern the financial market, are not yet within the scope of competence of the Financial Arbitrator. These are mainly disputes:

- arising out of securing and consolidation of a consumer credit debt,
- concerning non-life insurance (property insurance, accident insurance, liability insurance, injury insurance, incapacity work insurance etc.), even if it was negotiated as a supplementary insurance to a life insurance,
- concerning private pension insurance or supplementary pension savings till 30 April 2022,
- between bond holders and bond issuers,
- concerning personal data protection connected with a provision of financial services.

The Financial Arbitrator must refer these consumers to the Czech Trade Inspection Authority, which handles consumer disputes that do not fall within the scope of competence of the Financial Arbitrator. Thus, the Czech Trade Inspection Authority has to deal with complex disputes between consumers and financial institutions in its simplified and non-binding procedure.

Other out-of-court consumer dispute resolution bodies

Other out-of-court consumer dispute resolution bodies are the Czech Telecommunication Office, the Energy Regulatory Office, the Czech Trade Inspection Authority, or the bodies authorised by the Ministry of Industry and Trade.

Czech Telecommunication Office

The Czech Telecommunication Office is an out-of-court consumer dispute resolution body in the field of electronic communications and postal services. It decides disputes between a person carrying out a communication activity and a subscriber or a user of such activity, at a request of either party.

The Czech Telecommunication Office also supervises consumer protection in the field of electronic communications services. Furthermore, the Czech Telecommunication Office decides on objections to the handling of a postal service complaint.

Further information on out-of-court resolution of consumer disputes through the Czech Telecommunications Office can be found here: <https://www.ctu.eu/which-disputes-does-ctu-solve-and-when-you-can-contact-ctu>. Contact: Český telekomunikační úřad, Sokolovská 219, Praha 9, P.O. Box 02, 225 02 Praha 025, phone number: +420 224 004 111, email: podatelna@ctu.cz, data box ID: a9qaats.

Energy Regulatory Office

The Energy Regulatory Office is an out-of-court consumer dispute resolution body in the field of electric power industry, gas industry and heat supply industry, within the scope of competence established by the legislation governing the electric power industry, gas industry and heat supply industry.

The Energy Regulatory Office thus resolves consumer disputes arising from contracts for the provision of services involving the supply of electricity, gas, heat, or their distribution. These are usually contracts for a compound supply of electricity or gas, or contracts for the supply of heat.

Further information on out-of-court resolution of consumer disputes through the Energy Regulatory Office can be found here: <https://www.ero.cz/en/informacni-centrum>. Contact: Energetický regulační úřad, oddělení sporných řízení, Masarykovo nám. 5, 586 01 Jihlava, phone number: +420 564 578 658, email: podatelna@ero.cz, data box ID: eeuaau7.

Czech Trade Inspection Authority

If the Financial Arbitrator, the Czech Telecommunications Office, or the Energy Regulatory Office are not competent to decide a dispute, the Czech Trade Inspection Authority shall decide such dispute.

The Czech Trade Inspection Authority conducts proceedings commenced at the request of a consumer. In case that the parties to the dispute do not reach an agreement within the statutory time limit or if the consumer does not withdraw from the proceedings, the proceedings shall end at the expiry of the time limit. That implies that the Czech Trade Inspection Authority does not issue any decisions in merits.

Further information on out-of-court resolution of consumer disputes through the Czech Trade Inspection Authority can be found here: <https://www.coi.cz/en/information-about-adr/>.

Contact: Česká obchodní inspekce, Ústřední inspektorát ČOI, Štěpánská 796/44, 120 00 Praha 2, advice line phone number: +420 222 703 404, email: adr@coi.cz, data box ID: x7cab34.

The Czech Trade Inspection Authority also inspects legal and natural persons who offer, sell, supply or market products, offer or provide services or carry out other activities pursuant to the Act on the Czech Trade Inspection Authority, unless another administrative authority exercises supervision pursuant to special legislation. Within the framework of supervision, the Czech Trade Inspection Authority may conduct an investigation to determine whether there has been a violation of the Consumer Protection Act in the above-mentioned cases and, where appropriate, impose a public law sanction. The complaint may be sent directly to the inspectorate competent for the place where the action in question occurred. A list of inspectorates can be found here: <https://www.coi.cz/en/about-ctia/contacts-inspectorates/>.

Out-of-court consumer dispute resolution entities authorised by the Ministry of Industry and Trade

Aside from the Czech Trade Inspection Authority, the Office of the Ombudsman of the Czech Insurance Association is, as an entity authorised by the Ministry of Industry and Trade, also competent for out-of-court resolution of consumer disputes arising from non-life insurance.

Further information on out-of-court resolution of consumer disputes through the Office of the Ombudsman of the Czech Insurance Association can be found here: <https://www.ombudsmancap.cz/>. Contact: Kancelář ombudsmana České asociace pojišťoven z. ú., Elišky Krásnohorské 135/7, 110 00 Praha 1, phone number: +420 602 273 096, email: kancelar@ombudsmancap.cz, data box ID: i4ymwu8.

Courts and law enforcement authorities

Anyone who feels that their rights have been violated has the possibility to turn to the general courts of the Czech Republic (more details on: <https://www.justice.cz>). The right of consumers to claim their rights in the proceedings before the general courts is not affected by the above-mentioned information.

In case of suspicion that a crime has been committed, it is advisable to contact the Police of the Czech Republic (contacts to the relevant department: <https://www.policie.cz/imapa.aspx>). It is also possible to contact the prosecutor's office (contacts to the relevant prosecutor's office: <https://verejnazaloba.cz/en/overview-of-public-prosecutors-offices/>).

For court proceedings in cases where it is not possible to resolve the matter before out-of-court consumer disputes resolution authorities, commercial legal assistance can be used (list of attorneys: <https://vyhledavac.cak.cz>). In some situations, it is possible to obtain free legal advice provided by the Czech Bar Association (<https://www.cak.cz/scripts/detail.php?id=2617>).

Public oversight or state supervision authorities

In addition to the out-of-court dispute resolution bodies, consumers can contact the state authorities exercising public oversight or supervision with initiatives to carry out a supervision or a control.

Czech National Bank

The Czech National Bank exercises public oversight of the Czech financial market. The Czech National Bank cannot decide a dispute between a consumer and a financial institution, nor can it make a legally binding assessment of the existence of rights or obligations arising from a private-law relationship. However, on the basis of a complaint received, the Czech National Bank is entitled to carry out an investigation and, where appropriate, to initiate administrative proceedings to impose a public law sanction on the overseen entity. The Czech National Bank shall inform the complainant of the outcome of the investigation, including the possible initiation of administrative proceedings, at the request of the complainant within 30 days of the date on which it received the complaint.

Further information on the performance of oversight by the Czech National Bank can be found here: <https://www.cnb.cz/en/supervision-financial-market/conduct-of-supervision/>. Contact: Česká národní banka, Na Příkopě 28, 110 00 Praha 1, phone number: +420 224 411 111, email: info@cnb.cz, data box ID: 8tgaiej.

Ministry of Finance

The Ministry of Finance supervises pension companies and pension funds in connection with the provision and management of the state contribution and it also supervises compliance with the conditions for the provision of state support for building savings. The Ministry of Finance cannot decide a dispute between a consumer and a pension company, pension fund or building savings bank, nor can it make a legally binding assessment of the existence of rights or obligations arising from a private-law relationship. However, on the basis of a complaint received, the Ministry of Finance is entitled to carry out an investigation and, where appropriate, to initiate administrative proceedings to impose a public law sanction on the supervised entity.

Further information on the performance of supervision by the Ministry of Finance can be found here: <https://www.mfcr.cz/cs/soukromy-sektor/stavebni-sporeni/kontroly-u-stavebnich-sporitelen-a-penzi>. Contact: Ministerstvo financí, odbor 36 – Státní kontrola a dozor na finančním trhu, Letenská 15, 118 10 Praha 1, phone number: +420 257 041 111, email: podatelna@mfcr.cz, data box ID: xzeaauv.

Office for Personal Data Protection

The Office for Personal Data Protection supervises compliance with the obligations in the management and processing of personal data. The Office for Personal Data Protection cannot decide a dispute between private entities, nor can it legally assess the existence of rights or obligations arising from a private-law relationship. However, on the basis of a complaint received, it is entitled to investigate whether there has been a violation of the Personal Data Protection Act and, if appropriate, to impose a public law sanction.

Further information on the supervisory and decision-making activities of the Office for Personal Data Protection can be found here: https://www.uoou.cz/en/vismo/zobraz_dok.asp?id_org=200156&id_ktg=1111&p1=1111. Contact: Úřad pro ochranu osobních údajů, Pplk. Sochora 27, 170 00 Praha 7, phone number: +420 234 665 555, email: posta@uoou.cz, data box ID: qkbaa2n.

III. RULES OF PROCEDURE BEFORE THE FINANCIAL ARBITRATOR

The proceedings shall be commenced once a consumer files a complaint; a financial institution cannot request commencement of the proceedings. A financial institution is obliged to participate in the proceedings before the Financial Arbitrator and to provide sufficient assistance to the Financial Arbitrator. The Financial Arbitrator conducts the proceedings in accordance with the Financial Arbitrator Act, which contains comprehensive basic rules on special out-of-court proceedings, and the Administrative Procedure Code, unless the Financial Arbitrator Act provides otherwise.

