

## **TIED SELLING / PROHIBITED CONDUCT**

### **WHAT IS COERCIVE TIED SELLING / PROHIBITED CONDUCT?**

The law provides that you cannot be unduly pressured to buy a product or service that you don't want from a bank or one of its affiliates in order to obtain another bank product or service. The Bank Act prohibits banks from practicing coercive tied selling. More specifically, it is against the law for a bank to "impose undue pressure on, or coerce, a person to obtain a product or service from a particular person, including the bank and any of its affiliates, as a condition for obtaining another product or service from the bank." The Bank Act also prohibits banks and any of their affiliates from taking advantage of a person.

### **OUR COMMITMENT TO YOU**

Fairstone Bank of Canada and its subsidiaries (collectively, "Fairstone") expect all of its associates and partners to comply with the law by not practicing coercive tied selling and not taking advantage of a person for any purpose.

We provide our employees with information and training programs on acceptable sales practices. If you have experienced coercive tied selling or been taken advantage of in any dealings with us, please let us know. Our contact information is in the "How to Contact Us" section at the end of this document.

#### **1. *What is NOT Coercive Tied Selling?***

Most businesses, including Fairstone, look for tangible ways to show their interest in your business and appreciation for your loyalty. Sales practices, such as preferential pricing and bundling of products and services, offer existing and potential customers better prices or more favourable terms. These practices should not be confused with coercive tied selling, as defined in the Bank Act. Many of these practices will be familiar to you in your dealings with other businesses.

#### **2. *Preferential Pricing***

Preferential pricing means offering customers a better price or rate on all or part of their business. A bank may be able to offer you preferential pricing — for example, a higher interest rate on investments or a lower interest rate on loans — if you use more of its products or services, and these practices are acceptable.

#### **3. *Bundling of Products and Services***

Products or services are often combined to give customers 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. Bundling products in this way is permitted because you have the choice of buying the items individually or in a package.

#### **4. *Managing 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. At Fairstone, our requirements for borrowers will be reasonable and consistent with our level of risk.

## 5. How to Contact Us

Speak to someone if you have any questions, or concerns.

<p>► <b>Step 1: Talk to us</b> Speak to a representative</p> <ul style="list-style-type: none"><li>• <u>Fairstone Financial Inc.:</u> 1-866-915-9423</li><li>• <u>Walmart Rewards MC:</u> 1-888-331-6133</li><li>• <u>First National Home Equity MC:</u> 1-855-634-1328</li><li>• <u>Eden Park:</u> 1-833-761-8977</li><li>• <u>fig:</u> 1-844-431-3444</li></ul>	<p>► <b>Step 4: External Complaint and Consumer Support Agencies</b> Still unsatisfied? Ask to speak to a manager at the numbers above</p> <p><b>i. Ombudsman for Banking Services (“OBSI”)</b></p> <p>The OBSI is an independent organization whose purpose is to review your complaint if you do not accept the decision of the Commissioner of Complaints, or when 56 days have elapsed since you registered your complaint.</p> <p>Telephone: 1-888-451-4519 Website: <a href="http://www.obsi.ca/en/make-a-complaint">www.obsi.ca/en/make-a-complaint</a> Mail: 20 Queen Street West, Suite 2400 PO Box 8, Toronto, ON M5H 3R3</p> <p><b>ii. Financial Consumer Agency of Canada (“FCAC”)</b></p> <p>The FCAC will determine whether the financial institution compliant. It will not, however, resolve individual consumer complaints.</p> <p>Telephone: 1-866-461-3222 Website: <a href="http://www.canada.ca/en/financial-consumer-agency.html">www.canada.ca/en/financial-consumer-agency.html</a> Mail: 6th Floor Enterprise Building 427 Laurier Ave. West, Ottawa, ON K1R 1B9</p>
<p>► <b>Step 2: Escalate your concern</b> Still unsatisfied? Ask to speak to a manager at the numbers above</p>	
<p>► <b>Step 3: Write to the Commissioner of Complaints</b> 33 Yonge Street, Suite 810 Toronto ON M5E 1G4</p>	