

ANNEX 2 to the Public Report of 31 January 2014

Factsheet continued The Scheme

The tables below show the progress which has been made with respect to each part of the compensation scheme under the Heads of Agreement (Dutch acronym: AoH) as at 27 January 2014. All customers applying for compensation under the Scheme qualify for review of their claims for compensation for mis-selling of insurance. This number includes the number of customers who have received compensation for HWS products in addition to insurance mis-selling.

Some customers may also be able to apply for compensation on grounds of excessive lending. When customers apply for compensation, a file is created, containing details of all the products taken by the applicant and any co-signatories to the contracts relating to these products. The combination of products and signatories to the product contracts on file is used to assess entitlement to compensation. The 33,922 compensation claim files relating to insurance mis-selling concern a total of 59,207 customers.

Compensation for mis-selling of insurance

All customers applying for compensation under the Scheme qualify for review of their claims for compensation for mis-selling of insurance and will be assessed for compensation relating to HWS products.

Phase 1 compensation for mis-selling of insurance	Direct complaints and Stakeholder Organisations	Online applications	Total
1. Total number of claim files	10,053	23,869	33,922
a. Claims disqualified under Heads of Agreement ¹	91	24	115
2. Assessment of claims:			
a. Letters sent out offering compensation	8,455	20,215	28,670
b. Letters sent out not offering any compensation	1,414	2,605	4,019
c. Customers seeking 'combined offers' ² - documentation supporting claims for excessive lending compensation requested	11	764	775
d. Compensation letters still to be sent out	0	199	199
3. Response to compensation offer/rejection:			
a. Offer accepted	8,016	18,593	26,609
b. Customers requesting combined offer following receipt of insurance mis-selling compensation offer	486	53	539
4. Claims settled and processed	7,974	18,425	26,399
a. Of which involving compensation payment	7,675	18,098	25,773

¹) The claims from the following customer categories are automatically disqualified under the Heads of Agreement: customers having previously accepted a different arrangement in full and final settlement and customers in respect of whom there has been evidence of fraudulent activity in the past.

²) A combined offer is an offer based on the assessment of both entitlement to compensation for insurance mis-selling and entitlement to compensation for excessive lending. The assessment of excessive-lending claims requires additional documentation. Letters have now been sent out to customers requesting this additional information – see also the section on excessive lending.

Excessive lending

Out of the 33,922 claim files resulting from insurance mis-selling compensation claims, the customers in 19,904 cases have also filed claims for compensation in respect of excessive lending. Customers whose Phase 1 compensation for mis-selling of insurance has already been processed will receive a letter stating the result of the review of their excessive-lending claim. Customers who have registered for a 'combined offer' of compensation for both insurance mis-selling and excessive lending will receive a letter containing a total assessment. The claims of these customers are being reviewed for both insurance mis-selling and excessive lending and are therefore included in both the statement of compensation for mis-selling of insurance and the statement for excessive lending presented below.

The assessment of insurance mis-selling compensation claims is made on the basis of claim files containing details of all products taken by the applicant and any co-signatories to the products concerned. In the case of excessive lending claims, customers are assessed on an individual basis or as a group, this element being treated as a subfile. It is therefore possible for a claim file to contain several subfiles.

The assessment of excessive-lending claims requires additional documentation. Customers will accordingly receive a 'documentation request letter' stating precisely what documents they need to submit. Customers who no longer have a loan from DSB Bank do not qualify for excessive-lending compensation. In such cases, customers will receive a rejection letter instead of a documentation request letter.

Claims for excessive lending compensation will only be processed if customers submit all the required documentation in good time. The difference between the number of claim files resulting from compensation claim applications and the number of offers/rejections sent out is due to the fact that customers have failed to submit the requested documents in time or have submitted incomplete documentation. In some cases, customers also drop their claims for excessive lending compensation after receiving the documentation request.

