FINANCIAL CONSUMER PROTECTION POLICY

Document information

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1. Objective

The principal objective of this policy is to set the financial consumer protection standards in LB Finance PLC as required by the “Financial consumer protection regulations issued by the Monetary board of the Central Bank of Sri Lanka and to reinforce the commitment to safeguarding the financial system's stability. Further, this policy aims to ensure the services provided by LB Finance PLC (LBF) are not solely competitive, but also executed in a manner that is unbiased and customer-focused.

Specific objectives

a. To ensure that LBF is in compliance with the Financial consumer regulations issued by Central Bank of Sri Lanka.

b. To establish a customer-centric culture at LBF, placing significant emphasis on the provision of services that are transparent, competitive, and in line with changing needs and expectations of financial customers.

c. To develop and sustain and efficient system that allows customers to report concerns and complaints with a commitment to promptly and equitably resolving matters in an effort to achieve the optimal resolution.

d. To Establish a systematic procedure to periodically assess and enhance Consumer Protection Policy, guaranteeing its adaptability to shifts in market conditions, technological progress, and emerging threats.

e. To enhance the understanding and awareness of the consumer protection policy across all employees cultivating a sense of accountability and guaranteeing all individuals within the organization adhere to the standards of the consumer protection.

f. To educate customers on their rights and responsibilities within the scope of consumer protection framework, resulting in a better informed and empowered client base.

g. To proactively participate and cooperate with relevant regulatory authorities, industry counterparts, and other interested parties to exchange optimal methods, remain updated on developing industry norms, and together enhance a strong framework for safeguarding consumers.

2. Scope

This policy governs all aspects of LB finance activities, establishing the boundaries in which interact with and cater to financial consumers. This policy is applicable to all departments, employees, agents and processes involved in providing financial services. The focus is on ensuring compliance with the legal and regulatory obligations established by the Central Bank of Sri Lanka. The scope encompasses the strategic alignment of LBF activities with Section 5 of the Monetary Law Act, No. 58 of 1949, and aims to promote a consumer-centric mindset within the organization.

The policy encompasses the entirety of the customer journey, starting from the promotion and sale of financial goods and extending to the management of complaints and the resolution of grievances. Furthermore, it effortlessly combines with current consumer protection frameworks, guaranteeing a coherent and consolidated strategy.

This policy is adaptable and proactive, created for ongoing enhancement, and establishes the foundation for cooperation with both internal and external stakeholders to cultivate a robust and user-oriented financial atmosphere.

3. Roles and Responsibilities

3.1 Responsibilities of the Board of Directors

I. Approving and adopting financial consumer protection policies and procedures appropriate to the LBF and overseeing and reviewing such policies and procedures in compliance with

the provisions of these Regulations, or circulars, guidelines, codes of conduct issued hereunder;

II. Ensuring that an appropriate structure with procedures, systems and resources are in place for effective implementation of financial consumer protection policies, including internal controls and codes of conduct for employees and agents/ third parties appointed by LBF

III. Appointing an officer from Key Management Personnel to oversee the financial consumer protection function and report to the Board periodically.

IV. Ensuring that the Key Management Personnel monitors, evaluates the financial consumer protection activities, reports to the Board semi-annually and corresponds with the Central Bank.

V. Ensuring that all employees and agents/ third parties appointed by LBF are adhering to the financial consumer protection requirements set out in these Regulations. For this purpose, the Board shall ensure that an appropriate monitoring mechanism is in place to assure compliance with these Regulations.

3.2 Responsibilities of the Key Management Personnel

I. Implementation of suitable mechanisms to coordinate and collaborate among other internal business units to ensure that the financial consumer protection policies and procedures are in compliance with these Regulations and circulars, guidelines, codes of conduct issued hereunder;

II. Monitoring, evaluating and reporting on financial consumer protection activities, including complaint data and operational reports;

III. Overseeing and supervising the operations of any agent and/or third party who is providing financial products and/ or services to ensure financial consumer protection;

IV. Identification of financial products and services that carry compliance risks on financial consumer protection and initiate actions to manage such risks;

3.3 Responsibilities of the Operation Management Team

I. implementation of policies, procedures and systems relating to financial consumer protection adopted by LBF in compliance with these Regulations and circulars, guidelines, codes of conduct issued hereunder;

II. Maintenance of records and information on activities related to financial consumer protection;

III. Submission of periodic reports on activities related to financial consumer protection required by the Key Management Personnel or the Board.

