



ANNUAL REPORT
2025

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Wherever used herein, the use of the masculine gender shall include the feminine and neuter genders, and the singular shall include the plural and vice versa unless the context specifically indicates otherwise.

Any use of words or phrases to a similar effect shall have no significance in interpreting this report; such use is solely for convenience.

The cut-off date for information about appeals to decisions delivered by the Arbiter is 26 May 2026.



ARBITRU^{GHAS-}
SERVIZZI
FINANZJARJI

ARBITER FOR FINANCIAL SERVICES

3 July 2026

The Hon Clyde Caruana BCom (Hons), MA (Econ), MP
Minister for Finance
Maison Demandols
South Street
Valletta VLT 2000

Dear Minister

Submission Letter

Pursuant to Article 20 of the Arbiter for Financial Services Act (Cap. 555), I am pleased to transmit the Annual Report and Financial Statements of the Office of the Arbiter for Financial Services for 2025.

Yours faithfully

Alfred Mifsud
Arbiter for Financial Services

COMPETENCE, FUNCTIONS & POWERS OF THE ARBITER FOR FINANCIAL SERVICES

COMPETENCE, SCOPE & ELIGIBILITY

- The Office of the Arbiter for Financial Services deals with complaints filed by eligible customers against financial services providers. The Act provides for complaints to be addressed, where possible, through mediation and, where necessary, through investigation and adjudication.
- Generally, an eligible customer includes a customer who is a consumer of a financial services provider, one to whom a financial service has been offered, one who has sought a financial service, a lawful successor in title, a consumer association or a voluntary organisation.
- From 1 October 2025, in cases involving suspicious fraudulent payment transactions involving financial services providers, a fraud victim with an immediate, genuine and legitimate interest is deemed an eligible customer of any one of the financial services providers involved in that transaction.
- A financial services provider includes a provider licensed or otherwise authorised under the Malta Financial Services Authority Act or any other financial services law. The provider's services must relate to investment services, banking, financial institutions, credit cards, pensions, insurance or any other service which, in the Arbiter's opinion, constitutes a financial service.
- Before referring a complaint to the Arbiter, the complainant must first communicate the substance of the complaint to the provider and allow a reasonable opportunity for the provider to deal with the complaint. Separately, the provider must issue a final written reply within 15 working days, unless exceptional circumstances beyond its control apply. In that case, it must explain the delay, indicate when a reply is likely and issue its final reply within 35 working days.

POWERS, DECISIONS & OUTCOMES

- On receipt of a complaint, the Arbiter determines whether it falls within his competence. When the complaint proceeds, it is determined according to its particular circumstances and substantive merits.
- In deciding complaints, the Arbiter has due regard, as he deems appropriate, to applicable laws, rules and regulations, guidelines issued by national and EU supervisory authorities, good industry practice, and consumers' reasonable and legitimate expectations at the time when the facts giving rise to the complaint occurred.
- During the investigation, the Arbiter may request information or documents from either party or from a third party, where he considers them necessary or relevant to determine the complaint.
- The Arbiter may treat individual complaints together when he considers it fit to do so, provided that they are intrinsically similar in nature.
- The Arbiter's findings and conclusions are drawn up in writing, with reasons. If a complaint is wholly or partly substantiated, the Arbiter may direct the financial services provider to review, rectify, mitigate or change the conduct complained of or its consequences. He may also direct the provider to give reasons or explanations, change a practice, pay compensation and comply within a stated period.
- Monetary compensation is capped at €250,000 for each claimant for claims arising from the same conduct. Interest and other costs may be awarded in addition. Where the Arbiter considers that fair compensation requires a higher amount, he may recommend that the provider pay the balance, but that recommendation is not binding.
- In his decision, the Arbiter also adjudicates the costs of the proceedings, including by whom they are to be borne and, where necessary, in what proportion.
- The Arbiter's findings and conclusions are binding on the parties, subject to appeal. Within 15 days from notification of the decision, either party may request clarification or correction of computational, clerical, typographical or similar errors.
- A decision of the Arbiter, including interlocutory decisions, may be appealed before the Court of Appeal, Inferior Jurisdiction. The appeal must be filed within 20 days from notification of the decision, or from notification of any clarification or correction.
- If no appeal is filed, the Arbiter's decision becomes *res judicata* and may constitute an executive title under the Code of Organisation and Civil Procedure.
- When the Arbiter considers that there is substantial evidence of breach of duty or misconduct by a financial services provider, or criminal conduct by any party, he will refer the case to the competent authorities for any further action according to law.
- The Office and competent authorities co-operate and exchange information on issues which, in the Arbiter's opinion, are likely to have wider regulatory effects, including issues that appear to affect multiple customers of one or more financial services providers.



