



Pursuant to Article 35, paragraph 1.1 and Article 65, paragraph 1 of the Law No. 03/L-209 on Central Bank of the Republic of Kosovo (Official Gazette of the Republic of Kosovo, No.77 / 16 August 2010), Article 85 and Article 114 related to article 1 of the Law No. 04/L-093 on Banks, Microfinance Institutions and Non-Bank Financial Institutions (Official Gazette of the Republic of Kosovo, No.11 / 11 May 2012), Article 8 of the Law No. 04/L-155 on Payment System (Official Gazette of the Republic of Kosovo, No.11 / 02 May 2013), Article 12, 13 and 20 of the Law No.04/L-101 on Kosovo Pension Funds and Section 3, paragraph 3 of the Regulation on Licensing, Supervision and Regulation of insurance companies and insurance intermediaries (UNMIK/REG/2001/25) and Article 27 of the Law No. 04/L-018 on Compulsory Motor Liability Insurance, the Board of Central Bank of the Republic of Kosovo at the meeting held on 25 September 2014 , approved the following:

REGULATION ON INTERNAL COMPLAINTS HANDLING PROCESS

Chapter I General Provisions

Article 1 Purpose and Scope

1. The purpose of this Regulation is to define minimum requirements on internal complaints handling process, which shall be established by financial institutions to handle complaints arising from their past, current and potential customers, in order to establish a level playing field across the financial institutions and ensure fair treatment of customers.
2. The minimum requirements on internal complaints handling process will increase the ability of customers to actively protect their rights, which will further deepen their trust in the fair functioning of the financial market and positively influence financial inclusion and economic growth.
3. In order to establish transparency in the process of complaints handling and to guarantee that complaints will feed back into operations of financial institutions, this Regulation requires financial institutions to record complaints in a standardized manner, to continuously assess recorded data and report them to the Senior Management and the Board of Directors.
4. Since complaints are a valuable source of information about an individual financial

institution, but also about the market in general, this Regulation requires financial institutions to regularly report their complaints data to CBK in the form prescribed by this Regulation.

5. This Regulation applies to all financial institutions that are licensed, regulated and supervised by the CBK pursuant to the Law on Central Bank or other relevant laws of the Republic of Kosovo.

Article 2

Definitions

1. For the purpose of this Regulation, the following notions have the meaning defined in this article, if not expressly stated otherwise:
 - a) ‘**Advertisement**’ means every form of advertising, whether in a publication (print), by television or radio, by display of notices, signs, labels, brochures, circulars, catalogues, price lists, websites or other materials, or in any other way;
 - b) ‘**CBK**’ or ‘**Central Bank**’ means Central Bank of Kosovo as established by the Law No. 03/L-209 on Central Bank of the Republic of Kosovo (Official Gazette of the Republic of Kosovo, No.77 / 16 August 2010);
 - c) ‘**Complainant**’ means a person who is presumed to be eligible to have a complaint considered by a financial institution and has already lodged a complaint with the financial institution, primarily, but not exclusively, complainants may be past, current and potential customers;
 - d) ‘**Complaint**’ means a statement of dissatisfaction addressed to a financial institution by a complainant, which may include a request for compensation or other sort of remedy for that dissatisfaction. Complaints are not regular insurance claims and mere requests for information or clarification (inquiries);
 - e) ‘**Complaints management policy**’ means a complex strategy on how to approach a complaints handling, including internal complaints process, follow-up monitoring and reporting, or training of financial institutions’ complaints handling staff;
 - f) ‘**Customer**’ means any natural person or legal entity that purchases or uses financial products or services offered or provided by a financial institution or used financial products or services offered or provided by a financial institution in the past or unambiguously attempts to make a purchase or use of financial products or services offered or provided by a financial institution;
 - g) ‘**Durable medium**’ means any instrument which enables a customer to store

information addressed personally to him in a way accessible for future reference for a period of time adequate to the purposes of the information and which allows the unchanged reproduction of the information stored;