4. Policies and procedures

a) LBF shall have Financial consumer protection policies and procedures that covers following areas,

I. Description of roles and responsibilities of employees engaged in financial consumer protection activities, at all levels;

II. Identification, measurement, monitoring and control of risks relating to compliance with applicable Regulations, circulars, guidelines, codes of conduct and internal procedures on financial consumer protection;

III. Sharing relevant critical information of financial consumers with internal and external parties;

IV. Disclosure of information including the complaint handling process and other alternative dispute resolution mechanisms;

V. Evaluation of financial products and services to identify, measure, monitor and control risks related to financial consumer protection;

VI. Data security and privacy;

VII. Complaint handling procedure;

VIII. Internal controls to safeguard financial consumers' assets against incidents of fraud, theft, misappropriation and misuse and procedures to resolve such cases;

IX. Periodic auditing practices covering areas such as internal control systems, control system breaches and lapses, risk management practices, data security, information management systems, etc. to ascertain adequacy of the financial consumer protection framework.

b) LBF Shall review Financial Consumer protection related policies and procedures at least one in every two (2) years.

5. Accessibility Policy

a) LBF shall Formulate and implement an Accessibility policy with a view to enhance fair and equal access to financial products and services, irrespective of the social status, physical ability, marital status, race, caste, gender, age, religion and financial literacy of the financial consumer.

b) The accessibility policy shall include at a minimum,

- Documents, communication and information accessibility.
- Websites and mobile applications accessibility.
- Infrastructure accessibility.
- Cards, Automated Teller Machines (ATMs) and other similar services accessibility.

6. Non Discrimination

a) LBF staff Financial Consumers shall not be discriminated against on grounds not relevant to provision of financial services applied for such as,

- Social Status

- Physical ability
- Marital status
- Race
- Caste
- Gender
- Age
- Religion
- Financial literacy

b) LBF shall provide special attention to financial consumers such as elderly, physically disabled, low income and low financial literate to ensure fair access to all financial products and services of the company.

7. Infrastructure

a) LBF shall comply with general laws regarding accessibility, such as facilitating differently abled and elderly financial consumers, when constructing new buildings and physical infrastructure.

b) LBF shall take necessary actions to improve accessibility in installing and processing ATMs and other automated equipment by enabling screen reader and other accessibility features.

c) LBF shall provide cards (Debit and Credit) with accessibility features at the request of the financial consumer.

8. Unfair Business Practices

a) Employees of LBF or agents/ third parties appointed by the company shall not employ or engage in following unfair business practices to the detriment of financial consumers,

I. Abusive debt recovery practices;

II. Requiring payment of un-accrued (future) interest/ early settlement fees on credit facilities, exceeding the levels permitted by the Central Bank, if any;

III. Automatically increasing credit limits without prior consent of the financial consumer;

IV. Imposing excessive fees, penalties, future interest, and charges compared to the cost involved;

V. Imposing fees and charges without prior written notice;

VI. Changing the agreed terms and conditions on financial products and services without written consent of the other party;

VII. Deducting payments and fees automatically for credit facilities that are tied to deposit account(s) without written consent of the financial consumer, using clauses imposing an obligation on the financial consumer;

VIII. Bundling and tying practices on financial products or services unduly limiting financial consumers' choices;

IX. Unduly delaying processing of requests of financial consumers;

X. Imposing any unfair terms and conditions at any time with respect to the rights and obligations of financial consumers; and

XI. Preventing financial consumers from termination of contracts, change of the Financial Service Provider or financial product/ service.

b) LBF shall not act in bad faith or negligently in providing financial products and services to financial consumers.

9. Sales Practices

LBF Shall,

a) Formulate unambiguous and adequate sales policies and procedures for the sale of financial products and services;

b) Ensure persons engaged in activities related to sales/ marketing/ promoting products and services are trained and knowledgeable in key features, risks, important terms and

conditions and act fairly and reasonably adhering to its procedures, practices and codes of conduct;

c) Avoid aggressive sales practices and reckless or negligent sale of unsuitable financial products or services to financial consumers, during the sales process;

d) Not understate or dismiss warnings or cautionary statements in any form of sales, including written sales materials;

e) Take all appropriate/ reasonable steps to identify and prevent or manage conflicts of interest between the LBF and the financial consumer to prevent the adverse impact of such conflicts on financial consumers;

f) Disclose actual and potential conflict of interest to financial consumers, in the case of advisory services and third party products.

