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## The AMF Ombudsman publishes her 2020 annual report

Marielle Cohen-Branche, Ombudsman of the Autorité des Marchés Financiers (AMF), has presented her annual report for the past year at a press conference. With the health crisis and market turmoil, the Ombudsman's office has been very active in responding to a sharp increase in requests. The surge of new retail investors on equity markets was followed by an increase in the number of cases related to stock market orders.

### Key figures for 2020

The sharp fall of equity markets in March 2020 and volatility of stock prices throughout the year led to increased activity by retail investors and the arrival of new investors, which explains the increase in the number of cases received by the Ombudsman last year. During this year of unprecedented challenges, punctuated by the various lockdown periods, the Ombudsman's team was very active and retail investors made less use of postal mail: for the first time, most people used the form available on the website to refer cases to the Ombudsman (58% compared with 27% in 2019).

The requests received via the internet form are more relevant because they are screened beforehand, and this pushed up the number of cases within the Ombudsman's jurisdiction significantly:

- Of the total of 1,479 cases received (up 14% compared with 2019), 966 fell within the Ombudsman's jurisdiction (up 27%);
- 1,327 cases were processed and closed (practically stable);
- 505 opinions were issued (up 12%);
- 294 companies were concerned (79% of them were investment service providers), compared with 250 in 2019.

The recommendations issued were mostly in favour of the applicants (54% versus 41% in 2019). In particular, the level of acceptance of the Ombudsman's recommendations remained high:

- 95% of opinions in favour of the retail investors were accepted by both parties;
- only 4% of unfavourable decisions were disputed by the investors.

The number of people consulting the Ombudsman's Online Diary, published on the AMF website, jumped by 50% to 57,000 visits in 2020, or 4,757 visits each month. The Online Diary analyses a concrete mediation case each month while protecting the anonymity of the parties to the dispute.

## **A backdrop of stock market turbulence in the spring**

The cases received by the Ombudsman reflected the sometimes diametrically opposed reactions of investors to the sharp stock market adjustment of March 2020, with some trying to stem the decline in value of their portfolios, and others taking advantage of the fall in prices to take the plunge. Many cases involved problems with the execution of stock market orders by inexperienced investors, sometimes because of a lack of knowledge of the basic rules of equity investment, sometimes because of a lack of sufficiently clear information, whether on the net asset values of UCITS or on the constraints specific to an institution. Disputes relating to poor execution, information or advice accounted for 90% of the cases processed.

In her annual report, the Ombudsman reminds investors of the points on which they should be vigilant, as well as the good practices that financial institutions should follow, particularly in terms of information.

## **Employee savings schemes and PEAs still top the list of grounds for complaint**

Referrals relating to employee savings schemes declined for the first time (260 complaints received compared with 287 in 2019), although they remained the main subject of complaints. For example, requests relating to handling of bonus allocation choices were halved in number. For the Ombudsman, this development reflects the effective cooperation between the Ombudsman and account-keepers, the flexibility they demonstrated during the crisis and their ability to provide investors with a satisfactory upstream response to resolve disputes. The Ombudsman was contacted on several occasions in 2020 regarding disputes between a saver and their employer or former employer, who had not chosen to delegate the collection of allocation choices to an account holder. However, she is not competent to deal with this type of employee/employer relationship.

The number of cases related to equity savings plans (PEA), the second most common reason for referral, has risen. The Ombudsman is increasingly receiving cases concerning PEA transfer times, which seem to be getting longer. The stringent rules concerning the eligibility of securities, as well as their subscription or transfer, are also a source of disputes and errors, both by investors and institutions.

## **A surge of cases related to fraudulent investments**

The Ombudsman also received 95 cases of possible scams. One such case was a mass dispute concerning 60 retail investors who claimed to have been swindled by the same person, Laurent Chenot, whose business proposals had been the subject of a warning by the AMF to the public in November 2020. The AMF has referred these cases to the public prosecutor. In the annual report, the Ombudsman explains the procedure and arguments used by Laurent Chenot to persuade investors, most of whom lost all the sums invested in so-called "savings account" services and trading in speculative financial products.

## **Risk of longer processing times in 2021**

The 67% increase in the number of referrals to the Ombudsman in the first quarter of 2021 and increased response times of professionals suggest that there is a risk of longer processing times for requests this year. In 2020, the average time between the receipt of a complainant's file and the issuance of the Ombudsman's opinion was five and a half months, with a median of about three and a half months.

### ***About the AMF***

*The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected and that investors are provided with adequate*

information. The AMF also supervises the orderly operations of markets. Visit our website <https://www.amf-france.org> URL = [https://www.amf-france.org/]

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