

Intelligence MEMOS



From: Harvey Naglie
To: Regulatory Observers
Date: April 4, 2025
Re: REIMAGINING CONSUMER COMPLAINT RESOLUTION IN CANADA'S REGULATED SECTORS

Canada's consumer complaint resolution frameworks are failing to effectively serve both consumers and businesses, with too many aspects that are fractured, inefficient, and outdated.

This systemic weakness can erode trust in regulated sectors (e.g. finance, air travel, and telecommunications) imposing economic costs that hinder Canada's competitiveness. Amid rising geopolitical tensions, supply chain disruptions, and global economic competition, a streamlined national approach to regulatory efficiency is crucial for Canada to remain a viable competitor on the international stage.

Consumer complaint resolution is fundamentally about trust – a prerequisite for confidence in economic institutions. When consumers feel ignored or mistreated, faith in businesses and regulators falters. Distrustful consumers may avoid financial markets or large transactions, slowing economic activity. Businesses face compliance burdens and reputational risks that deter investment. Countries like the US, China, and EU nations leverage streamlined systems to attract capital.

Canada's complaint handling system is a patchwork of federal, provincial, and sectoral bodies, creating overlapping mandates and confusion. For instance, a banking dispute might involve the Financial Consumer Agency of Canada (FCAC) and the Ombudsman for Banking Services and Investments (OBSI) at the federal level, and a series of provincial regulators, each with distinct rules and processes. This complexity frustrates consumers and burdens businesses and financial institutions with inconsistent compliance demands. In contrast, centralized systems in competitor nations highlight Canada's inefficiency.

Delays further undermine the system. Canada's external banking complaint bodies' track record in resolving cases in a timely manner has [not been good](#). Slow resolution stifles economic activity. With nations resolving complaints more quickly, Canada's delays signal weakness in a competitive global market.

There is some progress being made with OBSI now a pan-Canadian dispute resolution body for securities and banking. The issue, however, is that while there is some [movement](#), they still do not have binding authority for their recommendations. OBSI can only recommend solutions – firms can refuse. Consider an investor misled by a dealer: even if OBSI rules in their favor, non-compliance leaves them without redress. This voluntary model contrasts with international benchmarks, where binding decisions are the norm.

As Canada navigates the complexities of rapidly changing global relationships, it needs to eliminate internal barriers and jurisdictional confrontations to achieve a more consistent and efficient national marketplace. This shift necessitates a modernization of internal regulatory frameworks. The current consumer complaint resolution system, with its fragmentation and inefficiencies, is ill-equipped to support this new economic paradigm.

To address these challenges, I propose the establishment of an Independent Consumer Dispute Resolution Authority (ICDRA) – a centralized, independent body with binding enforcement powers across all regulated sectors. This authority would unify processes, eliminate jurisdictional overlaps, and ensure consistent, enforceable outcomes. It would mandate resolution timelines, impose penalties for non-compliance, and integrate digital tools like AI-driven case management and Online Dispute Resolution (ODR) platforms.

The importance of digitalization cannot be underestimated. AI can automate routine tasks – sorting complaints, analyzing trends – while ODR platforms enable remote mediation, slashing resolution times. Initiatives that leverage AI to cut legal backlogs offer a blueprint. Digital access would empower rural consumers, a critical step in a vast nation.

Quebec's AMF is a one-stop shop, an integrated regulator that allows complaints to be handled by a single body – though, again, one without binding powers. Its distinct framework might complicate national reform. However, Canada's history with other landmark national initiatives suggests that ways can be found to achieve worthwhile shared outcomes. A cooperative federalism model – where Quebec opts into the ICDRA after it has been established, and co-governs policymaking – offers one possible solution. This approach mirrors the EU's success in balancing regional diversity with unified standards.

Canada's consumer complaint resolution system is a relic ill-suited to 2025's geopolitical realities. Fragmentation, delays, and weak enforcement undermine trust and competitiveness at a time when global rivals are doubling down on efficiency. The ICDRA offers a path forward, restoring confidence, cutting costs, and aligning Canada with international standards. Policymakers must act now, or risk economic irrelevance in a world where agility and trust are currency.

Recommendations:

1. **Establish the ICDRA:** Create a centralized authority with the power to enforce binding decisions across all regulated sectors. The complexity of the financial sector will require a specific department with appropriate expertise.
2. **Integrate Technology:** Leverage AI and ODR platforms to streamline complaint resolution and enhance accessibility.
3. **Cooperative Federalism:** Engage Quebec and other provinces in a cooperative model to ensure national consistency while respecting regional legal frameworks.
4. **Legislative Reform:** Enact a national legal framework mandating resolution timelines and penalties for non-compliance. This would also require robust procedural fairness protections for all parties.

By adopting these measures, Canada can achieve a modern and efficient national complaint resolution model that will better position Canada as a competitive and stable investment destination.

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