10. Unfair Contract Terms

a) The contract terms shall be considered unfair where there is an imbalance in rights and obligations to the detriment of the financial consumer, including but not limited to followings terms,

I. Termination of contracts or alteration of clauses by LBF without prior notice to the financial consumer in writing or through newspaper notice or any other appropriate way within a reasonable time before such changes are made;

II. Making unilateral change to a contract without stating the circumstances under which the change could be made;

III. Limiting the liability of LBF unfairly and disproportionately in the event of total or partial non-performance of contractual obligations;

IV. Binding the financial consumer while the corresponding obligation on LBF is disproportionate;

V. Excluding or limiting the liability of the LBF to losses caused to the financial consumer by misrepresentation, negligence or misleading information on its products or services;

VI. Excluding or limiting the liability of LBF with respect to actions or commitments undertaken by their employees, agents or third parties appointed by the Company.

VII. Giving LBF the ability to transfer its rights and obligations under the contract, without the consent of the financial consumer, where such action may reduce the rights of the financial consumer;

VIII. Excluding or limiting the rights of the financial consumer to take legal action in the event of a breach of contract; and

IX. Implying clauses to waive any protection to the financial consumer provided by Acts, directions, Regulations, circulars, guidelines or codes of conduct.

b) LBF shall ensure that contract terms of above nature are not included in the Facility agreements.

c) LBF shall provide all the contractual documents to the financial consumer within a reasonable time before signing the contract.

11. Fraud and Misuse of Financial Consumer Assets

a) LBF shall ensure that the financial consumers deposits and other assets are not exposed to internal or external fraud or misuse by LBF employees or any other party.

b) LBF shall take necessary steps to manage risk of fraud or misuse of financial consumers' deposits and other assets.

c) LBF shall take necessary disciplinary actions and legal actions against those who are involved in frauds or misuse involved in financial consumer's deposits and other assets

12. Timely Response and Contacting a Financial Consumer

a) LBF shall respond to a financial consumer's request for information clearly, timely and in writing or electronically, through the preferred communication channels and either in Sinhala, Tamil or English, as preferred by the financial consumer, within a reasonable time period.

b) LBF shall maintain a record of the financial consumer site visits for recovery purposes, including date and time of the visit, names of the officers who visited and the financial consumer's response in brief.

c) When making telephone contact with a financial consumer, the person shall introduce himself or herself, the name of the company on whose behalf the financial consumer is contacted and the purpose of contacting.

d) LBF shall maintain call recordings and a call register of call centers and shall retain such records considering the data retention requirements.

e) When obtaining a physical signature, LBF shall obtain a signature for security/ contractual documents outside the premises of the place of business only if a reasonable circumstance arises upon request of a financial consumer and in the presence of an authorized officer from LBF.

13. Advertisement and Sales Promotion

a) LBF Shall,

I. Advertise/ promote suitable financial products or services based on financial consumers' needs and capabilities.

II. Avoid misuse of footnotes, disclaimers, or fine prints to prevent a financial consumer from reading relevant information fairly. Such items should be of sufficient size and of sufficient duration to enable an average viewer to comprehend.

III. Ensure advertisement and sales materials do not contain misleading or false information or omit information that is important for the financial consumer to make a decision.

IV. Be liable for the statements made in advertising and sales materials.

V. not use marketing strategies which may harm financial consumers by taking advantage of the financial consumers' condition.

VI. provide financial consumers with actively opt-in to receiving marketing materials, and easy means to opt-out from receiving marketing materials at a later point in time.

VII. include the contact details of LBF and credit rating (if available) and state that LBF is supervised by the Central Bank, in all advertisements and marketing materials.

b) LBF shall ensure that the remuneration of employees and agents attached to marketing/ sales shall not be solely based on the sales volume/ target but give consideration to encourage responsible business conduct, interests and circumstances of the financial consumer.

14. Product Suitability and Design

LBF shall,

I. Gather and record information about the financial consumer to determine the suitability of the financial product(s) or service(s) to be offered or recommended to the financial consumer.