For example, the Financial Arbitrator Act does not contain the calculation of time limits, the procedure of acquaintance with the collected evidence of the file prior to delivering a decision, the procedure of deciding on a stay of the proceedings or the termination of the proceedings in specific cases, or the consideration of late appeal and objections to the decision of the Financial Arbitrator.

The complainant is entitled to have the proceedings conducted in the language in which the contract between them and the financial institution was written, or in the language in which they have usually communicated with the financial institution in writing.

The proceedings before the Financial Arbitrator are governed by the investigation principle. Thus, the Financial Arbitrator is obliged to collect all relevant evidence in order to decide the dispute to the best of her knowledge and belief, impartially, fairly, without undue delay and solely on the basis of the facts established in accordance with the Financial Arbitration Act and other legislation.

Therefore, the Financial Arbitrator always proceeds as follows: as soon as the complainant amends the complaint, so it has no deficiencies preventing the dispute from being heard, the Financial Arbitrator invites the financial institution, against which the complaint has been filed, to provide a response to the complaint and to submit the evidence necessary. The Financial Arbitrator may request both the complainant and the financial institution repeatedly to file a response or to submit evidence. She may also address third parties.

The Financial Arbitrator continually assesses the collected evidence and if the consumer's claim is justified, she discusses the matter with the complainant or the financial institution or informs the parties to the dispute of the preliminary legal assessment of the case and seeks to bring the parties to an amicable settlement.

If an amicable settlement cannot be reached in the proceedings, whether for reasons on the part of the complainant or the financial institution, or if the Financial Arbitrator does not terminate the proceedings due to the complainant's insufficient assistance or the existence of a legal impediment to the proceedings, the Financial Arbitrator shall issue a decision in merits in the form of an award.

Before an award is issued, both parties to the dispute get acquainted with the collected evidence, either by inspecting the file personally or, when requested, by receiving the copies of the evidence by post, email or data box. The process of collecting evidence includes amendments of a complaint by the complainant, requesting evidence from the financial institution or other natural or legal person addressed, assessment of the evidence in order to make a preliminary legal assessment of the case, notification of the preliminary legal assessment to the parties and providing assistance to the parties in negotiating an amicable settlement of the dispute.

The Financial Arbitrator is obliged to decide a dispute by an award without undue delay, but no later than 90 days from the collection of all evidence necessary to deliver a decision (not from the commencement of the proceedings); if, in particularly complicated cases, due to the

nature of the dispute the decision cannot be delivered even within this deadline, the deadline shall be reasonably extended by no more than another 90 days.

The parties to the proceedings may file reasoned objections to the award in writing. The Financial Arbitrator decides on the objections as well. The decision on objections is final, thus it is not possible to appeal against it and the decision comes into legal force.

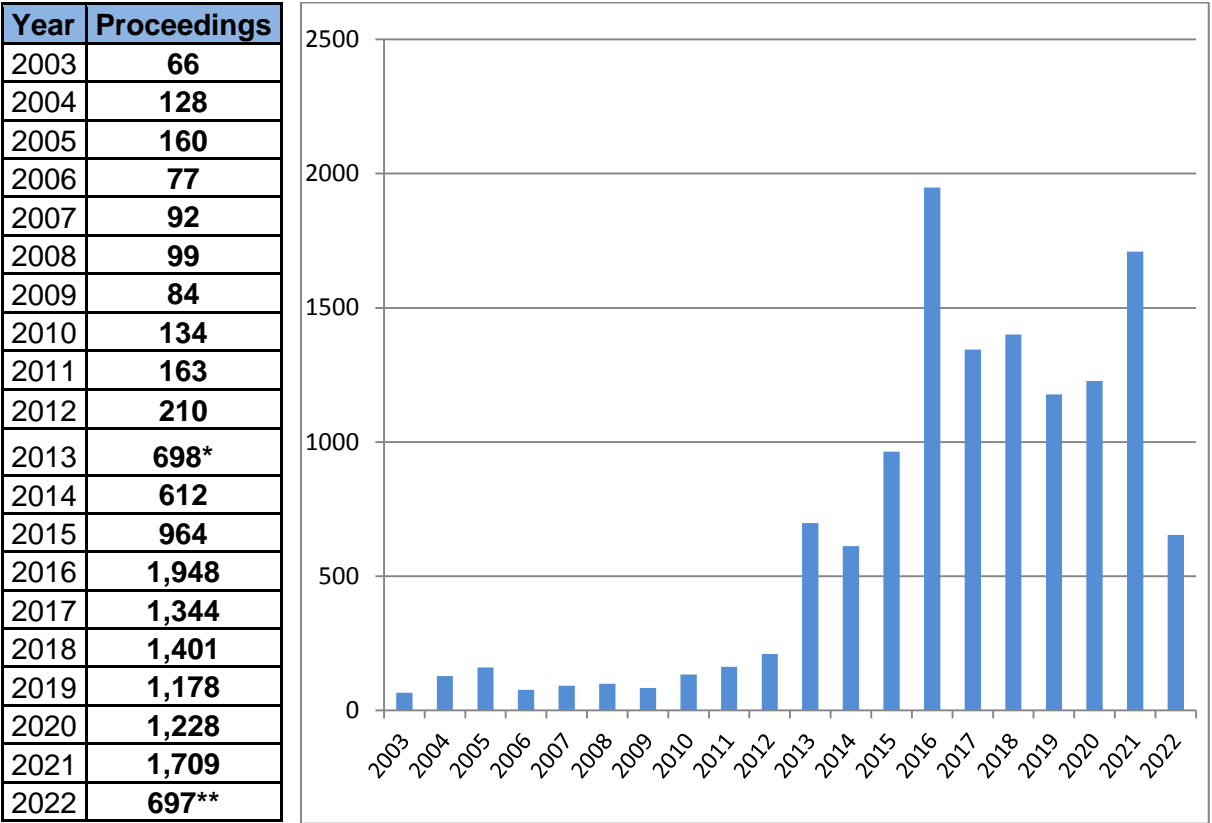
The Financial Arbitrator's final decision is enforceable as soon as the time limit to comply with it expires and it has the same effects as a court decision. If the financial institution fails to comply with the decision voluntarily, the complainant may file an application for an enforcement of the decision.

Both parties to the proceedings may file an action for a judicial review of the decision on objections in a competent court, according to the Part V of the Act No. 99/1963 Coll., Code of Civil Procedure, as amended. Only the complainant and the financial institution are parties to the court proceedings and bear the costs of the court proceedings as determined by the court.

IV. SUMMARY OF THE FINANCIAL ARBITRATOR'S DECISION-MAKING ACTIVITY

In 2021, the Financial Arbitrator received a total of 1,709 complaints. In the period from 1 January 2022 to 15 June 2022, the Financial Arbitrator received another 654 new complaints.

Number of proceedings commenced in each year since the establishment of the Financial Arbitrator (2003-2022)



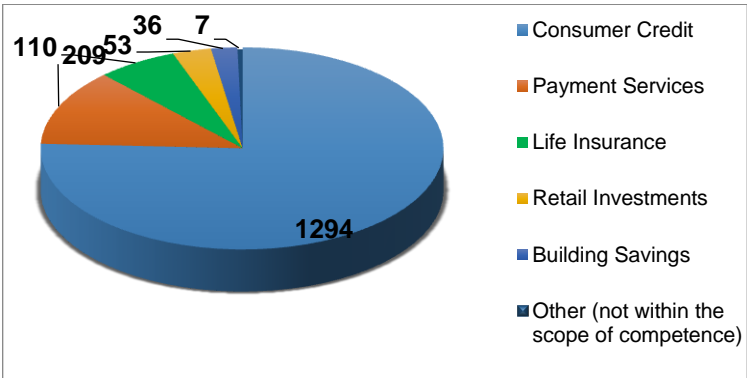
* In 2013, the Financial Arbitrator also handled 93,139 complaints filed jointly and concerning a credit administration fee (information about the settlement of these disputes was contained in the Annual report on the activities of the Financial Arbitrator 2014)

** As of 30 June 2022

Consumer credit disputes accounted for the largest number of complaints received in 2021. Meanwhile, the lowest number of disputes was from money exchange and collective investment.

The proceedings commenced in 2021 divided into specific areas

Area	Proceedings
Consumer Credit	1,294
Payment Services	209
Life Insurance	110
Retail Investments	53
Building Savings	36
Other	7
Total	1,709

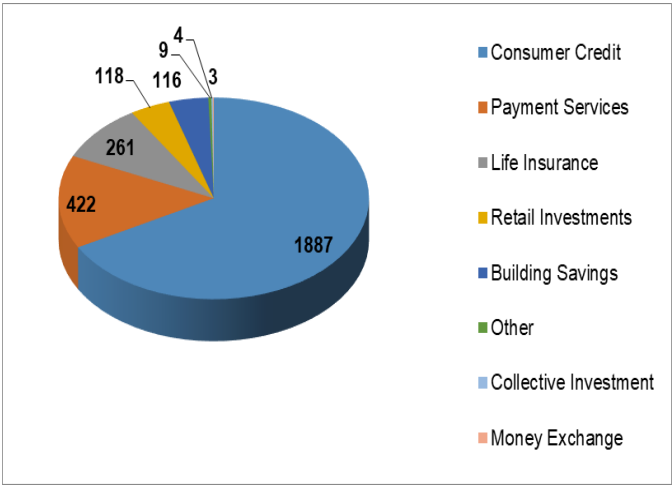


In addition to the proceedings commenced in 2021, there were another 1,111 proceedings ongoing (commenced in the previous periods), which makes a total of 2,820 proceedings per the year.

