

HOW CAN YOU CONTACT US?

If you have questions or complaints, you can reach us through these channels:

At one of our branches

Phone: 514-522-1846 or toll-free 1-800-522-1846

Visit laurentianbank.ca and complete the form in the “Contact us” section.

For information about how to make a complaint, refer to the “Achieving Customer Satisfaction” brochure, available at our branches or on our website.

PROHIBITED
CONDUCT INCLUDING
COERCIVE
TIED SELLING

EVERYTHING YOU
NEED TO KNOW
ABOUT THIS SUBJECT



WHY DID WE CREATE THIS BROCHURE?

In compliance with the *Bank Act*, Laurentian Bank has created this brochure to explain to its customers in plain language what is considered prohibited conduct including coercive tied selling and the illegal nature of this practice.

In this brochure we will explain to you:

- » what prohibited conduct including coercive tied selling is;
- » what prohibited conduct including coercive tied selling is not; and
- » how to contact us if you have any questions, complaints or concerns.

WHAT IS PROHIBITED CONDUCT INCLUDING COERCIVE TIED SELLING?

The *Bank Act* prohibits banks from imposing undue pressure on a person, or coercing a person, for any purpose, including to obtain a product or service from a particular person – including the institution and any of its affiliates – as a condition for obtaining another product or service from the institution or taking advantage of a person.

The following two examples help clarify the meaning of coercive tied selling and the kind of practices that are prohibited.

EXAMPLES

Your Bank representative informs you that you qualify for a home mortgage. However, you are also told that the Bank will only approve your mortgage if you transfer your investments to the Bank or one of its affiliates. Although you want the mortgage, you have no desire to move your investments.

Your Bank representative tells you that you qualify for a Registered Retirement Savings Plan (RRSP) loan. However, you are also told that the Bank will only approve the loan if you use the money to buy the Bank's mutual funds. While you want the loan, you would rather invest the money somewhere else.

Both of the above practices are against the law. If you qualify for a product, a banking representative is not allowed to unduly pressure you to buy another unwanted product or service as a condition for obtaining the product you want.

What is Our Commitment to You?

At Laurentian Bank and its subsidiaries, we require from all our employees to fully comply with the law by not imposing undue pressure or taking advantage of a person. Should you ever believe that you have experienced prohibited conduct including coercive tied selling in any dealings with us, we urge you to let us know about it. Complete details about how to reach us are provided at the end of this brochure.

WHAT IS NOT COERCIVE TIED SELLING?

Most businesses, including Laurentian Bank and its subsidiaries, look for tangible ways to show their interest in your business. Sales practices, such as preferential pricing and bundling of products and services, offer potential and existing customers better prices or more favourable terms. Many of these practices are already familiar to you. Such practices should not be confused with coercive tied selling, as defined by the *Bank Act*.

The same also applies to practices used by a bank in managing the credit risk.

What is Preferential Pricing?

Preferential pricing means offering customers a better price or rate on all or part of their business. For example, a computer store offers a discounted price on colour printers to clients who purchase a computer at the same time. A shoe store offers a second pair of shoes at half price.

Similarly, a bank may be able to offer you preferential pricing – a higher interest rate on investments or a lower interest rate on loans – if you use more of its products or services.

The following two examples help explain how preferential pricing can be applied in banks.

EXAMPLES

After approving your application for a home mortgage, your Bank representative tells you that this mortgage would be available to you at a lower interest rate if you transferred your investments to the Bank or its affiliates.

After approving your application for an RRSP loan, your Bank's representative offers you a lower interest rate if you use the loan to buy the Bank's mutual funds.

The above practices are acceptable. The approval of your mortgage and RRSP loan is not conditional on your taking another bank product or service. Rather you are offered preferential pricing to encourage you to give the bank more business.

What is Bundling of Products and Services?

Products or services are often combined to give consumers better prices, incentives or more favourable terms. By linking or bundling their products or services, businesses are often able to offer them to you at a lower combined price than if you bought each product on its own. For example, a fast-food chain advertises a meal combination that includes a hamburger, fries and a drink. The overall price is lower than if you bought the three items separately.

Similarly, banks may offer you bundled financial services or products so that you can take advantage of package prices that are less than the sum of the individual items.

The following example helps explain the bundling of bank products and services.

EXAMPLE

You plan to open a bank account that charges you for individual transactions. Your Bank representative offers you a package of services that includes a comparable bank account and credit card with no annual fee. The total price for the package is less than if you purchased each part of the package separately.

Bundling products in this way is permitted because you have the choice of buying the items individually or in a package.

How Do We Manage Our Credit Risk?

To ensure the safety of their depositors, creditors and shareholders, banks must carefully manage the risk on the loans and credit cards they approve. Therefore, the law allows us to impose certain requirements on borrowers as a condition for granting a loan – but only to the extent necessary for us to manage our risk.

The following example helps explain how banks manage such risk.

EXAMPLE

You apply for a commercial loan for your business. To manage the risk associated with the loan, the Bank requires your business to have an operating account with the Bank as a condition for obtaining the loan.

The above example is legal and appropriate. Having your business operating account at the bank allows your bank to assess possible risks associated with your business cash flow and manage the risk associated with the loan.

At Laurentian Bank, we make sure our requirements for borrowers remain reasonable and consistent with our level of risk.