- h) **‘Financial institution’** means any institution that is licensed, regulated and supervised by the CBK pursuant to the Law on Central Bank or other relevant laws of the Republic of Kosovo;
- i) **‘Intermediary’** means any third person, natural or legal entity, engaged in marketing, offering, or selling of financial products or services provided by a financial institution, and in preparation, conclusion and administration of agreements and contractual rights related to those products or services;
- j) **‘Internal complaints handling process’** means a set of detailed rules on how to handle customers’ complaints, including rules on how to lodge, record, assess, and answer complaints;
- k) **‘Minimum requirements’** are prescribed in Annex 1 of this Regulation.

Chapter II **Internal Complaints Handling Process**

Article 3 **General requirements**

1. Financial institutions shall establish an internal complaint handling process and a complaints management policy that will ensure that all customers are treated fairly and equally.
2. Complaints shall be handled independently, impartially, in a timely manner and with regard to the customers’ best interest. Financial institutions shall have a complaints management function, which enables complaints to be investigated fairly in compliance with this Regulation and possible conflicts of interest to be identified and mitigated.
3. Financial institutions shall design internal processes, proportionally to their size, in the way that allows for timely resolution of complaints. The manager of the complaint handling function must be empowered to approve a proposed resolution for most of the complaints.

Article 4
Complaints handling and complaints management policy

1. The complaints handling process and the complaints management policy shall be established, implemented and monitored by the Senior Management of the financial institution. The complaint management policy shall be approved by the Board of Directors and it shall be reviewed by the Board of Directors at least once per year.
2. The complaints handling process and the complaints management policy shall be set out in a written document, as an internal procedure/regulation and made available to all relevant staff of the financial institution through an adequate internal channel.
3. The approved complaints management policy shall implement the rules set out in this Regulation. The approved complaints management policy shall also include a plan for training and testing the knowledge of the complaints handling staff to ensure quick and effective resolution of received complaints.
4. There shall be a direct reporting line from the manager overseeing complaints handling to the Senior Management of the financial institution. One of the members of the Senior Management shall have direct responsibility for the complaints handling process and for ensuring that the complaints handling process and the complaints management policy are in compliance with rules established by laws and CBK regulations. Adequate corporate governance safeguards need to be applied to the reporting structure to prevent conflict of interests.
5. Financial Institutions Senior Management shall document the review of their complaints handling process and their complaints management policy at least annually or when there are material changes and adapt it to new circumstances and new findings.

Article 5
Consistent approach

1. Financial institutions shall draft and approve processes that will ensure that complaints are handled consistently and fairly.
2. The complaints handling staff needs to be trained in the financial institution's complaints management policy along the Senior Management-approved training and testing plan and the manager of the complaints handling staff shall be responsible for consistent approach to similar complaints. The training plan shall be available to CBK upon request.
3. The internal audit of the financial institution, if established, shall at least annually verify that complaints are handled consistently and fairly.

Article 6
Lodging complaints

1. Lodging of complaints shall be made as accessible to customers as possible.
2. Financial institutions shall keep all means of communication to lodge complaints, which may be reasonably required, open for customers. At minimum, customers shall have an option to lodge their complaints via:
 - (a) post mail;
 - (b) email;
 - (c) telephone; or
 - (d) in person.
3. Financial institutions shall not impose any restrictions on how or in which form complaints may be lodged that would discourage customers from or limit their rights to lodge a complaint. Particularly, lodging of complaints shall not be subject to any fee or charge or conditional on using any special forms.
4. If possible, financial institutions shall establish a call center to receive complaints. Under no circumstances shall financial institutions charge customers any additional charge above the rate for regular phone calls.
5. Financial institutions shall receive complaints at all branches and sales points and through all of their intermediaries.
6. Financial institutions shall accept customer complaints forwarded by CBK.

Article 7
Language

Complainants shall be allowed to lodge their complaints and to communicate with the financial institution in one of the official languages of the Republic of Kosovo as determined by respective law or in the language of the agreement on the product or service which is a subject of the complaint.