In 2026, we mark 10 years of the Office of the Arbiter for Financial Services. Over the past decade, the Office has worked to resolve disputes fairly and independently, strengthening consumer protection and trust in financial services. This milestone is an opportunity to reflect on the progress made, the cases resolved, and the continued commitment to clarity, accessibility and accountability in the financial sector.

THE OFFICE'S WORKLOAD AT A GLANCE

2025

The Office offers two routes for customers seeking redress from a financial services provider - an informal route for enquiries and minor cases, and the formal complaints procedure. The two streams are reported and counted separately throughout this report.

INFORMAL ROUTE

Enquiries & minor cases

Customer Relations Officers respond to queries and resolve minor matters by information, negotiation and conciliation.

918 enquiries handled across banking, insurance, investments and other sectors

up **16.1%** on 2024 (from 791) · highest in 5 years

HOW THEY REACHED THE OFFICE



BY SECTOR



WHERE ENQUIRERS WROTE FROM



HOW THEY CLOSED



TIME TO RESOLUTION



FORMAL ROUTE

Formal complaints

Registration, mediation, investigation and adjudication by the Arbiter leading where necessary to a binding decision.

350 complaints accepted the highest figure on record, up from 251 in 2024

on 2024 (from 251) · up **39%** 96% lodged via online portal

BY SECTOR



WHERE COMPLAINANTS CAME FROM



RESOLVED BEFORE ADJUDICATION

131 cases concluded through mediation, settlement or withdrawal – 58 by agreement at mediation, 52 withdrawn, 21 settled at other stages. Combined average **125 days** from acceptance to closure.