The ongoing proceedings include proceedings which have been suspended for legal reasons (pending insolvency proceedings of the financial institution or of the complainant) or at the complainant's request (pending judicial review of another decision of the Financial Arbitrator in a similar case); proceedings in which the complainant is amending the complaint and requests the deadline to be extended; and also proceedings in which the collecting of evidence, negotiations for an amicable settlement of the dispute, preparation of a decision or proceedings on objections are in progress.

All ongoing proceedings in 2021 divided into specific areas including the disputes from previous periods

Area	Proceedings
Consumer Credit	1,887
Payment Services	422
Life Insurance	261
Retail Investments	118
Building Savings	116
Other	9
Collective Investment	4
Money Exchange	3
Total	2,820



Consumer Credit

In the area of consumer credit, 1,294 proceedings were commenced in 2021. In total, the Financial Arbitrator handled 1,887 consumer credit disputes in 2021 and finally concluded 1,241 of them, of which 1,029 proceedings were settled amicably (1,023 withdrawn, 6 terminated for lack of subject matter), in 43 cases the Financial Arbitrator fully or partially upheld the complaint, in 15 cases she had to reject the complaint, in 48 cases the Financial Arbitrator terminated the proceedings for lack of competence or inadmissibility, and in 104 cases she had to terminate the proceedings due to the consumer's insufficient assistance and in 2 cases the complainant's legal successor did not pursue the proceedings.

The most frequent type of consumer credit disputes were disputes concerning the assessment of the validity of a credit agreement due to violation of duty to assess with professional care the creditworthiness of the debtor prior to the conclusion of the credit agreement. In this type of disputes, the Financial Arbitrator draws on the decision-making practice of the general courts, as the courts have already reviewed the decisions of the Financial Arbitrator and confirmed the decisions in which she assessed the credit agreements as invalid and ordered the credit providers to make restitution of the unjust enrichment exceeding the paid principals of the credits.

The second most frequent type of consumer credit disputes were disputes arising from early repayment of a credit (usually mortgage credit). In a dispute over the amount of the costs reasonably incurred in connection with the early repayment of the credit, the consumer may seek reimbursement of the difference between the early repayment fee already paid and the reasonable costs to which the credit provider is entitled. The consumer may also seek

a correct calculation of the amount needed to repay the consumer credit early, including the early repayment fee corresponding to the provider's reasonable costs incurred in connection with the early repayment of the credit. These disputes are new and have not yet been decided by the general courts.

Other frequent disputes were disputes over the determination of the amount of a debt under a credit agreement when the amount of the agreed remuneration was contrary to good morals, or in the case of so-called bridging credits from building savings.

The entries in the registers of debtors also remain a subject of disputes, with consumers approaching the Financial Arbitrator with requests to review whether credit providers have legitimately shared information about their liabilities in the registers. Other disputes include damages for unprofessional credit mediation or for a failure to provide credit to a credit applicant, and the determination of the amount of a fee for failure to draw a granted credit.

In some cases, the Financial Arbitrator could not resolve the dispute and had to terminate the proceedings as it was revealed during the proceedings that the agreement had been negotiated as a business agreement and the complainant failed to prove their claim that it was in fact a consumer credit and not a business one.

In other cases, the Financial Arbitrator had to terminate the proceedings during its course because there was a legal impediment to the proceedings in the form of pending court proceedings initiated at the financial institution's request or pending insolvency proceedings on the consumer's property.

Payment Services

In the area of payment services, 209 proceedings were commenced in 2021. In the same year, 200 proceedings were finally concluded, of which 142 proceedings were settled amicably, in 6 cases the Financial Arbitrator had to reject the complaint, in 10 cases the Financial Arbitrator terminated the proceedings for lack of competence, in 2 cases for inadmissibility, and in 40 cases she had to terminate the proceedings due to the consumer's insufficient assistance.

The most frequent type of payment services disputes remain disputes arising from unauthorised payment transactions, usually in connection with the use of payment instruments such as internet banking or credit card.

Other frequent disputes were disputes over the improper execution of a payment transaction, particularly when an ATM was used for the operation, e.g., disputes over the amount of cash deposited into an ATM, where complainant claims that the amount they deposited was higher than the amount credited to their account by the payment service provider, or disputes over the amount of cash withdrawn from an ATM, where the complainant claims that they received a different (lower) amount than they requested or that the payment service provider debited their account with a different (higher) amount than they actually withdrew.

Chargeback disputes formed a large group as well, with consumers seeking refunds through their payment service providers for money paid for services not provided or goods not delivered, most often for missed flights or cancelled foreign holidays.

The Financial Arbitrator dealt with several disputes concerning the validity of the termination of a payment services contract or damages in connection with the settlement of an inheritance.

Disputes arising from payment services are very diverse, require the examination of many documents, not only contractual documentation, but also outputs from various information

systems of payment service providers as well as documents from third parties, and are therefore among the most complex in terms of proper fact-finding.

Life Insurance

In the area of life insurance, 110 proceedings were commenced in 2021. In total, the Financial Arbitrator finally concluded 187 proceedings, of which 98 proceedings were settled amicably (withdrawal), in 19 cases the Financial Arbitrator had to reject the complaint, in 2 cases she partially upheld the complaint, in 46 cases the Financial Arbitrator terminated the proceedings for lack of competence or inadmissibility, and in 22 cases she had to terminate the proceedings due to the consumer's insufficient assistance.

The most frequent type of life insurance disputes were disputes for reimbursement of insurance premiums paid by the consumers under the investment life insurance contracts to the insurance companies. According to their claims, the consumers were not interested in investment life insurance but were interested in savings, and the insurance intermediary or the insurance company misled them when concluding the insurance contract about the nature and the expensiveness of the product. They also objected various flaws in the insurance contracts and contractual documentation for which the insurance contracts should have been invalid.

Another large group of disputes are disputes over the amount of insurance benefits upon reaching the end of the insurance period of so-called endowment life insurance, where consumers seek payment of the return modelled by insurance intermediaries prior to the conclusion of insurance contracts, which the insurance companies did not actually achieve. Alternatively, consumers claim a lump-sum pay-out from the endowment life insurance contracts, even though they have only validly negotiated a lifetime annuity.

Some decisions of the Financial Arbitrator issued in life insurance disputes are further submitted by the parties to the dispute for a judicial review when the consumers, or their legal representatives, disagree with the Financial Arbitrator's conclusion that their claim is time-barred or partially time-barred. The insurance companies, on the other hand, usually disagree with the Financial Arbitrator's conclusion that the insurance contract or its provision is invalid.

Based on the results of the judicial review of the Financial Arbitrator's decisions executed by the courts of first instance, it is certainly not possible to infer a settled decision-making practice of the general courts. In majority of the decisions reviewed, the general courts have confirmed the opinion of the Financial Arbitrator, but there are also decisions which are diametrically opposed to the Financial Arbitrator's decisions and the decisions of other courts or judges who have dealt with similar subject matter.

As regards the admissibility of a limitation objection in life insurance contracts and the possibility of giving priority to a limitation objection over the claim itself, the decisions of the Financial Arbitrator have already been reviewed by the courts of appeals, which have found in favour of the Financial Arbitrator and her practice.

The Financial Arbitrator is convinced that in the disputes she decided, she took very careful account of everything that came to light in the proceedings. She is also of the belief that in the decisions she issued, she duly justified why she decided to reject or uphold the complaint, while at the same time she always referred to the relevant findings of fact, legal rules and the conclusions of the general courts, even the court that had reviewed similar decisions of the Financial Arbitrator.

Building Savings

In the area of building savings, 36 proceedings were commenced in 2021. In total, the Financial Arbitrator finally concluded 40 disputes, of which 31 disputes were settled amicably, in 1 case the Financial Arbitrator terminated the proceedings for inadmissibility, in 1 case she partially upheld the complaint and in 7 cases she had to terminate the proceedings due to the consumer's insufficient assistance.

The most frequent type of building savings disputes were disputes concerning the validity of a unilateral termination of a contract on building savings by the building savings bank, the validity of a unilateral reduction of the interest rate on building savings deposits, and disputes about the management of the building savings account, particularly about the amount of the fee for such management, the amount of the state support paid out, or the amount of the interest rate on the building savings deposits.

There are currently 59 ongoing proceedings before the Financial Arbitrator against the same building savings bank, in which the consumers seek to reinstate a building savings account because the cancellation of the account, or of the building savings itself, was invalid. However, these proceedings are suspended as the consumers are awaiting a decision of the Supreme Court in similar disputes (the Financial Arbitrator upheld the consumer's complaints), or, since the beginning of March 2022, a decision of the Constitutional Court on the constitutional complaint filed by the respective building society against the Supreme Court's decisions on appellate reviews.

Retail Investments

In the area of collective investment and provision of investment services, 53 proceedings were commenced in 2021. In total, the Financial Arbitrator finally concluded 43 disputes in this area, of which 27 disputes were settled amicably (withdrawal), in 1 case the Financial Arbitrator rejected the complaint, in 10 cases the Financial Arbitrator terminated the proceedings for lack of competence or inadmissibility, and in 5 cases she had to terminate the proceedings due to the consumer's insufficient assistance.