Article 8
Confirmation of receipt

1. The receipt of any complaint through any channel must be formally acknowledged (confirmation of receipt).

2. The confirmation of receipt pursuant to the previous paragraph shall be in writing and given to the complainant on a paper or other durable medium, or via email if the complainant prefers electronic communication.
3. The confirmation shall include at least the following information:
 - (a) a unique identification/tracking number,
 - (b) the full name of the complainant and the complainant's contact information,
 - (c) a brief summary of the complaint, including reference to a product or service agreement if applicable,
 - (d) a list of documents provided by the complainant,
 - (e) a date when the complaint was lodged,
 - (f) the time limits for complaints resolution,
 - (g) means of communication to be used to communicate with the complainant, and
 - (h) contact information (telephone, email and postal address) of the unit responsible for handling the complaint.
4. If additional information or documents are needed to evaluate the complaint, the financial institution shall request the information and provide the complainant with reasonable time and adequate guidance to provide the information as needed. A financial institution shall only require information or documents relevant for assessment of the complaint.
5. When a complaint is lodged via a telephone, the customer shall be informed that if he disagrees with the summary in the confirmation of receipt, he has a right to respond within ten working days and provide the financial institution with comments on the summary or his own summary of the complaint, and provide any supporting documentation to ensure the financial institution addresses the complaint adequately.

Article 9

Complaints record

1. Financial institutions shall establish and maintain an internal single electronic database in which all complaints shall be recorded and kept under a unique tracking number. The unique tracking number shall be referred to in all communication regarding the complaint from the financial institution to the complainant.

2. Financial institutions shall record all communication and other materials related to each complaint in the database.
3. Records in the database shall be kept for 5 years from the date when the complaint was closed.
4. The content of the database and the cover sheet for each complaint including complaint classification shall comply with the minimum requirements established in Annex I of this Regulation.
5. All the accompanying documents and materials, if not part of the database itself, shall be kept with the database and shall be easily accessible when requested by an authorized staff of the financial institution or CBK.

Article 10 **Time limits**

1. Complaints shall be handled and resolved promptly. Each complaint shall be evaluated and a decision about the complaint shall be made and communicated to the complainant at the maximum within fifteen (15) days of its receipt. For complex complaints the deadline may be extended as prescribed in paragraph 2.
2. Any extension beyond limits prescribed by the paragraph 1 shall be approved by a complaints handling manager of the financial institution and specifically flagged in the complaints database. The financial institution shall inform the complainant immediately about the extension, its cause and expected date when the institution's investigation and evaluation is likely to be completed. The total duration of the extension shall not exceed thirty (30) days, except for special cases which due to their complexity require additional time which must be approved by the General Director or his/her deputy her and for those cases when extension is allowed by applicable laws.
3. The period during which the financial institution waits for additional information to be provided by the complainant does not count towards the time limit for complaint resolution.
4. The date when the financial institution receives the complaint is considered to be the date of receipt of the complaint for the purpose of time limits established with this Article. If the complaint is received during a non-working day, the deadline for that compliant will count from the first next working day.

Article 11 **Complaints resolution**

1. Complainants shall be informed about the resolution of their complaint in writing on a paper or other durable medium, in electronic form or over the phone if chosen by the complainant. Refusal, partial refusal or proposal of monetary compensation must be

always in writing. The response shall be reasonably concise and written in plain language with minimum use of legalistic or professional language.

2. The final response to the complainant shall include:
 - (a) the identification/tracking number;
 - (b) a summary of the complaint;
 - (c) the outcome of the complaint (denial or proposed resolution);
 - (d) the explanation of why the outcome was reached;
 - (e) contact information of complaint handling unit/person;
 - (f) information listed in the paragraphs 5 and 6 of this article.
3. Any proposed compensation must be quantified in monetary terms and duly explained so that the complainant clearly understands the value of the proposed compensation and how it was calculated.
4. A refusal or a partial refusal of the complaint shall be duly explained to the complainant in plain language.
5. If a financial institution has established an internal appeals process, complainants shall be informed in the final response about their right to appeal against the resolution with which they do not agree and the manner in which the right can be exercised.
6. Complainants shall be also informed about other steps they may take if they do not agree with the resolution of their complaints, particularly about their right to:
 - (a) send the complaint to CBK;
 - (b) send the complaint to other public authority or alternative dispute resolution mechanism, if relevant;
 - (c) file a lawsuit before a court.