DECISIONS ISSUED BY THE ARBITER



COMPENSATION & TIME TO DECIDE

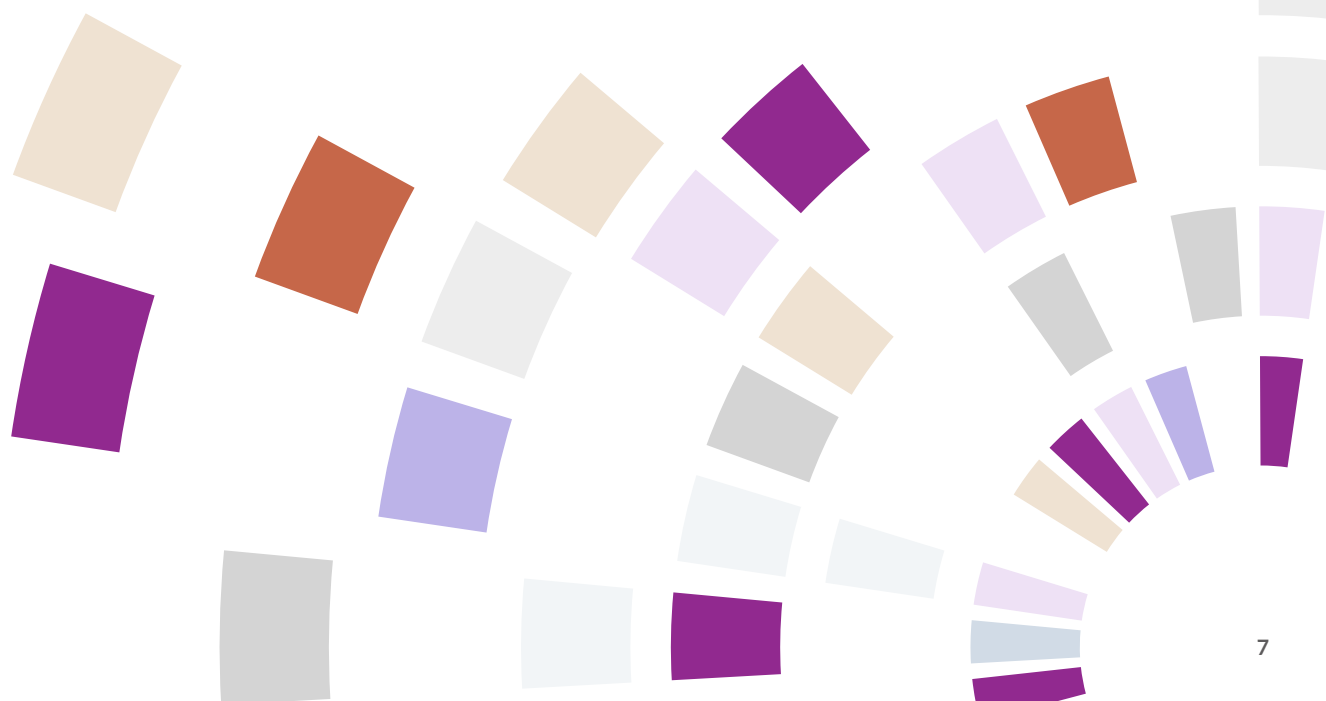


WHO LODGED THE COMPLAINTS



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ARBITER'S REPORT

Alfred Mifsud

2025 was a year of record numbers. We had 192 complaints formally decided compared to 94 cases that were decided in 2024.

The increase in decided cases can be explained by two main reasons:

1. 65 cases against a service provider in liquidation were closed and referred to pursue the liquidation process.
2. The remaining 127 decisions reflect both the increase in complaints throughput and the increasing efficiency of the decision process.

These are very notable results considering that registered complaints continue an upward trajectory, reaching 350 in 2025 compared to 251 and 224 in 2024 and 2023, respectively. All this was achieved without any significant increase of resources.

We are also pleased to note an increase in acceptance of the Arbiter's decisions without appeal to civil courts. Only 11 of the 192 decisions issued in 2025 were appealed, being 6% compared to 7% and 12%, respectively, in 2024 and 2023.

There were five cases decided by the Court of Appeal in 2025. In all cases the decision of the Arbiter was largely upheld.

Total compensation awards made in 2025 amounted to €253,000 across 39 decisions with the highest individual award amounting to €27,000.

Decision time to issue of decision from the last hearing or date of final submission averaged 42 calendar days, with banking at 36 days, insurance at 31 days and investments at 55 days, compared with the 2024 sector averages of 34, 55 and 101 days respectively.

To facilitate consumer access to our service, OAFS has waived the nominal fee of €25, making our services completely free to both complainants and service providers. In most other countries the arbitration is funded by contributions from the industry. However, as long as it remains government policy to fund our operations sufficiently to make it effective and efficient, our services will remain free.

It is worth noting that while in many countries arbitration is conducted by written submissions, we operate a model of hearings, attended by both sides in person or via online communications, where both sides give evidence and are subject to cross-examination. This may appear costly and time-consuming, but it gives opportunity to both sides to state their case, and to the Arbiter to ask pertinent questions that elicit information guiding his judgment, especially when complicated issues are involved.



COMMUNICATION INITIATIVES

OAFS continued enhancing its active media strategy to communicate with the public and raise awareness about our functions. This helps in two ways:

- a. Rendering the public aware of their rights where any service provider has failed them.
- b. Approaching these rights with realistic expectations for compensatory remedy.

This has helped resolve many cases through mediation, especially in complaints related to the redemption of long-term life policies that mature at substantially lower amounts than were quoted at inception, when interest rates were much higher. It also helped settlements of complaints related to fraud payments (APP Fraud) against banks, which continued to be settled on the basis of the model framework published by the Arbiter at the end of 2023.

FRAUD SCHEMES

Complaints related to fraud scams continue to dominate. These complaints fall into distinct categories:

1. Complaints by residents against local banks seeking compensation for what they consider unauthorised payments when they press fraudulent links contained in SMS messages or e-mail on the same channels the bank normally communicates with them. These generally involve one or few payments made in quick succession.
2. Complaints mostly by non-residents against locally licensed non-bank payment service providers (non-bank PSPs) and Crypto Asset Service Providers (CASPs). These generally fall under the relationship fraud category since they involve several fraudulent payments spread over a relatively long period. Scam values under this category are generally much larger than the first category.

I explain each one above further below.

1. FRAUD SCAMS THROUGH FRAUDULENT LINKS (APP FRAUD)

During 2025, we have seen fraudsters taking this category to a higher level. Apart from penetrating the normal channel of communication that banks use with their customers, they supported the process with a dose of credibility sourced by a phone call from the usual bank number by a Maltese-speaking person who is evidently familiar with bank procedures and has access to confidential data.

This becomes a case of the sinner posing as a virgin. The scammer tells the victim that there is a fraud payment which they need to stop and convince the victim to disclose confidential data with which they execute the exact fraud payment they had warned about.

The Arbiter, in applying the model issued in 2023 for allocation of responsibility between the customer complainant and the bank, generally allocates a higher dose of compassion, reducing the fault allocated to the victim. Being attacked from two simultaneous sources by the scammers penetrates normal defence capabilities.