The number of disputes in the area of collective investment and investment services (so-called retail investments) was lower compared to other areas of the Financial Arbitrator's competence, however, these disputes are factually more complex as the subjects of individual disputes vary considerably and as their assessment affects many areas of the financial market. Investment services are often provided remotely in the Czech Republic by foreign persons (with or without the authorisation of the competent supervisory authority), who need to be properly served with the proceeding's documentation, which is often problematic. In some cases, the legal relations are also governed by foreign law.

Retail investment disputes range from disputes over the amount of the entry fee for the intermediation of an investment in a collective investment product, wrong investment recommendations provided by investment intermediaries or providers to invest in high-risk financial products, misselling of financial products or damages for breach of the information duties during their distribution, to disputes for damages for the investment loss suffered by the consumer.

Money Exchange

In the area of money exchange, there were no proceedings commenced in the period under review. In total, the Financial Arbitrator finally concluded 3 disputes, of which 2 disputes were settled amicably (withdrawal) and in 1 case she had to terminate the proceedings due to the consumer's insufficient assistance.

After 1 April 2019, when the amendment to the Act on Currency Exchange came into force, which regulates the customer's right to withdraw from an exchange transaction or a part of it, the number of new disputes decreased significantly. Of course, the number of currency exchange disputes may also have been influenced by the effects of the covid-19 pandemic, in this case primarily by the travel restrictions and associated low number of foreigners exchanging their currency for Czech crowns in the Czech Republic.

Disputes outside the scope of competence of the Financial Arbitrator

In 2021, the Financial Arbitrator received 8 complaints in which the subject matter of the dispute obviously did not fall within the Financial Arbitrator's competence. These were disputes relating to private pension insurance, bonds, non-life insurance and telecommunications. The Financial Arbitrator had to terminate these proceedings for inadmissibility.

Hundreds of consumers have approached the Financial Arbitrator with similar disputes outside the Financial Arbitrator's competence, either in the form of written or telephone inquiries in the period under review. The Financial Arbitrator provided each consumer with a proper explanation and a link to the relevant out-of-court dispute resolution body with contacts.

Length of proceedings

Some disputes end amicably within weeks of the commencement of the proceedings, while other more complex disputes last for more than 2 years. The usual length of the entire proceedings (i.e., the procedure on the complaint, the amending of the complaint on the part of the complainant, the securing of documents from the financial institution and other natural or legal persons addressed, the preliminary legal assessment of the case, the coordination of the amicable settlement of the dispute, the procedure on objections) is approximately 12 months.

The average length of proceedings concluded in 2021 was 238 days from the commencement of the proceedings to the moment when the decision terminating the proceedings came into force. Although 31% more cases were finally concluded by the Financial Arbitrator in 2021 than in 2020 (1,723 vs. 1,314), the average length of proceedings was reduced by 34% (compared to 360 days in 2020). The Financial Arbitrator was quickest to resolve disputes arising from consumer credit (average length 211 days) and payment services (226 days). In contrast, disputes arising from building savings (295 days), retail investment services (347 days) and life insurance (394 days) took longer than average to resolve. The longest average resolution periods were for collective investment disputes (423 days) and money exchange disputes (497 days), but both figures are distorted by the low base (1 and 3 resolved proceedings) and, in the case of money exchange disputes, by the difficulties associated with international mail delivery services.

Consumers themselves also influence the length of proceedings by failing to submit errorless complaints that do not need to be amended or supplemented and by extending the time limits for submitting documents or statements. The same applies to the financial institutions.

The methodology used to calculate the average length of proceedings also does not take into account the period of suspension of proceedings, which leads to a factual increase.

It is not uncommon for a consumer or their representative to file a complaint that does not correspond in a fundamental way with the actual situation, especially as regards the quantification and proof of the required payment. The Financial Arbitrator only discovers later in the course of the proceedings that the legal relationship, that is the subject of the proceedings, had ceased to exist before the proceedings were commenced, although the

complainant's representative claims otherwise, etc. The Financial Arbitrator thus usually discovers the actual state of affairs after several requests to the complainant and the financial institution to submit supporting evidence.

Moreover, it should be taken into account that in the case of an amicable settlement of a dispute (77% of all terminated proceedings in 2021), the dispute is effectively resolved at the moment of conclusion of a settlement agreement between the consumer and the financial institution, but the ruling on termination of the proceedings follows with a delay of several weeks.

Length of the proceedings finally concluded in 2021 by area

Area	Number of finally concluded proceedings (2021)	Average length of proceedings in days (2021)	Number of finally concluded proceedings (2020)	Average length of proceedings in days (2020)	Number of finally concluded proceedings 2021/2020	Average length of proceedings 2021/2020
Consumer Credit	1,243	211	683	227	+82%	-7%
Life Insurance	187	401	386	667	-51%	-40%
Payment Services	200	226	165	247	+21%	-9%
Building Savings	40	295	32	311	+25%	-5%
Retail Investments	43	347	27	266	+59%	+30%
Money Exchange	3	497	4	373	-25%	+33%
Collective Investment	1	423	3	392	-67%	+8%
Other	8	40	15	52	-47%	-23%
Total	1,725	238	1,314	360	+31%	-34%

Results of the decision-making activity

In terms of decision-making outcomes, the Financial Arbitrator reached an amicable settlement in almost three quarters (77%) of the 1,725 proceedings finally concluded in 2021, meaning that the financial institution settled the claim (or part of it) brought by the consumer before the Financial Arbitrator.

In attempt to reach an amicable settlement, the Financial Arbitrator will normally first provide the parties to the dispute with a preliminary legal assessment of the dispute outlining her idea of an equitable amicable solution. Only if the parties reject the amicable solution, the Financial Arbitrator issues a decision in merits in the form of an award or a decision on objections to the award.

The proceedings in which the consumer withdraws their claim because the Financial Arbitrator's assessment of the collected evidence convinces them that their claim is unjustified, or because the outcome of the proceedings would be less favourable to them

(e.g., as a result of a limitation objection raised by the financial institution), should be also considered as an amicable settlement of a dispute.

In the period under review, the Financial Arbitrator terminated the proceedings in 1,320 cases due to the withdrawal of the complaint. Another 12 proceedings were terminated by the Financial Arbitrator for lack of subject matter because the financial institution had fully satisfied the complainant's requirements and proved this fact to the Financial Arbitrator, but the complainant did not withdraw their claim as the receipt of the financial compensation had "ended the matter" for them. In total, 1,332 proceedings ended amicably in 2021.

Where the parties to the dispute did not find a willingness to resolve the dispute amicably even in the proceedings before the Financial Arbitrator, the Financial Arbitrator issued an award partially or fully upholding or rejecting the complaint. In total, the Financial Arbitrator issued 88 decisions in merits, of which she rejected the complaint in 42 cases, partially upheld the consumer's complaint in 43 cases and fully upheld the consumer's complaint in 3 cases.

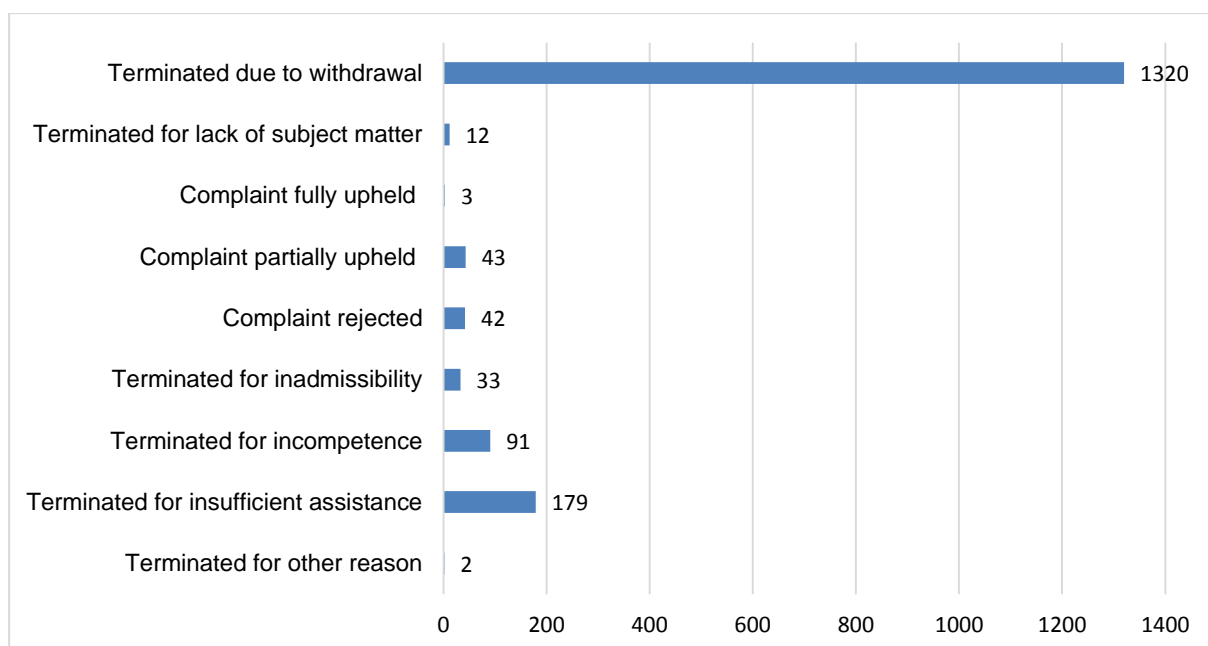
The consumers (complainants) have not always provided the Financial Arbitrator with sufficient assistance to enable the proceedings to be decided fairly and in accordance with the law. This is despite the fact that the Financial Arbitrator repeatedly invites and instructs a complainant on what evidence to provide in support of their claims or how to formulate their claim against the financial institution. The Financial Arbitrator had to terminate a total of 179 proceedings due to the insufficient assistance of the complainant.