Article 12

Appeal

1. Financial institutions may establish an internal appeals process to address complainants' disagreement with the resolution of their complaints. Such an internal appeals process shall meet the minimum criteria established in this article.

2. A person or body empowered to decide on the appeal shall be organizationally independent and empowered to make final decisions on the complaint and proposed compensation.
3. A decision on the appeal shall not grant the complainant less rights or compensation than granted by the decision against which the complainant appealed (a first instance decision).
4. The provisions of the articles 6 to 11 of this Regulation apply proportionally to the process of appeals.

Article 13 Intermediaries

1. If a financial institution uses intermediaries, it will also have the responsibility for the resolution of complaints. Any complaint against any intermediary related to products or services provided by the financial institution may be lodged either with the intermediary or directly with the financial institution the intermediary represents. The provisions of the articles 6 and 7 of this Regulation apply proportionally.
2. When a customer complains to an intermediary, he should be informed that the financial institution the intermediary represents is ultimately responsible for handling the complaint and therefore the intermediary must pass on the complaint without delay.
3. The intermediary shall confirm the receipt of the complaint to the complainant in writing or via email and confirm that the complaint has been forwarded to the financial institution that will contact the complainant directly to address the complaint. The provisions of the articles 8 to 10 of this Regulation apply proportionally.
4. The date when the intermediary receives the complaint is considered to be the date of receipt of the complaint for the purpose of time limits established by Article 10 of this Regulation.
5. If the financial institution concludes that any compensation is due for any reason related to the intermediary it has used to sell and service the financial product or service in question, it will be the responsibility of the financial institution to provide the complainant with adequate compensation. The financial institution shall not ask the complainant to demand compensation from the intermediary or require that the intermediary compensates the complainant directly. The previous provision does not prevent the financial institution from requesting reimbursement from the intermediary.
6. If the intermediary decides to fully accept the complaint and meet the complainant's request, the intermediary may do so, on which the intermediary notifies the financial institution involved. The provisions of Article 11 of this Regulation shall apply proportionally.

Article 14 Disclosures

1. Financial institutions and intermediaries shall clearly inform customers about ways to lodge a complaint. Each contractual agreement for a product or service shall include information about the right to lodge a complaint, including all relevant contacts.
2. The scope and content of the disclosure may differ based on the media used and purpose of the communication:
 - (a) Information leaflets, brochures and pre-contract information shall include at least a clearly visible text "Complaints or comments? Please call [complaint-accepting phone line], email [complaint-accepting email address] or write to [postal address]";
 - (b) Contract documentation shall include at least an individual document, attached to the agreement that lists all contacts to lodge a complaint, describes the process of complaints handling and informs the customer about the next steps he may take if not satisfied with the complaint's resolution;
 - (c) Websites shall include the information listed under the letter (b) above and may contain a form through which customers may lodge a complaint.
3. The disclosure pursuant to the paragraph 2 items (b) and (c) of this article shall further include a description of the complaints handling process. The minimum information to be disclosed by financial institutions shall include:
 - (a) Description of the complaints handling process in plain language and each steps thereof;
 - (b) Information about language in which complaints shall be handled;
 - (c) Information about maximum time limits to answer complaints;
 - (d) Information about appeal options, if applicable;
 - (e) Information about other mechanisms a complainant may use to pursue the complaint if not satisfied with the proposed solution by the financial institution. The information about further options must contain specific contact to CBK and information on how to find relevant contacts to other authorities, if applicable (e.g. for relevant courts).
4. An intermediary shall clearly inform customers through communication and marketing materials as well as websites that customers may lodge a complaint against the intermediary with the financial institution represented by the intermediary. The information must also include relevant contact information for the financial institution.