EU organs have recently approved an enhanced Payment Services Regulation (PSR) and a Payment Service Directive (PSD3) which will come into effect in 2028. These new regulatory instruments will significantly raise the bar for banks faulting the victim of gross negligence, especially in cases of credible false personification, where full restitution will become the norm.

In October 2025, the Instant Payments Regulation came into effect, whereby payments are expected to reach their destination anywhere in the EU in a matter of seconds. This is a great innovation and significantly helps payments efficiency. As a measure of consumer protection, PSPs are now expected to warn their paying clients beforehand if there is a mismatch between the beneficiary's name and the name of the recipient IBAN account.

This development increases the transaction monitoring obligations of PSPs. Effective transaction monitoring now needs to be performed in real time since, once the payment leaves, it is difficult to recover it. At the other end, scammers are quick to remove the funds from the recipient account.

PSPs must therefore be equipped with effective real-time payment monitoring systems calibrated to detect fraud (by testing various parameters) and to suspend payments for further verification. We are in consultation with the Central Bank of Malta, as the payments regulator, to clarify regulatory expectations of measures that PSPs need to be equipped with to protect consumers from fraudsters' abuse of the Instant Payments mechanisms.

2. RELATIONSHIP FRAUD (PIG BUTCHERING SCHEMES)

Relationship fraud takes the scam industry to an industrial scale.

Often victims are duped into get-rich-quick schemes by fraudsters who gradually work to earn the victims' confidence (through romance, employment or investment-based scams).

The payments channel generally runs from the victim's home bank to a non-bank PSP that credits the account of a CASP, a PSP merchant client. Victims are often made to name themselves as beneficiaries of the transfer from the home bank to avoid friction with their bank's payments monitoring systems, which consider these payments as me-to-me without change of beneficiary.

Until the fraud is discovered, often at the point where the victim starts demanding encashment of the fake profits, fraud losses would amount to significant amounts, often six-digit figures.

Complaints against the non-Bank PSP often fail based on the victims not being eligible clients in terms of law since they had no account or significant prior contact with the PSP. This has been addressed through a change in legislation, which became effective in October 2025, where the Arbiter has been given competence to consider these victims as eligible customers in terms of law. However, more than one hundred cases had to be closed because of non-competence for payments before October 2025.

Complaints against CASPs for payments up to 2024 often failed since, until that date, CASPs had no obligation to verify the identity of the owner of the fraudulent wallets through which the fraudster directs his victim to transfer digital assets that are supposed to generate the huge profits shown on fake investment platforms.

Since 2025, however, Regulation (EU) 2023/1114 on markets in crypto-assets, known as MICA, and Regulation (EU) 2023/1113 on information accompanying transfers of funds and certain crypto-assets, known as the 'Travel Rule', oblige CASPs to make such a verification of the identity of the recipient wallet ownership. As cases related to payments effected in 2025 approach the decision stage, the Arbiter has started awarding partial compensation, where service providers fail to adopt the tighter regulatory obligations introduced by MICA and the Travel Rule.

FIRST QUARTER OF 2026

The first quarter of 2026 recorded a busy period for the Office, covering record decisions, sustained complaint trends, appeal judgments, fraud guidance and recent case outcomes:

- A record number of decisions in the first quarter of 2026 – 120, compared to 38 in the same quarter of 2025.
- New complaints were also up to 98. At this rate, we will see a further increase of registered complaints in 2026.
- A follow-up Technical Note on relationship-based financial fraud issued in February urges PSPs to strengthen staff training, consumer education, internal controls, crypto-asset awareness and compassionate redress. It builds on Court of Appeal support for transaction monitoring and reasonable intervention.

CONSULTATIONS

We have actively collaborated with authorities for the setting up of a Credit Review Office. The enabling act (Credit Review Act 2026, CAP 656) has successfully completed its parliamentary process and awaits Ministerial approval to enter execution mode. The OAFS will give back-office support during the initial operating phase of this initiative.

Consultations are going on about a draft parliamentary bill giving the right for business clients to have a banking account. Complaints for alleged denial of these rights will be registered with OAFS. At present we are participating in consultations with banks. The parliamentary process is expected for next autumn.

GOING FORWARD

OAFS is blessed with a very capable and dedicated team, and I rely on them tremendously to reach our objectives.

Our front office team go out of their way to try to resolve problems that would obviate the need to lodge formal complaints.

Our mediation service is increasingly effective at settling complaints before adjudication.

For those residual cases that proceed to adjudication, I find valuable support from our expert case analysts and administrative assistant, who help me shorten the time from completion of evidence to decision.