If the Financial Arbitrator finds a legal impediment to the proceedings, she is obliged to terminate the proceedings for inadmissibility. In 2021, she did so in 33 cases.

If the Financial Arbitrator finds out during the proceedings that she is not competent to resolve the dispute (she usually finds out that the complainant acted as a businessman in the legal relationship which they have made the subject of the proceedings, or the dispute is not within the scope of the Financial Arbitrator's competence, most often it is a non-life insurance dispute), the Financial Arbitrator shall terminate the proceedings for lack of competence. In 2021, a total of 91 proceedings were terminated for this reason.

Results of the proceedings finally concluded as of 31 December 2021 by the method of dispute settlement

Result	Number
Terminated due to withdrawal	1,320
Terminated for lack of subject matter	12
Complaint fully upheld	3
Complaint partially upheld	43
Complaint rejected	42
Terminated for inadmissibility	33
Terminated for incompetence	91
Terminated for insufficient assistance	179
Terminated for other reason	2
Total	1,725



Current status of pending proceedings in 2021 as of 31 December 2021

Status	Number
Decisions in legal force as of 31 December 2021	1,725
Decisions issued until 31 December 2021	132
Proceedings suspended	98
Ongoing proceedings as of 31 December 2021 (collecting of evidence, amicable settlement negotiations, awaiting the outcome of judicial review or conclusion of criminal proceedings)	867

Penalties and fines imposed on the financial institutions, or other natural or legal persons addressed

In the event that the Financial Arbitrator decides the case by an award and fully or partially upholds the consumer's complaint, she is obliged under Section 17a(1) of the Financial Arbitrator Act to impose a penalty on the financial institution of 10% of the amount which the financial institution is obliged to pay to the complainant, but not less than CZK 15,000. This amount shall be an income of the state budget.

In addition, the Financial Arbitrator is entitled under Section 23 of the Financial Arbitrator Act to impose a fine up to CZK 100,000 on a financial institution for a breach of the obligation to present the demanded evidence in the proceedings before the Financial Arbitrator. The fine may be imposed repeatedly and it is also an income of the state budget.

In 2021, the Financial Arbitrator imposed penalties totalling CZK 610,082.83. She also initiated a total of 16 fine proceedings due to lack of cooperation of the financial institution and in 13 cases she imposed fines totalling CZK 95,000.

V. FINANCIAL ARBITRATOR, DEPUTY FINANCIAL ARBITRATOR – OFFICE OF THE FINANCIAL ARBITRATOR – ORGANIZATIONAL ARRANGEMENT OF THE FINANCIAL ARBITRATOR'S ACTIVITIES

Financial Arbitrator

As of 1 July 2011, the Financial Arbitrator and the Deputy Financial Arbitrator are appointed and dismissed by the Government on a proposal of the Minister of Finance. The Financial Arbitrator is held responsible for the exercise of her duties to the Government. Only irreproachable, fully legally capable persons with good reputation, sufficient qualification and experience may be appointed Financial Arbitrator or Deputy Financial Arbitrator. A prerequisite for the appointment of the Financial Arbitrator and the Deputy Financial Arbitrator is also a university degree obtained in the master's program in law at a university in the Czech Republic and a proof of a 5 years' experience in the financial market or in the area of consumer protection in the financial market. The employment relationship and remuneration of the Financial Arbitrator and of the Deputy Financial Arbitrator shall be governed by the Labour Code.

As of 16 November 2011, the function of the Financial Arbitrator shall be exercised by Monika Nedelková.

Monika Nedelková graduated from the Faculty of Law of Charles University in Prague. Since 1995 she has been working almost exclusively in the public administration, focusing on the financial market area. She began her career in the Department for Capital Market Supervision at the Ministry of Finance. She also worked as an associate in a leading Czech law firm. At the Czech Securities Commission she held a position of Head of the Legal Division and Director of the Enforcement Department. After the dissolution of the Czech Securities Commission, she worked as the Director of Enforcement Department in the Czech National Bank. Prior to being appointed Financial Arbitrator, she had directed the Financial Market Supervision Department at the Ministry of Finance.

Deputy Financial Arbitrator

As of 7 March 2013, the function of the Deputy Financial Arbitrator shall be exercised by Lukáš Vacek.

Lukáš Vacek graduated from the Faculty of Law of Charles University in Prague and from a joint degree program at the Law Faculty of Masaryk University in Brno and Nottingham Trent University (MPA). In years 2004–2013 he worked at the Ministry of Finance, out of which for more than 7 years he held the position of the Head of Retail Financial Services and Consumer Protection in the Financial Market Unit. He was responsible for the preparation of legislation in the area of consumer credit and of the Financial Arbitrator Act, and also for the area of deposit guarantee scheme or distribution of financial services. On behalf of the Czech Republic, he negotiated the EU legislative proposals within the EU Council working groups, including the Mortgage Credit Directive, the revision of the Insurance Mediation Directive and other legislation. He was a member of the Platform for Out-of-court Resolution of Consumer Disputes at the Ministry of Industry and Trade. He has been actively engaged in financial education and in resolving the problems arising from over-indebtedness. He regularly publishes articles in professional journals (Jurisprudence, Law and Family, Commercial Law Revue) and he lectures academics (Masaryk University in Brno, Charles University in Prague), professionals and public.

Office of the Financial Arbitrator

The Financial Arbitrator is the head of the Office of the Financial Arbitrator. In the Financial Arbitrator's absence, the Deputy Financial Arbitrator acts on behalf of the Financial Arbitrator

to the full extent of the competence and responsibilities of the Financial Arbitrator. The employment relationship and the remuneration of the employees of the Office of the Financial Arbitrator are governed by the Labour Code.

In 2021, organizational structure of the Office of the Financial Arbitrator was formed by its organizational units:

- the Financial Arbitrator,
- the Deputy Financial Arbitrator,
- the Department of Payment Services, Money Exchange and Building Savings,
- the Department of Credits I,
- the Department of Credits II,
- the Department of Credits III,
- the Department of Credits IV,
- the Department of Investments,
- the Department of Life Insurance,
- the Department of Administrative Support,
- the Internal Auditor,
- the Department of the Secretary of the Financial Arbitrator.

Due to the increasing number of consumer credit disputes and due to the need to settle each and every dispute quickly and efficiently, the number of Departments of Credits increased from three to four in 2021.

The structure of the management is:

- the Financial Arbitrator and, in her absence, the Deputy Financial Arbitrator,
- the Deputy Financial Arbitrator, if authorized by the Financial Arbitrator to the permanent exercise of her decision-making powers,
- a department headed by the head of department (each department provides a comprehensive support in the specific area of the competence of the Financial Arbitrator, i.e., in activities that are usually directly related to each other and build on each other, except for decision-making).

In addition to the positions of the Financial Arbitrator and the Deputy Financial Arbitrator there are following positions established to perform the Financial Arbitrator's activities:

- Head of Department,
- Lawyer,
- Methodist,
- Administrative Officer,
- Internal Auditor,
- Accountant, Budgeter and PR Manager,
- Secretary.

The development of job positions since the establishment of the Office of the Financial Arbitrator (including the Financial Arbitrator herself and the Deputy Financial Arbitrator) has been following:

Year 2011	14 systemized posts
Year 2012	14 systemized posts
Year 2013	14 systemized posts
Year 2014	35 systemized posts
Year 2015	39 systemized posts
Year 2016	45 systemized posts
Year 2017	55 systemized posts
Year 2018	55 systemized posts
Year 2019	60 systemized posts
Year 2020	57 systemized posts
Year 2021	57 systemized posts

During the year 2021, the Office of the Financial Arbitrator employed 55 natural persons as employees (including part-time employees), when the Office of the Financial Arbitrator simultaneously recorded 11 female employees removed from the register due to the commencement or ongoing parental leave (most of their positions were filled by temporary substitutes).

At the same time, the Office of the Financial Arbitrator employed 10 staff members on agreements on work performed outside of employment in the period under review, in particular to provide activities related to the participation of the Office of the Financial Arbitrator in public procurement, archiving activities, managing the Collection of Decisions, assisting a long-term sick employee and assisting female staff members on parental leave in the preparation of documents for the Financial Arbitrator's decisions.

The staff of the Office of the Financial Arbitrator (actual or budgeted) are insufficient with regard to its status of an independent organisational unit of the State, i.e., to the activities ensuring its operation (budgetary, accounting, economical, economic, labour law), and with regard to the professional activities (dispute resolution and related professional activities).

Currently, the operational support activities in the Office of the Financial Arbitrator are provided by the employees who have been hired for specialist activities or are performed by the Financial Arbitrator and Deputy Financial Arbitrator themselves, as well as by other management staff on an overtime basis (meaning beyond the acceptable range of managerial overtime for leading employees).

Naturally, the dispute resolution requires completely different expertise (Czech and European financial market and consumer protection law, general civil and commercial law, administrative law, as well as insolvency and enforcement law, etc.) and skills than the Office's operational support activities (labour law, budget rules, accounting, public procurement, archiving and filing services, freedom of access to information, cybersecurity, digital services law, etc.).

In addition, there is a need for increased daily professional contact with the public, which is currently provided by administrative or specialist employees beyond their scope of duties and working hours.