5. Information listed in the paragraphs 2(b), 3 and 4 of this article shall be visibly displayed in all branches, premises and selling points of the financial institution or intermediary respectively.

Chapter III Complaints Assessment

Article 15 Semi Annual Report

1. At least semiannually complaints from the previous period shall be summarized into an analytical report that shall be submitted to the Senior Management of the financial institution, and at least once a year it shall be submitted to the Board of Directors. The report shall include information on:
 - (a) the number of complaints received,
 - (b) types and issues of complaints,¹
 - (c) products or services the complaints related to,
 - (d) branches, other distribution points or intermediaries the complaints related to,
 - (e) the time taken to resolve complaints, and
 - (f) resolution, that is, how many complaints were denied or upheld and with what compensation or other forms of redress.
2. The report shall address any recurring or systemic problems and the root causes for lodged complaints.
3. As an integral part of the report, the Senior Management shall be presented with proposals to lower the number of the most frequent or systematically important complaints through implementing changes to the sales process, marketing communication or product design or other relevant changes in the operation of the institution. The internal auditors shall be consulted about the proposals to limit the number of complaints before the proposals are submitted to the Senior Management.
4. Assessment of implementation of the previous recommendations shall be part of the report.

¹ The classification in Annex 1 may be used.

5. The Senior Management must discuss the report and agree on a resolution about the content of the report and proposed response to the most frequent or systematically important complaints. When assessing the received complaints and their root causes, the Senior Management should also evaluate whether these root causes may affect other processes or products, including those not complained of.
6. The records of the Senior Management and the Board of Directors meetings must show that the report and the related proposals were discussed and a formal decision of the Senior Management and/or the Board of Directors was taken on the complaints and the proposals.

Article 16 Monitoring

The analysis and the Senior Management resolution shall be provided to the Board of Directors and to the internal auditor, if established. The internal auditor shall include the complaints handling into the annual work plan and reflect it in the monitoring of operational risks.

Chapter IV Regulatory reporting and cooperation with CBK

Article 17 Reporting

1. Financial institutions shall report electronically to CBK the semiannual analysis and the Senior Management resolution pursuant to Article 15 of this Regulation.
2. Financial institutions shall report electronically to CBK ongoing basis information about telephone, email and postal contacts where customers may lodge complaints.
3. Dates and contact information for the reporting pursuant to the paragraphs 1 and 2 is provided in the Annex 2.

Article 18 Cooperation with Central Bank of Kosovo

1. If a complaint has not been resolved in a timely manner pursuant to Article 10, paragraph 1 and Article 12 paragraph 4, or if a complainant does not agree with the resolution of the complaint, the complaint may be handled by CBK.
2. Financial institutions shall set up a single point of contact to provide CBK with information regarding any complaints CBK investigates within a reasonable deadline set out by CBK. The contact person will be responsible for collecting all relevant

information from within the financial institution and providing it to CBK within the maximum of five (5) working days, unless specified otherwise by the CBK.

3. Financial institutions shall be responsible for updating the contact information without delay.
4. When CBK believes the customer was harmed, it recommends a resolution to the financial institution and the financial institution shall inform CBK on how the recommendation was implemented within ten (10) working days after concluding the complaint.
5. The contact information for the reporting pursuant to the paragraphs 2 and 3 is provided in the Annex 2.

Chapter V Transitional and final provisions

Article 19 Enforcement, Remedial Measures and Civil Penalties

1. Banks found to be in violation of this Regulation shall be subject to the remedial measures and penalties prescribed by applicable laws and regulations.

Article 20 Final provisions

1. If the procedures and deadlines specified herein regarding complaints contradict the applicable laws to which this regulation is issued, the provisions of those laws will prevail.
2. If the procedures and deadlines specified herein regarding complaints contradict the procedures and deadlines regarding complaints prescribed by other regulations issued by CBK, procedures and deadlines under this regulation shall prevail.