The 19,904 subfiles resulting from excessive lending compensation claims concern a total of 35,209 customers

Phase 2 compensation for excessive lending	Direct complaints and Stakeholder Organisations	Online applications	Total
1. Total number of claim files	6,232	13,672	19,904
2. Total number of subfiles relating to excessive lending compensation claims	6,886	15,168	22,054
3. Rejection letters sent - customer does not have an existing loan and therefore does not qualify for excessive lending compensation	723	2,071	2,794
4. Documentation request letters sent out	5,943	12,515	18,458
5. Responses to document request letters			
a. Incomplete or no response from customer ¹	1,558	6,728	8,286
b. Claim dropped	396	668	1,064
c. Complete documentation submitted on time	3,989	6,062	10,051
6. Letters sent out with details of excessive-lending compensation assessment			
a. Claims rejected - no compensation	2,890	4,800	7,690
b. Compensation offered	1,087	1,119	2,206
c. Still to be processed	12	143	155
7. Responses	991	1,040	2,031
a. Offer accepted			
8. Claims settled and processed	972	1,022	1,994

¹) This concerns customers who have failed to respond at all and customers who have supplied some of the information required.

Processing of claims for excessive-lending compensation is halted if a file is still incomplete after a period of 10 weeks and customers who have not already accepted an insurance mis-selling compensation offer will be sent an offer covering only PPI compensation instead.

ANNEX Legend

This legend explains the terms Customer, Claim File and Subfile. These are the terms used in the implementation of the compensation scheme. Reporting of the progress with settlement of compensation claims under the Heads of Agreement in the factsheet is on the basis of these defined terms.

Customer: a customer is a person to whom DSB Bank has provided services or extended credit.

For the purposes of the implementation of the compensation scheme, a distinction is made between customers in the 'Complaint and Stakeholder Organisations' group and customers in the 'Online applications' group. The 'Complaint and Stakeholder Organisations' group comprises customers who had already lodged a complaint with DSB Bank prior to 19 September 2011 and the customers with claims for compensation brought by the Stakeholder Organisations. The 'Online applications' group comprises customers who have applied for inclusion in the compensation scheme via the compensation scheme website (www.dsbcompensatie.nl). A claim file is created for each compensation claim application, containing details of all the products taken by the applicant and any co-signatories to the contracts relating to these products. The combination of products and signatories to the product contracts on file is used to assess entitlement to compensation.

Claim file: a claim file contains a combination of contracts and signatories to those contracts. It contains details of all the products of a particular customer applying for compensation under the scheme plus any cosignatories to the contracts concerned. In the case of insurance mis-selling compensation claims, customers are assessed on a claim file basis.

All customers applying for compensation under the Scheme qualify for review of their claims for compensation for mis-selling of insurance. Some customers may also be able to apply for compensation on grounds of excessive lending. In the case of excessive lending claims, customers are assessed on an individual basis or, where joint and several liability is concerned, as a group, this element being treated as a subfile. It is therefore possible for a claim file to contain several subfiles.

Subfile: a subfile contains details of all the contracts signed by one particular customer or, in the case of joint and several liability, group of signatories. In the case of excessive-lending compensation claims, customers are assessed on a subfile basis.

Example:

Customer A has signed contract 1 and also taken out PPI. Customer B has signed contract 2, likewise in combination with PPI. Customers A and B have jointly signed contract C, again in combination with PPI. If customer A applies for inclusion in the compensation scheme, a claim file is created on the basis of which the PPI compensation claim will be assessed. This claim file contains details of all contracts and insurances signed by customer A and customer B both individually and jointly. If either customer A or customer B or both customer A and customer B also claim excessive-lending compensation, subfiles are created for each signatory or, in the case of joint and several liability, group of signatories. This results in a separate subfile for customer A and a separate subfile for customer B containing the contracts which they have signed individually. Finally, a subfile is created containing the contracts which customers A and B have signed jointly and are therefore both party to the contract.

Schematic representation:

Customers	Claim files	Subfiles
	PPI compensation claim assessment	Excessive-lending claim assessment
Customer A (applicant) Customer B	Customer A: Contract 1 + PPI Customer B: Contract 2 + PPI Customer A+B: Contract 3 + PPI	Customer A: Contract 1
		Customer B: Contract 2
		Customer A+B: Contract 3