New staff are needed to ensure activities related to cybersecurity as the Office of the Financial Arbitrator will operate several important information systems (the Information System for the File Management Service and the Management of the Proceedings before the Financial Arbitrator, as well as the information system used to keep the official board in a manner allowing remote access) according to the amended implementing decree to the Act on Cybersecurity. That entails increased obligations under the legislation governing cybersecurity, both materially and in terms of staff (qualified employees for the relevant security roles), as the Office of the Financial Arbitrator currently has no systemized post dedicated to this area. Likewise, the Office of the Financial Arbitrator does not have staffs for a highly monitored area – public procurement.

Therefore, there is a critical need to create and fill the positions of HR Officer, Lawyer – Public Procurement Specialist, Lawyer – IT Support Specialist, Lawyer – PR Officer, and additional positions of Lawyer – Dispute Resolution.

VI. COSTS RELATED TO THE FINANCIAL ARBITRATOR'S ACTIVITIES

As regards the costs incurred by the State for the activities of the Financial Arbitrator, the tasks related to the professional, organisational and technical support of the activities of the Financial Arbitrator are performed by the Office of the Financial Arbitrator.

The Office of the Financial Arbitrator is an organisational unit of the State and independent accounting unit whose revenues and expenditures fall under the budget chapter 312 – Ministry of Finance.

In 2021, the Office of the Financial Arbitrator's expenditures formed a part of the state budget as Expenditures on ensuring the activities of the Office of the Financial Arbitrator; in terms of sector budget classification, they were included into Section 5471.

In 2021, as in previous years, the Office of the Financial Arbitrator spent only necessary expenses and even less than in previous periods, given the impact of the pandemic situation. For example, the anticipated foreign and domestic business trips did not take place, language training was not conducted to the full extent, neither it was possible to hold all planned educational seminars.

Most of the public procurements in which the Office of the Financial Arbitrator is involved are centrally awarded by the Ministry of Finance.

In principle, neither the Financial Arbitrator nor the Office of the Financial Arbitrator uses external legal or consultancy services.

Revenues

For 2021, as in previous periods, no revenues were set in the budget of the Office of the Financial Arbitrator because they cannot be predicted by the nature of the matter (sanctions and fines imposed during the proceedings, reimbursement of business trips, transfers from own funds etc.).

Nevertheless, the revenues of the Office of the Financial Arbitrator for 2021 totalled CZK 819,000 and consisted of:

- a) sanction payments received in the amount of CZK 705,082.83, representing penalties imposed pursuant to Section 17a of the Financial Arbitrator Act and procedural fines imposed pursuant to Section 23 of the Financial Arbitrator Act;
- b) income of CZK 2,130.30 as compensation for non-delivery of parcels from the postal service provider Česká pošta, s.p.;
- c) transfer from own funds of CZK 67,376 (at the end of 2020, the salary funds were transferred to a deposit account as a reserve for any unexpected expenses related to the payment of salaries for the last month of the calendar year; as there were no unforeseen events, these funds were returned to the revenue account as a transfer from own funds);
- d) receipt of costs of the court proceedings in the amount of CZK 44,685.60.

Expenditures

The approved expenditure budget of the Office of the Financial Arbitrator for 2021 amounted to CZK 69,783,000 with CZK 69,283,000 allocated to current expenditures and CZK 500,000 allocated to capital expenditures.

As of 1 January 2021, the claims from unspent expenditures totalled CZK 33,983,000 and as of 31 December 2021, claims totalling CZK 29,988,000 were included.

The approved budget for current expenditures totalled CZK 68,783,000, after including the claims from unspent expenditures of previous periods, the total amount was CZK 96,494,000. The amount spent was CZK 60,163,000 (i.e., 62.35% of the final budget), which represents an increase of 9.6% compared to the same period of the previous year.

Within current expenditures, wage expenditures were set at CZK 48,250,000, of which CZK 47,654,000 were for salaries and CZK 596,000 for other payments, related insurance premiums were set at CZK 16,308,00 and allocation to the cultural and social needs fund was set at CZK 953,000. The claims from unspent expenditures of previous periods were included for salaries in the amount of CZK 17,159,000, for other payments of CZK 614,000 and for compulsory insurance claims of CZK 7,036,000. The final budget for 2021 was therefore CZK 66,022,000 for salaries and other payments, of which CZK 64,812,000 were for salaries and CZK 1,210,000 for other payments, and CZK 23,141,000 for compulsory insurance premiums.

The actual expenditures on the operation of the Office of the Financial Arbitrator for 2021 totalled CZK 60,361,000. The final budget was thus utilized from 61.79%. Within current expenditures, a total of CZK 60,163,000 was spent, i.e., 62.35% of the final budget for current expenditures. Within capital expenditures, a total of CZK 199,000 was spent, i.e., 19.97% of the final budget for capital expenditures.

In the period under review, the funds for salaries and other payments for work were used in the total amount of CZK 40,702,000, which represents 61.65% of the final budget. The actual average salary in 2021, based on the average recalculated number of employees, was CZK 62,527.

As a result of the obligation to commit the state budget's salary appropriations for vacant posts, a total of CZK 601,000 was committed in the reporting period on salaries. The amount of CZK 203,000 was committed to compulsory insurance premiums and the amount of CZK 12,000 to the cultural and social needs fund. A total of CZK 816,000 was committed from the state budget.

The largest share of the spending on other current expenditures was the purchase of services, with a spending of CZK 2,979,000, i.e., 81.27% of the final budget (14.5% more than in 2020). Within this subgroup, expenditures on other services (CZK 1,025,000), data processing services (CZK 1,221,000), training and education services (CZK 217,000), postal services (CZK 400,000) and telecommunications and radiocommunication services (CZK 61,000) were covered. During the period under review there was no increase in expenditures on services and the associated payments for operation, maintenance, development and technical support, etc.

For other purchases, a total of CZK 164,000 was spent, i.e., 66.43% of the final budget (44.5% less than in 2020). From this item, a total of CZK 127,000 was spent for repairs and maintenance of the property of the Office of the Financial Arbitrator. This subgroup covered services based on the 2011 Record on the Use of Non-Residential Premises between the Ministry of Finance and the Office of the Financial Arbitrator (Record on the Premises), that are calculated per person and invoiced quarterly, repairs of the official car, conference attendance fees (CZK 34,000) and refreshment costs (CZK 3,000).

Expenditures on the purchase of materials totalled CZK 891,000 i.e., 85.53% of the final budget (62.2% more than in the same period of 2020). Most of the funds were spent on the purchase of small tangible fixed assets – the purchase of laptops including accessories and multifunctional printers (CZK 646,000), the purchase of covid masks and tests (CZK 77,000), the purchase of publications and books (CZK 46,000), as well as office supplies and other consumable materials for the operation of ICT (CZK 122,000).

Expenditures on water, fuel and energy totalled CZK 289,000, i.e., 86.7% of the final budget (7% less than in the previous period). The spending on this subgroup is connected to the calculation of energy and services related to the rental of non-residential premises on the basis of the Record on the Premises, which specifies the related costs paid to the landlord according to the number of persons in the period under review.

Another CZK 628,000 were spent on other items (including budget items 5142, 5511, 5909, 5195, 5192 and 5424). That is 10% less than in the previous year on this group. The most significant item is sick pay, which amounted to CZK 320,000 followed by levies for breaches of the obligation to employ the disabled, which amounted to CZK 171,000 and costs of the court proceedings, on which the Office of the Financial Arbitrator spent CZK 30,000.

In connection with the covid-19 pandemic, the Office of the Financial Arbitrator incurred costs of disinfectants, protective equipment and disinfection of offices totalling CZK 77,000.

In the period under review, only one domestic business trip was made, on which the Office of the Financial Arbitrator spent a total of CZK 140. The purpose of the trip was the participation of an employee of the Office of the Financial Arbitrator in oral hearing ordered by non-Prague general court during a review of the Financial Arbitrator's decision.

In the period under review, the Office of the Financial Arbitrator paid the costs of court proceedings in the total amount of CZK 29,570. These were the costs of the court proceedings and legal representation in the disputes against the Financial Arbitrator.

Expenditures on programme financing

As of 31 December 2021, the Office of the Financial Arbitrator recorded two programs:

1. Programme No. 012V41, that was implemented under the sub-programme 012V4110 – Acquisition, Renewal and Operation of ICT KFA in the period under review. The sub-programme monitors the needs of the security of computer and communication technology and the corresponding information systems, but the budget was not set for this sub-programme due to the termination and extension of the implementation of the project.

In 2021, funds amounting to CZK 1,043,000 were involved for contractual obligations. As of 31 December 2021, the funds amounting to CZK 546,000 were spent and claims amounting to CZK 765,000 were closed. The balance of unspent funds amounting to CZK 496,000 is not included in the claims due to the termination of the implementation of the project.

Sub-programme 012V4110

The approved budget for current expenditures for sub-programme 012V4110 was CZK 0. The final budget for current expenditures in 2021 totalled CZK 347,000.

The current (non-investment) expenditures were spent in the amount of CZK 347,000. These were used to pay monthly obligations under the contract with SOLITEA, a.s., which provides technical support services to the Office of the Financial Arbitrator on the basis of the concluded Contract for the Supply of the Information System for the File Management Service and the Management of the Proceedings before the Financial Arbitrator for the Office of the Financial Arbitrator, which includes payment of monthly technical support in the amount of CZK 49,610. Under this contract, a total of 7 payments remained to be made on 31 July 2021. The Office of the Financial Arbitrator requested an Expenditure Determination for 2021 to cover these 7 payments.