II. Assess the financial consumer's ability to fulfil terms and conditions associated with the financial product or service.

III. Identify a maximum debt service/ income ratio (percentage of financial consumer's disposable income that can be allocated to service debt) to assess the risk of over-indebtedness of a financial consumer by using sources such as the Credit Information Bureau (CRIB), etc.

IV. Based on the aforementioned information and criteria, determine that a financial product or service is suitable for the particular financial consumer before entering into a contract.

V. Offer financial products or services that are suitable to the varying needs, risk profiles and interests of the types of financial consumers for whom they are intended (the target market), having regard to the characteristics of that target market;

VI. Not alter, bundle, or modify financial products to distort the features of the product which can place the financial consumer in a disadvantageous position;

VII. Offer rates/ fees/ prices commensurate with the market-related rates/ fees/ prices, cost structure of LBF, regulatory requirements, etc.

15. Sale or Transfer of Debt or Any Other Product or Service

LBF shall take the following actions, where the sale or transfer of debt or any other financial product or service without borrowers' consent is permitted by law or LBF intends to cease operating, merge with, or transfer all or part of its operations to another party,

a) Notify the affected financial consumer of a sale or transfer within a reasonable number of days and the remaining debt

b) Obligation or outstanding position of the product/ service;

c) Provide the financial consumer with information as to where to make payments; and

d) Provide the financial consumer with the acquirer's or purchaser's, or transferee's contact information.

16. Conduct of an Agent or Third Parties

a) Where the LBF appoints an agent/ third party, it shall enter into a formal agency or third party contract and comply with these Regulations, as applicable.

b) LBF shall be legally liable for the actions and omissions of their agents and third parties.

c) LBF shall be required to perform due diligence before contracting any agent or third party.

d) LBF shall be required to continuously monitor the performance of their agents and third parties.

e) LBF shall enter into a non-disclosure agreement with the agents/ third parties deployed in its businesses to preserve the duty of secrecy of the information of financial consumers.

f) LBF shall provide a financial consumer upon request with details of agents and third parties appointed for financial consumer services and the code of conduct issued to them requiring them to refrain from doing any of the following but not limited to:

I. Harassing financial consumers;

II. Disclosing financial consumer information to unauthorized parties;

III. Giving false or misleading information about products/ services; and

IV. Undue influence on financial consumers or the general public to buy or get involved in the products/ services of the company.

17. Debt Recovery

a) LBF shall prioritize transparent, courteous, and fair debt recovery practices that do not involve undue pressure, intimidation, harassment, humiliation, or threats to financial customers. This pledge is consistent with the organization's approach to ethical and respectful debt recovery techniques.

b) LBF shall ensure that sales proceeds from foreclosure assets are immediately applied on recovery of the credit facility, and the financial consumers shall be informed and refunded with the balance, if any subject to other provisions in applicable laws. Further, LBF shall provide a report on the sale of collateral, which includes but not limited to the process involved, total sales proceeds, all incidental expenses/ costs and the net proceeds. to the financial consumer within reasonable time period from date of sale/ transfer of title of the asset.

c) LBF shall not engage in any of the following:

I. Contacting friends, employer, relatives or neighbors of a financial consumer for any information other than information or verification of employment status, telephone numbers or address, except where:

- The person has guaranteed the loan; or
- The person has been nominated to be contacted by the financial consumer.

II. Requiring any persons listed in the (i) above to offset the debt, except where the person has acted as a guarantor.

III. Unnecessary or excessive contact or communication with a person, beyond what is reasonable in the circumstances.

IV. Disclosing the existence of a debt to a third party (including friends, family, etc.).

V. Making any misrepresentation in connection with a debt, such as its characteristics, the amount owed, the Company's legal rights or the potential legal consequences for any person if the debt is not paid.

VI. Public shaming.

VII. Calling or visiting the work place of the financial consumer to seek repayment, except with the prior consent of the financial consumer.

VIII. Threatening to harm or harming any person.

IX. Threatening to seize, or seizing, property which has not been provided as collateral.

X. Threatening to damage, or damaging property.

XI. Making contact with financial consumers in person or by other means such as telephone between the hours of 9.00 pm and 6.00 am, for the purpose of debt recovery.