At the time of writing this report, we had no active cases dating to before 2025 and most of the complaints registered by June 2025 have either been decided or are cruising to a decision by the end of June 2026.

Equitable decisions delivered with despatch produce better outcomes for the benefit of both litigants.

Our co-operation with regulators and law enforcement authorities to launch a national campaign to raise awareness about payments fraud and offer support to actual and potential fraud victims is nearing fruition. We expect a vibrant summer launch.

We look forward to continuing to be of service to the community.

CHAIRMAN'S STATEMENT

Geoffrey Bezzina

It is my pleasure to present our Annual Report for 2025. This is our ninth year since the Office was set up in 2016. In 2026, we will mark 10 years since the Act came into force.

As this report will show, the reporting year was busy on all fronts. Enquiries and formal complaints increased materially, while consensual outcomes at mediation also increased. The Arbiter issued more decisions, while appeals before the Court of Appeal declined.

The Office employs two routes for resolving cases: informal and formal processes. Within these routes, we use conciliation, mediation and adjudication, according to each case. Some cases can be resolved amicably, without the need for formal escalation. Other cases require a formal complaint, followed by mediation and, where needed, adjudication. Each stage seeks to resolve the dispute at the earliest proper opportunity. This must be done without prejudicing the parties' right to proceed further. It is encouraging to see many cases being resolved at mediation.

In this report, we include a few case studies of actual cases that we handled at the early stages of the complaint process. This year, we have included case studies on mediation. These show how our mediators handle different situations and the efforts made to bring the parties closer together.

The Office remained active in its educational work, particularly on financial scams. Through this work, we continued to inform consumers about risks posed by scams. We also encouraged victims of scams to approach the Office and lodge complaints.

For many consumers, lodging a complaint can be difficult and daunting. The waiving of the €25 complaint fee in 2025 was intended to reduce friction. This was particularly relevant for complaints about scams. Many victims are reluctant to share their grievance beyond their bank. They may feel embarrassed, fear judgment or blame themselves for their loss. This can happen even when they were targeted by sophisticated scammers.

Our public campaigns have therefore encouraged consumers not to hesitate to lodge a complaint with us. A complaint does not automatically give a consumer a right to a refund, whether full or partial. However, the process of a complaint can be one way for a consumer to ease the burden of loss and fault, knowing that each case is examined on its own merits and circumstances.

The Arbiter's model, launched in 2024, applies different weightings to each case. It has brought further clarity and objectivity to the assessment of scam complaints. The Arbiter's technical note on pig butchering scams reflects the more elaborate cases before the Office. It also provides guidance on the Arbiter's expectations regarding industry practices and controls. In particular,



it identifies where providers can strengthen processes and reduce vulnerabilities.

The increase in formal complaints cannot be attributed solely to the fee removal. It is more likely to reflect several factors, including greater public exposure. That said, the Office has not yet reached the public awareness it requires.

The survey on scams in Malta, discussed in the administrative section, confirms this point. Only 10% of victims reported a scam incident to the OAFS. When asked why they did not complain to the OAFS, 58% cited lack of awareness. Our role must therefore be apparent when consumers need us. This is also a responsibility shared with other stakeholders, especially the financial services sector.

We will continue to maintain our presence on LinkedIn and Facebook. Every Friday, we publish posts on both platforms to reach different audiences. LinkedIn allows us to engage with professionals, while Facebook helps us reach consumers more directly. We have also observed that several print and online media outlets pick up case summaries published on LinkedIn. They often develop these summaries further for their readers. This wider dissemination helps make the Arbiter's work more accessible.

We remain committed to transparency. Our database of decisions is searchable, and it has become a source of ombudsprudence. We also know that court judgments have referred to decisions issued by the Arbiter.

Our work, standards and commitment have not gone unnoticed. Several organisations in Malta have invited members of staff to participate in discussion panels. These panels often address issues arising from our caseload, particularly fraud and scam cases.

Our peers in the EU and beyond have also shown interest in our work. They have invited us to bilateral meetings and conferences to share our experience and

procedures. This is positive and confirms the relevance of our work. It also shows that our continuous effort contributes to higher regulatory standards and better consumer protection.

All these results were achieved within a tight budget and careful management of resources. Our headcount remained fairly static in 2025, and we did not replace departing staff members. However, we plan to improve conditions of our staff and recruit additional personnel to ease the workload and improve our services.