The approved budget for capital expenditures of sub-programme 012V4110 was CZK 0, the final budget for capital expenditures totalled CZK 1,043,000 in the period under review.

The funds in the amount of the final budget were used for capital (investment) expenditures to pay for Order No. 7 under the General Contract for Works of 18 July 2018. The subject of the General Contract is the modification of the Information System for the File Management Service and the Management of the Proceedings before the Financial Arbitrator.

2. Programme No. 012V42, that was registered under the following sub-programmes in the period under review
012V4210 – Acquisition and Development of ICT KFA
012V4220 – Acquisition and Renewal of MTZ KFA

Sub-programme 012V4210

The approved budget for the sub-programme was CZK 450,000 and no funds were spent during the reporting period.

Sub-programme 012V4220

The approved budget for the sub-programme was CZK 50,000 and no funds were spent during the reporting period.

The use of capital expenditures is related to the volume of works ordered on the basis of Contract for the supply of the Information System for the File Management Service and the Management of the Proceedings before the Financial Arbitrator for the Office of the Financial Arbitrator and the General Contract for Works. The works concern the development of the Information System. In 2021, there has been an appreciation of the Information System based on the demand for development and modification of sub-functionalities by the Office of the Financial Arbitrator. However, the total amount of this appreciation did not reach the expected value due.

The reason for underspending of the 2021 budget was the operational situation of the Office of the Financial Arbitrator, which had long been seeking to relocate its offices to more suitable premises and had budgeted funds for related expenses for this purpose. At the end of 2021, an Addendum to the Record on the Premises in the Legerova 69 building was concluded with the Ministry of Finance. The Ministry of Finance simultaneously transferred the office furniture in the newly leased premises to the use of the Office of the Financial Arbitrator. As the dislocation of the Office of the Financial Arbitrator was resolved, the budget funds were not used primarily for the purchase of furniture.

As a result of the implementation of the government measures taken against the spread of the covid-19 pandemic, no further spending was made. It is mainly because the complex situation and the high level of risks and uncertainties complicated the implementation of the intended public procurements or the continued performance of some of the concluded contracts by the contractors.

The internal control plan for 2021 was not followed in the Office of the Financial Arbitrator due to the covid-19 pandemic situation. Two audits out of the 5 planned audits were not carried out. The unperformed audits were deferred to 2022.

In 2021, 3 audits (2 system audits including one follow-up, 1 financial audit) were carried out with total resources (1 internal auditor). One financial audit was carried out. One extraordinary audit was performed as directed by the Financial Arbitrator.

The audits included evaluating system activities, verifying the accuracy of operations, and reviewing the work practices of the employees of the Office of the Financial Arbitrator. The activities and operations were compared against the applicable organisational rules. The currency of certain internal regulations was examined as well as the authorisations of the employees of the Office of the Financial Arbitrator to perform as authorising officers, the budget manager and the principal accounting officer, including valid signature templates.

The internal audit in 2021 did not identify any misconduct that should affect the completeness and integrity of the accounts.

Follow-up audit: Occupational health services

The internal auditor proposed a recommendation to the Financial Arbitrator, 1 deficiency was found, corrective action to be implemented without delay. Next follow-up audit was proposed to be carried out in the first half of 2022.

Audit – handling of funds in the area of sanction disputes, verification and control of the imposition, collection and enforcement of fines and penalties imposed in the scopes of issued decisions

Errors were found in this audit, which were corrected during the course of the audit. The errors were not of a serious matter and therefore the Office was not in breach of the legislation. Measures were proposed to simplify future controls in this area (e.g., introduction of weekly reports – comparison of sanctions issued with the status entered in the accounts), update of the internal rules was made. Controls by the Department of Administrative Support could be carried out on the basis of reports.

Audit – Extraordinary audit – Complaint

The internal auditor considered a complaint against the Financial Arbitrator and the Deputy Financial Arbitrator. The procedure for the evaluation of the complaint followed Section 175 of the Administrative Code. The complainant sent the complaint to several authorities. The internal auditor examined the complaint and concluded that the complainant should have referred certain questions to law enforcement authorities. The complainant did not provide any evidence to support their allegations. The complaint was resolved without undue delay. The internal auditor assessed the complaint as not justified.

The internal auditor provided periodic reports to the Financial Arbitrator following the completion of audits regarding the internal audit and its performance during 2021. The audit reports include recommendations for improvement.

VII. INFORMATION DUTIES OF THE FINANCIAL ARBITRATOR, PUBLIC RELATIONS

Handling of inquiries

The Financial Arbitrator shall answer any inquiry, including those that do not relate to the activities of the Financial Arbitrator, at least to the extent of advising about the lack of her competence and, where possible, referring to the relevant authority.

In answers to inquiries within the competence of the Financial Arbitrator, each inquirer shall receive a preliminary assessment if the dispute falls into the scope of the Financial Arbitrator's competence or not, a detailed notice about the requirements of the complaint and a list of evidence that they should attach to the complaint.

The Financial Arbitrator received over 5,000 inquiries (including telephonic inquiries) in 2021. She managed to answer the inquiries in writing without undue delay, usually within a few days.

Information duties of the Financial Arbitrator

The Financial Arbitrator is obliged to carry out an annual report on her activities for the public. The annual report shall particularly include detailed information on the number of proceedings conducted, the way in which the disputes were resolved, including a description of selected disputes, and it shall be published once a year, by 30 June of the following calendar year at the latest, in a suitable manner allowing remote access.

All the annual reports on the activities of the Financial Arbitrator are published and accessible on the website of the Office of the Financial Arbitrator, Czech versions of the reports are available at <http://www.finarbitr.cz/cs/informace-pro-verejnost/vyrocnizpravy.html>. There are also English versions of the reports available at <https://www.finarbitr.cz/en/information-for-public/annual-reports.html>.

The Financial Arbitrator also informs the public about her activities through the annual report on the information provided pursuant to Act No. 106/1999 Coll., through press releases, information published on her website or through social networks and information provided to the media.

The Financial Arbitrator shall, as appropriate, inform the public oversight or state supervisory authorities of the financial institutions, against which the Financial Arbitrator conducted the proceedings, of the deficiencies identified.

The obligation to inform complainants about the possibility of getting assistance in the proceedings before the Financial Arbitrator, about her decision-making procedure under the Financial Arbitrator Act and the pending proceedings is fulfilled by the Financial Arbitrator through individual acts in individual proceedings, responses to questions from the public and, above all, through the website operated by the Office of the Financial Arbitrator.

Financial Arbitrator's website

The Financial Arbitrator uses the website <https://finarbitr.cz>, which is operated by the Office of the Financial Arbitrator in both Czech and English language, to fulfil her information obligations and to further inform general and professional public about her activities and current topics.

A widely used functionality of the website is the Complaint Filing Tutorial, which can be accessed here: <https://finarbitr.cz/en/dispute-resolution/complaint-filing-tutorial.html>.

In response to numerous public inquiries, detailed and clear information for debtors (who have had problems repaying their consumer credit due to the covid-19 pandemic) on how to proceed when negotiating with a creditor to defer repayments was published on the website immediately after the adoption of the relevant act of law.

During the period under review, further significant modifications were made to the website to ensure that the information about the Financial Arbitrator is as easy to find as possible. Thanks to the modifications, the main page provides easy access to information about the Financial Arbitrator, basic rules of the proceedings before the Financial Arbitrator, different areas and types of disputes that the Financial Arbitrator is competent to resolve, including links to the legislation and the Collection of Decisions.

The complainants can now amend their complaints through the website via the Complaint Amending Tutorial, which can be accessed here: <https://finarbitr.cz/cs/reseni-sporu/pruvodce-doplnenim-navrhu.html>. *(Financial Arbitrator's Note: This feature is available only on the Czech version of website at the moment)*

There are also answers to frequently asked questions, both substantive and directly related to the proceedings before the Financial Arbitrator, as well as recommendations on where to turn if the Financial Arbitrator is not competent to resolve the dispute.

The "Newsletter subscription" service is used to send press releases, updates or information about the publication of an anonymised decision in the Collection of Decisions. The interested party can subscribe to the newsletter by simply entering their email address, where the information will be sent.

Collection of Decisions

The Financial Arbitrator's website also includes the Collection of Decisions, in which the Financial Arbitrator publishes selected decisions.

The Collection of Decisions can be searched using a full-text search by entering a file tag or a keyword. All published decisions are available in the Czech language in anonymised form here: <https://finarbitr.cz/cs/reseni-sporu/sbirka-rozhodnuti.html>.

The Financial Arbitrator always publishes the decision in merits, i.e., the award or the decision on objections, which are new or in any way useful to general and professional public with regard to the claim on which the Financial Arbitrator has ruled. Decisions imposing a fine for a breach of the obligation to present the demanded evidence in the proceedings before the Financial Arbitrator are also published. The rulings terminating the proceedings on the grounds that the complaint has been withdrawn or lacked a subject matter are not published in the Collection of Decisions, nor are the rulings terminating the proceedings for insufficient assistance of the complainant. The rulings terminating the proceedings for inadmissibility of the complaint shall be published only if they are of information value to the public.