18. Free Market

a) LBF shall not engage in exclusive arrangements with agents or merchants hindering market access to other Financial Service Providers.

b) LBF shall Operate systems which are open and interoperable.

c) LBF shall Display the followings in a prominently visible position at the public places of business including outlets,

I. Business license,

II. Registration or appointment obtained from the Central Bank,

III. Latest audited financial statements,

IV. Credit rating with underlying specifications,

V. Key contact details of the person handling complaints,

VI. Business hours and holiday notices

d) LBF shall publish the latest annual effective and nominal interest rates of deposits and lending products, foreign currency exchange rates, details of fees, commissions and any other charge with the effective date as applicable on the official website and display the same in a prominently visible position at the public place of business, including outlets.

19. Financial Consumer Education and Awareness

a) LBF shall ensure that financial consumers are provided with sufficient number of financial education and awareness programs, either on its own or in partnership with industry associations or in collaboration with the Central Bank/ agencies promoting financial literacy.

b) Financial education tools may include but not limited to printed brochures, flyers, booklets, posters, videos, presentations, interactive loan calculators, key messages,

c) LBF shall educate financial consumers on legal provisions related to its financial products/ services.

d) LBF shall provide financial consumers with specific warnings related to over indebtedness, such as consequences of multiple borrowing and late repayments with a special attention on vulnerable groups through financial education and awareness programs.

20. Information on Financial Products and Services

a) LBF shall maintain an official website and update its contents in a timely manner ensuring adequate disclosure and transparency of its business activities, products and services.

b) LBF shall disclose or provide all the relevant information and documents at any stage of a contract, in a complete, clear, concise, accurate, not misleading and timely manner in the language preferred by the financial consumer either in Sinhala, Tamil or English and explain salient features of such information to the financial consumer.

c) LBF shall provide copies of the offer letter, agreement and other relevant legal documents to the financial consumer at the time of execution of such documents or within a reasonable time period giving due attention to perfection requirements provided by the law.

a) LBF shall provide accurate and not misleading information (whether written, oral or visual) in advertisements, marketing material or any material related to financial products or services.

b) Information provided shall be in plain and comprehensible language in either Sinhala, Tamil or English, as preferred by the financial consumer.

c) Any written communication provided by the LBF shall:

I. Be in a font, size, spacing and placement of content that makes communication easy to read for the financial consumer

II. Contain and highlight key features of the given financial product or service such as Annual Effective Rate of Interest (AER), tenor of the facility, fees charges and main risks.

d) LBF shall provide a financial consumer with documents, including Key Fact Documents, applications, offer letters, agreements, forms, receipts and statements relating to the financial product or service in writing, including electronic means.

e) LBF shall provide clarifications if financial consumers have any query regarding the information provided or disclosed.

f) LBF shall obtain a written confirmation from the financial consumer that the details of the products or services and their terms and conditions were received, explained and understood prior to accepting the offer.

g) LBF shall notify affected financial consumers at least thirty (30) calendar days in advance of the amendments or alterations being made to the range of services it provides.

h) LBF shall convey information in a clear and transparent manner via digital channels shall be required to;

I. Make available the key information prominent in digital channels, with secondary layers of information provided

II. Make available the offline channels to obtain further information and assistance;

III. Keep the order and flow of information provided via mobile channels to enhance transparency and comprehension;

IV. Disclose pricing and key terms and conditions before the transaction is completed in digital transaction

V. Make available user interfaces via mobile apps/ channels that are user-friendly and easy to navigate with adequate security features.

21. Key Fact Document

a) LBF shall have a standardized document in the form of a “Key Facts Document” in either printed or electronic form for its products/ services written in simple language in Sinhala, Tamil and English, which shall be made available to the prospective financial consumers and displayed on the corporate website.

b) Key Facts Documents shall contain the following basic information with regard to loan products:

- **i.** Key features of the product/ service, including the nature of the product, annual effective rate of interest, penalties, other charges and fees and commissions.
- **ii.** Procedures to be followed to obtain the product/ service.
- **iii.** Main terms and conditions.
- **iv.** Complaint handling procedure.

c) This document shall contain the following basic information with regard to deposit products:

- **I.** Key features of the financial product/ service, including the nature of the product, annual effective interest
- **II.** Rate, financial and other benefits to financial consumers, including incentives and promotions.
- **III.** Minimum balance requirements, account opening fees, account maintenance fees, account closure fees and
- **IV.** the availability and coverage of the deposit insurance.
- **V.** Any restrictions on opening accounts, closing accounts, premature withdrawals, transferring funds by financial
- **VI.** consumers, and policies and procedures on dormant accounts and abandoned properties.
- **VII.** Complaint handling procedure.
- **VIII.** Procedures for unauthorized or mistaken transactions.