Article 21 Transitional provisions

1. Financial institutions shall meet the requirements of this Regulation within six (6) months after the effective date of this Regulation.
2. First report pursuant to Article 15 of this Regulation shall be prepared 9 months after the effective date of this Regulation.
3. Internal audit shall implement obligations imposed by Article 5, paragraph 2 and

Article 16 of this Regulation by the beginning of 2015.

4. Contact information pursuant to Article 17, paragraph 2, and Article 18, paragraph 2 of this Regulation shall be reported to CBK within one month after the effective date of this Regulation.

Article 21
Entry into force

This Regulation shall enter into force 1 October 2014
The Chairman of the Board of Central Bank of the Republic of Kosovo

Bedri Peci

Annex 1 - Database structure

The content of the database and the cover sheet for each complaint shall meet the minimum requirements established below.

Category	Level 1	Level 2
Cover sheet	Tracking number Date of receipt Time extension with reason (<i>if applicable</i>) Complainant's full name & contact info Product / service Type / Issue and brief summary of the complaint List of documents enclosed Assigned staff (name, contact) Appeals (<i>if applicable</i>) Outcome & Date of complaint closed	
Submission tools & Time	Means of filing	Mail
		Email
		Telephone
		In person
		Other
	Date of receipt	
	Further communication	Dates
		Means
		Content
	Time extension	Days
Reason		
Approved by		
Date of complaint closed		
Complainant	Full name	
	Date of birth / ID number	
	Contact information	Address
		Phone
		E-mail
	Category	Retail customer (natural person)
		Small business
Other		
Product /	<i>Based on the portfolio of offered products and</i>	Product number (<i>if</i>

<i>service</i>	<i>services, each financial institution shall structure this section of the database accordingly.</i>	<i>available)</i>
		Agreement identification number (<i>if available</i>)
<i>Complaint type / issue</i>	Type*	Advertising
		Communication
		Sales process
		Agreement
		Transactions
		Deposit products
		Credit
		Payment services
		Insurance: - Health; - Auto - MTPL; - Auto – casco; - Life; - House; - Equipment; - Etc.
		Pension Funds
	Other	
	Issue*	Stability of financial institution
		Advertising
		Fees charged for products
		Product not granted
		Refusal to provide services
		Behavior of internal employees
Behavior of an intermediary		
Other communication with the financial institution		
Agreement (contract terms)		

	<p><i>*Based on the portfolio of offered products and services, each financial institution shall structure this section of the database accordingly – in the right column, examples are provided.</i></p>	Penalties charged	
		ATM	
		Problem with card - payment in a store	
		Problem with card - payment online	
		Other problems with payment services	
		Premiums charged for insurance products	
		Deposit insurance	
		Deposit interest rates	
		Interest charged for loans	
		Collection practices	
		Behavior of claims handling staff (insurance)	
		Processing of a claim (insurance)	
		Value of the claim (insurance)	
	Other		
Attachments & Content of the file	Documents enclosed to complaint		
	Documents added into file		
Outcome & Reasoning	Complaint rejected		
	Explanation provided		
	Compensation provided		Partial
			Full
	Apology		
	Other remedy / action taken		
Intermediary	Name of the intermediary		
	Contact information		
	Identification number of intermediary (if applicable)		
Staff	Name and contact information of the employee handling the complaint		

Annex 2 – Contact information

1. The semiannual report shall be sent to CBK no later than August 31 for the report covering the period of January to June and no later than February 28 for the report covering July to December of the previous year. The contact information for the reporting pursuant to Article 17, paragraphs 1 and 2 will be sent to CBK in soft and hard copy to the address of complaints division ankesat@bqk-kos.org.
2. The contact information for the reporting pursuant to Article 18, paragraphs 2 and 3 will be sent to CBK to the address of complaints division ankesat@bqk-kos.org.