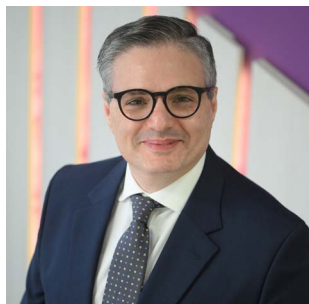
Although liquidity remains fairly strong, the Office registered a deficit for the second consecutive year. We are in consultation with the Ministry for additional funds in 2026. This is necessary to ensure the Office can continue offering a professional service.

The results achieved in 2025 reflect the hard work and commitment of our staff. Their contribution has been essential to the delivery of an efficient service. It has also supported our continued strategy to serve our stakeholders.

I thank the Arbiter, all staff members, members of the Board and the Ministry of Finance for their continued support.



BOARD OF MANAGEMENT AND ADMINISTRATION



CHAIRMAN
Geoffrey Bezzina



MEMBER
Antoine Borg



MEMBER
Peter Muscat



SECRETARY
Valerie Chatlani
(until 2 June 2025)



SECRETARY
Robert Higgins
(from 21 October 2025)

The members of the Board of Management and Administration were re-appointed for a period of three years, effective 21 October 2025, following the expiry of their term on 2 June 2025. As a result, the Board only met twice in 2025, in May and December.

MAIN ISSUES DISCUSSED DURING THE BOARD MEETINGS:

- The Board convened on 30 May and 2 December.
- The audited financial statements for 2024 were approved, recording a deficit of approximately €85,000. The result reflected a flat government subvention and higher administrative costs, including salary increases and financial literacy activities. Despite the deficit, the Office retained a sound financial position and sufficient liquidity to meet its obligations.
- Audit observations from the National Audit Office on inventory and Board meeting frequency in 2024 were addressed. A full asset inventory was completed during the summer. Although the Board convened only twice in 2024, both sessions reflected several agenda items and more substantive discussion sessions.
- Legislative amendments widening the definition of 'eligible customer' came into force in October 2025. The changes allow the Arbiter to consider fraud complaints even without a direct contractual relationship. They apply only to events after the commencement date and impose no new regulatory burden on providers.
- A Memorandum of Understanding was concluded with the MFSA, covering co-operation and information sharing. The framework supports joint initiatives and, where required, technical assistance between the two bodies.
- The redevelopment of the Case Management System was approved at a budget of approximately €30,000. The work covers around 300 hours of development with the existing supplier over roughly six months.
- A restructuring of staff roles was approved to strengthen operations and continuity.
- Preparations advanced for hosting the INFO Network annual conference in Malta. The conference will be held in Qawra from 5-8 October 2026.

STAFF COMPLEMENT



John Attard
Customer Relations Officer



Geoffrey Bezzina
*Chairman, Board of
Management & Administration*



Paul Borg
Operations Support Officer



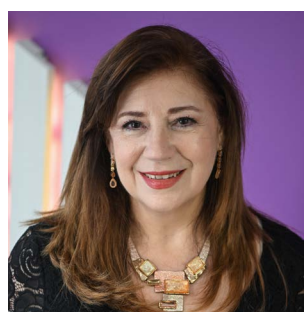
Matthew Borg Barthet
Intern



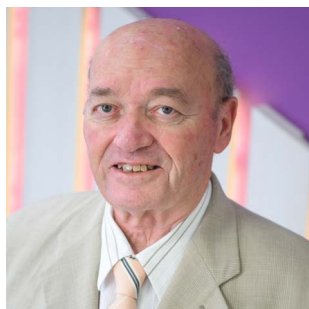
Maria Caruana
Receptionist



Valerie Chatlani
Customer Relations Officer



Rita Debono
*Registrar (Investigations &
Adjudications)*



Francis Grech
Officer in charge of Mediation



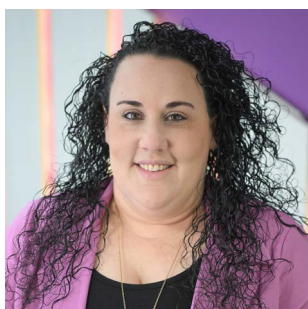
Robert Higgins
Head (Case Reviews)