The published decisions are identified in the Collection of Decisions by the type of decision (award, decision on objections, ruling, decision), the registration number or file mark, the date of the decision and the business name or name of the financial institution against which the complaint was directed. In accordance with Section 8a of the Freedom of Information Act and in accordance with Section 21(6) of the Financial Arbitrator Act, the published parts of the decisions do not contain personal or other identifying information of the complainants. The decisions can be searched by area, sub-area, name of the financial institution, year of the decision, file mark or keyword.

The Financial Arbitrator has continued to fill the Collection of Decisions on her website and has published all her major decisions in full (without identifying the complainants). In the

Collection, the predictability of the Financial Arbitrator's decision-making activity can be traced, which serves not only the financial institutions or their legal representatives, but also the complainants themselves (the consumers). They increasingly refer to the Collection of Decisions and cite the decisions of the Financial Arbitrator in their complaints and other statements during the proceedings.

VIII. INTERNATIONAL COOPERATION, FINANCIAL EDUCATION

Cooperation of the Financial Arbitrator with similar out-of-court consumer dispute resolution bodies in other countries

Under the Financial Arbitrator Act, the Financial Arbitrator shall cooperate on a mutual basis with similar out-of-court consumer dispute resolution bodies in other states, in particular in the states forming the European Economic Area, and with the authorities of the European Union.

ADR/ODR

Since January 2016, the Financial Arbitrator has been notified by the Ministry of Industry and Trade as a competent body under the ADR Directive to the European Commission.

The Ministry of Industry and Trade always organizes at least once a year a meeting of representatives of notified entities for the out-of-court settlement of consumer disputes. The meeting is regularly attended, as was the case in October 2021, by the Deputy Financial Arbitrator.

In September 2021, the 2nd Alternative Dispute Resolution (ADR) Assembly 2021 was held by videoconference with the participation of Deputy Financial Arbitrator. It was the second meeting of essentially all ADR entities notified to the European Commission under the ADR Directive, following the first personal meeting in Brussels in 2018. In addition to general issues of out-of-court consumer dispute resolution, the two-day programme included a specialised panel dedicated to out-of-court resolution of consumer disputes in the financial market.

Since February 2016, the Financial Arbitrator has been connected to the European online consumer dispute resolution platform operated by the European Commission under the ODR Regulation. The online resolution platform can be accessed here: <https://ec.europa.eu/consumers/odr/main/?event=main.home2.show>.

In 2021, the Financial Arbitrator did not record any complaint filed via the ODR platform.

FIN-NET

The Financial Arbitrator has been a long-standing member of [FIN-NET](#), a European network of institutions focused on out-of-court resolution of disputes in the financial market. The network, founded in 2001, brings together the financial ombudsmen from most of the European Union Member States and other countries of the European Economic Area. Its mission is to share experience from day-to-day decision-making practice of its members and to help resolve cross-border disputes. In 2021, the Deputy Financial Arbitrator was reappointed by the European Commission as a member of the FIN-NET Steering Committee, which steers the future direction of the network and prepares the agenda for the plenary meetings.

In 2021, 3 meetings of this network were unusually held (one meeting that was to take place in 2020 was postponed to early 2021), and due to the ongoing covid-19 pandemic, all these meetings were not held in Brussels as usual in person, but only by videoconference. Despite the shorter duration of the plenary sessions, 2021 saw, among other things, the discussion of some already approved or forthcoming EU legislation – the Directive on representative actions or the revision of the Consumer Credit Directive – as well as the European Commission's concept papers, such as the Digital Finance Strategy or the intentions in the field of instant payments.

In addition to the plenary sessions, a special webinar for FIN-NET members was held in 2021. It focused on the provision of investment services, with the Pan-European Pensions Product Regulation and the European Commission's Retail Investment Strategy high on the agenda.

INFO Network

The Financial Arbitrator is a member of an international network of institutions focused on the out-of-court resolution of consumer disputes in the financial market called the [INFO Network](#) (International Network of Financial Services Ombudsman Schemes). This network, established in 2007, includes financial ombudsman institutions from virtually every continent.

The INFO Network has long been working to set universally applicable minimum standards (independence, transparency, fairness, efficiency) for the out-of-court resolution of disputes in the financial market across different types of financial ombudsman institutions around the world, regardless of the nature and method of establishment of such institution (public vs private, established by law vs otherwise), its financing, rules for participation (voluntary vs mandatory participation of financial service providers) and its powers (possibility to deliver enforceable decisions vs mediation/conciliation, etc.).

As in 2020, the traditional network's general meeting associated with the annual conference was not held in 2021 (postponed to 2022) due to the persistence of the covid-19 pandemic and was replaced by a videoconference. In addition, similar to 2019, 2 other special webinars were held, the first one focused on wellbeing and good working conditions of employees of a financial ombudsman institution and the second one on cybersecurity during financial services provision.

Foreign business trips

In 2021, mainly due to the covid-19 pandemic, there were no foreign business trips, as cross-border cooperation moved to the online world and all meetings previously held in person were held via videoconferences.

Financial education, raising public awareness of the activities of the Financial Arbitrator

Both the Financial Arbitrator and the Deputy Financial Arbitrator have a long-standing interest in engaging in financial education activities for citizens. The Deputy Financial Arbitrator is a member of the Financial Education Working Group of the Ministry of Finance.

The Deputy Financial Arbitrator is engaged in lecturing activities for the professional and general public. In 2021, the Deputy Financial Arbitrator gave lectures at the academic level, traditionally at the Faculty of Economics and Administration of Masaryk University in Brno in the course Financial Literacy (the lecture was held by videoconference), as well as at the Faculty of Law of Charles University in Prague in the elective course Consumer Protection (the lecture was held in person).

In addition, the Deputy Financial Arbitrator also lectured by videoconference for debt counsellors of the organisation People in Need.

Last but not least, the Deputy Financial Arbitrator spread awareness about the institution of the Financial Arbitrator and, in particular, about the resolution of consumer credit disputes at a methodological meeting with lecturers from the Institute for the Prevention and Resolution of Over-indebtedness.

IX. OTHER ACTIVITIES OF THE FINANCIAL ARBITRATOR

The Financial Arbitrator and the Deputy Financial Arbitrator try to pass on the knowledge and experience gained in dispute resolution, both by participating in financial education activities and in the legislative process of adopting new legislation regulating the provision of financial services to consumers.

Subcommittee on Consumer Protection of the Chamber of Deputies of the Parliament of the Czech Republic

The Financial Arbitrator and the Deputy Financial Arbitrator are regular guests and regularly attend meetings of the Subcommittee on Consumer Protection of the Chamber of Deputies of the Parliament of the Czech Republic.

Interdepartmental Working Group

In connection with the implementation of the Consumer Policy Strategy 2021–2030 approved by the Government Resolution No. 518 on 7 June 2021, an interdepartmental working group was established at the Ministry of Industry and Trade. The Deputy Financial Arbitrator is a full member of this working group with the Financial Arbitrator as his alternate. With the participation of both of them, the first ever meeting of this interdepartmental working group was held in November 2021 by videoconference. Its statute and rules of procedure were approved, current legislative and non-legislative activities in the field of consumer protection were presented and the first working tasks were set.

Providing information to the media, students and commentators on financial market topics

The Financial Arbitrator provides information on her activities as well as general explanations to various questions of journalists, students and elaborators of financial market topics. The Financial Arbitrator is bound by a strict duty of confidentiality and can therefore only provide general information.

The space that the journalist ultimately devotes to the answers of the Financial Arbitrator is usually very limited, thereby completely losing the meaning of the information provided, both by the Financial Arbitrator to the journalist and by the journalist to the public. The Financial Arbitrator always tries to give the media the full picture, i.e., both the approach of the financial institution, which is always of primary interest to the journalist, and the approach of the consumer, who as a rule often withholds or conceals their share of the outcome to the journalist.

X. FUTURE OUTLOOK

The main activity of the Financial Arbitrator in the future will be, as in previous years, the resolution of individual disputes. A constant task that the Financial Arbitrator has been and will continue to be dealing with is the pursuit of maximum and efficient resolution of each dispute. The Financial Arbitrator will, as a matter of principle, seek to minimise the length of the proceedings.

Further modifications to the website that should lead to greater clarity, accessibility of the most important information and traceability of the topics related to the proceedings before the Financial Arbitrator are expected. The Collection of Decisions will also include anonymised court decisions on review of the Financial Arbitrator's decisions.

On behalf of the Office of the Financial Arbitrator, the Financial Arbitrator has already submitted a proposal to the Ministry of Finance to revenue and expenditure updates in connection with the preparation of the 2023 budget and the 2024 and 2025 medium-term outlook in order to increase the number of systemized posts by 10 posts to create the positions of HR Officer, Lawyer – Public Procurement Specialist, Lawyer – IT Support Specialist, Lawyer – PR Officer, and additional positions of Lawyer – Dispute Resolution.

In the upcoming periods, all employees of the Office of the Financial Arbitrator will continue to raise public awareness of the Financial Arbitrator through active communication with the public and the media, presentations, publication of press and annual reports, information on the website (news, recommendations, decisions) and on social media.

Moreover, the Financial Arbitrator and the Office of the Financial Arbitrator will need to prepare for further extension of the Financial Arbitrator's scope of competence. For example, the Ministry of Finance is proposing to extend the scope of the Financial Arbitrator's competence to include a long-term investment account, but the government's bill amending certain acts in connection with the development of the capital market will have to go through the entire legislative process again after not being approved by the Chamber of Deputies.

Logically, the ideal end result should be the possibility of resolving all disputes arising in connection with the provision of financial services through the Financial Arbitrator.