22. Disclosure of terms & conditions

LBF shall disclose all the terms and conditions of financial products and services relevant to the financial consumer in the contractual documents, which includes but not limited to:

- **I.** Rights and responsibilities of the financial consumer;

II. Rights and responsibilities of LBF;

III. Key risks to the financial consumer;

IV. Interest rates, costs, commissions, fees and charges relevant to the product or service;

V. Method of computing interest charges;

VI. Notification to financial consumers on changes to the contract;

VII. Penalties and other remedies in the event of a breach of contract;

VIII. Contact information of the LBF's financial consumer service;

IX. Terms and conditions that may lead to termination of the contract;

X. Cancellation/ termination and portability procedures of financial products and services ;

XI. Any compensation/ charges/ penalty applicable in case of pre-mature withdrawal/ termination/ early settlement/ switching of a product or service by the financial consumer;

XII. Procedure and latest contact details of LBF on handling complaints and alternate dispute Resolution mechanisms such as Financial Ombudsman in Sri Lanka and the Central Bank;

XIII. The rules regarding:

- reporting of suspicious transactions and above-the-threshold transactions to the Financial Intelligence Unit;
- the reporting procedures that the financial consumer should follow in case of stolen cards/ financial instruments and the manner in which such liability to be accepted by the Company and by the financial consumer; and

XIV. the disclosure of financial consumer information to a party legally authorized to obtain such information.

23. Information on Credit Facilities and Credit Instruments

LBF shall provide an application/ offer letter/ agreement to the financial consumer and the application/ offer letter/ agreement, at minimum, must contain the following basic information, as applicable, in addition to the information required under section 20 of this policy:

I. Name of the borrower

II. Contract Number (Loan Reference Number)

III. Amount Granted

IV. Date granted and the credit repayment period

V. Annual Effective Rate of interest and basis (Fixed or Floating)

VI. If floating, benchmark rate and frequency of rate revision

VII. Repayment schedule and frequency of instalments (daily, weekly, monthly or any other basis)

VIII. Details of security/ collateral offered

IX. Breakdown of additional charges, commissions and other costs payable by the financial consumer such as insurance, valuation, documentation, registration, *etc.* (if applicable)

X. Penal interest rate (per annum) in the event of delayed payment

XI. The recovery procedure in the event of default of payments by the financial consumer, including the timing and the types of costs involved in repossession of assets, the procedure to be followed by the financial consumer after repossession, any other types of charges as applicable, *etc*.

XII. Procedures to revoke or stop payment on a credit instrument by the financial consumer

XIII. Liability of parties in the event of unauthorized transactions on their accounts or fraud involving a credit Instrument

XIV. Consequences and costs to the financial consumer on using credit instrument to the account with insufficient funds

XV. Terms and conditions of all tied or bundled financial products or services

XVI. The conditions applicable for early settlement by financial consumer

24. Provision of Account Statements

a) LBF shall provide a financial consumer with,

I. a periodic statement of every account the Company operates for the financial consumer, free of charge, either in written or electronic form or according to the manner as agreed by the financial consumer

II. when entering into the principal contract with LBF; a closing statement when terminating or concluding a contract; and

III. iii. information on account balances upon request by the financial consumer.

b) The frequency in which statements are provided shall commensurate with the type of financial product or service, its term and the type of clientele.

c) The statement referred shall contain the following information, as applicable:

I. All transactions (date, type and amount);

II. Opening and closing balances;

III. Due date;

IV. Amount due/ payable;

V. Annual effective rate of interest; and

VI. Fees and penalty charged (rate or percentage).

d) LBF shall provide a financial consumer who has fully settled the financial obligations with a written declaration indicating the full settlement of the obligation.

e) LBF shall take measures to release the documents related to the property that is subject to collateral of a credit facility to the financial consumer within seven (07) working days from the date of full settlement of the obligation.