Alfred Mifsud
Arbitrator for Financial Services



Pauline Muscat
Front-Desk Officer



Samantha Gatt
Case Analyst



Kim Tabone
Intern

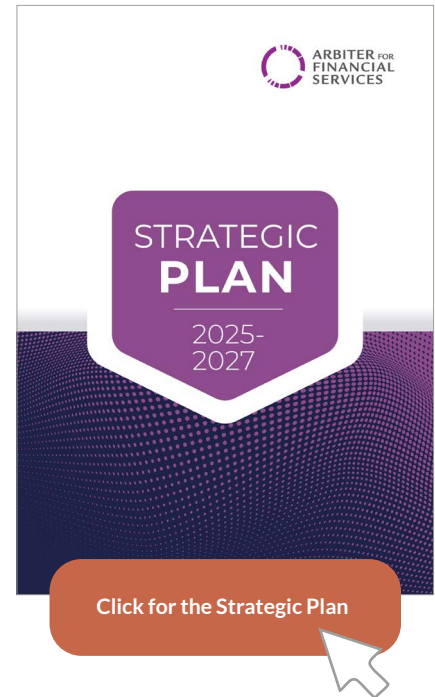
ADMINISTRATIVE REPORT

THREE-YEAR STRATEGIC PLAN LAUNCHED

In January 2025, the Hon. Clyde Caruana, Minister for Finance, presented the first Strategic Plan of the OAFS to Parliament. The plan spans the period 2025 to 2027.

Since its inception, the OAFS has been committed to a high standard of public service. This commitment rests on rigorous service standards, transparency and staff competence. Previous annual plans targeted specific organisational goals to improve operational efficiency, and the Office made measurable progress in this regard. Workflows were streamlined, communication channels were improved and processes were optimised. Throughout, the highest standards of dispute resolution were maintained.

This plan builds directly on those earlier achievements. The financial services sector continues to evolve, and conditions change at pace. For this reason, the plan gives the Office flexibility to adjust annual plans as circumstances require.



The Strategic Plan is structured around six priorities:

1. deliver dispute resolution that is fair, impartial and timely, and is seen to be so.
2. improve consumer accessibility so that services are easy to use and available to all.
3. greater visibility and the sharing of findings with stakeholders to advance good practice.
4. the OAFS will work to influence policy and strengthen the financial services sector.
5. legislation will be reviewed and updated to keep pace with evolving issues and to maintain the Office's effectiveness.
6. the OAFS will uphold sound governance and administrative structures to ensure accountability, transparency and operational excellence.

AMENDMENTS TO THE ARBITER FOR FINANCIAL SERVICES ACT

Over the past few years, the Arbiter has received numerous complaints from individuals who have fallen victim to financial fraud schemes. In typical cases, these victims had transferred funds to payment accounts controlled by fraudsters, with the IBAN often supplied by payment service providers licensed in Malta.

However, the Arbiter was compelled to reject these complaints on a legal technicality: the victims had no direct contractual relationship with the financial services providers and therefore could not be considered "eligible customers" under the current definition. This left fraud victims without recourse through the redress mechanism offered by the Office of the Arbiter for Financial Services.

The definitions of "customer" and "eligible customer" in Article 2 of the Arbiter for Financial Services Act have been amended through Act IX of 2025 (the Budget Measures Implementation Act 2025).

The main purpose of these amendments is to widen the scope of the Arbiter's jurisdiction to review complaints relating to fraud, even those without a contractual relationship with the financial services provider involved in the transaction. These amendments will not introduce any new or additional regulatory requirements on financial services providers. Importantly, these providers will only be held responsible for their own shortcomings, and not for failures by other parties in the payment chain.

TECHNICAL NOTE ON PIG BUTCHERING SCAMS

The Arbiter for Financial Services issued a Technical Note on 11 February 2025 which provided guidance on determining complaints about ‘pig butchering’ scams. This followed the Arbiter’s model of December 2023, which addressed the allocation of responsibility between Payment Service Providers and Payment Service Users in payment fraud cases.

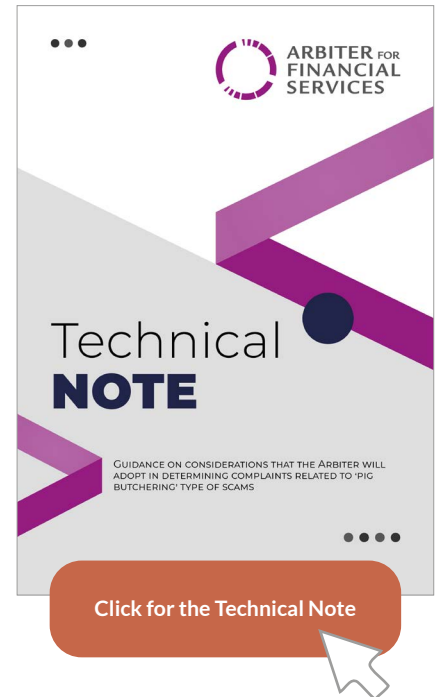
The Note explains that ‘pig butchering’ scams often involve social engineering and psychological manipulation. Scammers establish a social, romantic or business relationship, gain the victim’s confidence and trust, and then introduce a fraudulent investment opportunity, usually involving crypto-assets. Unlike many authorised push payment frauds, these scams often unfold over weeks or months and involve a series of transactions, which may result in larger losses and severe emotional consequences.

