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 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

Fairstone Bank of Canada and its subsidiaries (collectively, “Fairstone”, “we”, “us” or “our”) value your business and are committed to providing the best possible service to all our customers.

If you have a complaint, questions, or concerns, please contact Customer Service or visit one of our branches. Our complaint handling process and contact information are included in our “Complaint Handling Procedure.” You may obtain a copy of this procedure by calling Customer Service, visiting one of our branches, or online at https://www.fairstonebank.ca/legal-regulatory/.