25. Information on Deposit Accounts

a) LBF in addition to the information required under section 20 of this policy, **shall** disclose the following information to the financial consumer in the application/ mandate/ certificate/ pass book/ renewal notice, information relating to:

i. balance of the account in an appropriate mode and frequency, as applicable;

ii. applicable annual effective interest rate/ yield rate/ profit sharing ratio;

iii. charges or fees for account opening and minimum balances;

iv. account maintenance fees;

v. responsibility of the financial consumer to keep the account access information confidential, including Personal Identification Numbers and passwords linked to the account;

vi. limitations on the account functionality such as the number of withdrawals and transactions allowed free of charge;

vii. in the case of term deposits, a notice of renewal prior to the maturity date;

viii. availability and coverage of the deposit insurance;

ix. procedures and costs for the financial consumer to close the account; and

x. conditions to be classified as an inactive or dormant account and the consequences of an account becoming inactive or dormant.

26. Notification of Changes in Terms and Conditions

a) LBF shall notify a financial consumer in writing, within a reasonable time, prior to making changes to the agreed terms and conditions related to:

I. the annual effective rate of interest to be paid or charged on any account of the financial consumer;

II. any non-interest charge on any account of the financial consumer;

III. any other key product/ service feature or previously agreed on terms or conditions such as procedure for cancellation, prepayment of loans and transfer of loan servicing.

b) LBF shall be required to notify the financial consumer when his/ her accounts become inactive or dormant.

27. Complaint Handling and Redress Mechanism

a) LBF shall have a clear written policy and procedures ensuring appropriate mechanisms are in place to receive, resolve with fair redress, compensation and respond to individual grievances and complaints of financial consumers, including retention of such records.

b) LBF shall have a complaint handling mechanism or unit independent from business units and supervised by a Key Management Personnel.

c) LBF shall conduct root cause analysis on complaint data and use such analysis to improve their financial products and services, as a part of the duties of the risk management committee related to operational risks or any other management committee overseeing the operational risk.

d) The mechanism for receiving complaints shall have multiple channels with clear procedures, including help desk assistance, telephone numbers, dedicated email/ postal addresses and online web forms.

e) The mechanism shall be free of charge, fair, accessible, transparent and independent from business operations.

f) LBF shall acknowledge the complainant in writing, with contact details of the officer/ officers handling the complaint, within a reasonable time [preferably within five (05) working days.

g) LBF shall assign an officer to coordinate complaints in each branch/ office/ outlet.

h) LBF shall maintain records of all complaints for future reference.

i) LBF shall provide financial consumers with information on the latest mechanisms for handling complaints in the contractual documents. Further, LBF shall publish the complaint handling procedure and other relevant information on handling complaints, indicating the latest modification date to the complaint handling procedure, if any, on the official website of LBF and by way of pamphlets, posters, etc.

j) information referred to under **Sub-Regulation 44.1** shall include:

- **i.** available channels for submitting complaints, including contact details;
- **ii.** timeline for complaint resolution;
- **iii.** responsibility of the complainant at each stage of the process;
- **iv.** obligations of LBF;

v. process of escalation to various levels, if not satisfied; and

vi. details of alternative dispute resolution mechanisms (Financial Ombudsman of Sri Lanka, Central Bank, as applicable).

k) LBF shall, upon receipt of a complaint from the financial consumer, resolve such complaint within 21 calendar days. However, if it is unable to resolve a complaint within 21 calendar days, shall notify the complainant before the expiration of 21 calendar days, giving reasons for the extension [maximum of three (03) months] and measures taken to resolve the matter so far.

l) However, LLBF shall make all necessary arrangements to resolve complaints which require urgent action within the earliest possible time, considering the impact, urgency and risk of both the company and the financial consumer.

m) In the event LBF is unable to provide redress for the complaint, the Company's position shall be clarified to the complainant within the timelines stipulated in "K "above.

28. Conflict of Interests

a) LBF shall avoid conflicts of interest when handling complaints of financial consumers.

b) An officer shall not be involved in the processing of a complaint if such officer is a party to or a direct supervisor to the relevant officer or has an interest in the complaint or complainant.

29. Periodic Review

This policy shall be reviewed at least annually or any change in regulations whichever occurs first.