A central aspect of the Note is payment transaction monitoring. Banks and credit institutions are expected to have effective monitoring systems capable of identifying payments that depart from a customer’s normal pattern. When transactions become frequent, accumulate quickly or appear out of character, banks are expected to intervene, alert the customer and properly record any conversation. The Arbiter will consider when the intervention occurred, the nature of the intervention and the complainant’s conduct after any warning.

For financial institutions, including payment institutions, the Note states that complaints should be defended on their merits rather than solely on the ground that the complainant is not an eligible customer. The document also points to the need for more robust onboarding of corporate customers that receive retail funds bearing the fingerprint of payments for investment services.

For Virtual Asset Service Providers (VASPs), the Note recognises that the Virtual Financial Assets Act does not impose the same transaction monitoring framework as the Payment Services Directive 2. However, VASPs remain subject to fiduciary obligations where applicable. The entry into force of Regulation (EU) 2023/1113 and the Travel Rule Guidelines also increase expectations on reliable records of owners of external wallets. VASPs are expected to strengthen onboarding, warn retail customers about custodial wallets being used by scammers and treat out-of-character activity that is inconsistent with the customer’s KYC profile with due care.

The Note concludes that future adjudications will reflect fairness, reasonableness and equity, while also expecting institutions to upgrade monitoring systems in the interest of a safe payments infrastructure.



In regard to the definition of “customer” this now include natural persons, micro-enterprises, consumer associations and voluntary organisations. More importantly, it will cover “any person” in cases of suspected fraudulent payment transactions involving financial services providers. As to “eligible customer”, the definition will now explicitly include fraud victims. The new provision states: “In the case of suspicious fraudulent payment transactions involving financial services providers, the victim of fraud exhibiting immediate, genuine and legitimate interest shall be deemed to be an eligible customer.”

The Act also includes other amendments, most important of which relate to the addition of formal

definitions for both “consumer association” and “voluntary organisation” to align with existing legislation. The definition of “consumer association” matches that found in the Consumer Affairs Act (Cap. 378), and “voluntary organisation” aligns with the Voluntary Organisations Act (Cap. 492). These definitions also include officially recognised associations and organisations from other countries.

Click for the updated version of the Arbiter for Financial Services Act

NATIONWIDE STUDY REVEALS ALARMING TRENDS IN FINANCIAL SCAMS AMONG THE MALTESE POPULATION

During 2025, the OAFS, in collaboration with a popular daily TV programme, commissioned a national survey on financial scams. The survey was carried out by Sagalytics in May through telephone interviews with 600 persons aged 16 and over. The sample carried a 95% confidence level and a margin of error of +/-4%. The results confirm that financial scams have become a common financial risk in Malta.

Public awareness is relatively high. Approximately 72.6% of respondents were familiar with the term “financial scams” and 88% said they knew what it meant and provided examples. Yet this awareness has not prevented high levels of exposure. More than half of the population (58.5%) reported that scammers had targeted them. The most common contact methods were phone calls (54%) and SMS messages (53.3%). The highest percentage of scam targets was among those aged 26-35, with 63.6% reporting such experiences. High-income earners were also the most frequently targeted group, with 80.4% reporting attempted scam contact.

The survey also challenges the assumption that scam victims are mainly older or less exposed to digital financial services. Among those targeted, 15.8% suffered a financial loss. The data point to a relationship with education and income, while the digital finance data provide relevant context. Among targeted respondents with tertiary education, 24.3% suffered financial loss, while 40.5% of respondents in the highest income tax bracket reported losing money. Female respondents reported losses at a higher rate than male respondents, at 17.8% compared with 13.7%. The highest rate of reported loss was among persons aged 36-45, with 33.3% reporting they had lost money.

This finding is important because the same groups also make heavier use of online banking and other digital payment tools. Younger respondents and those in the highest tax bracket were also more likely to receive investment approaches through social media. Among persons aged 26-35, 57.9% reported being approached on social media to invest. The risk, therefore, does not arise only from lack of awareness. It also arises from higher exposure to digital channels through which fraudsters can contact consumers quickly and repeatedly.

The financial impact was often contained, but still material for affected consumers. Among victims, 83.6% lost less than €1,000 and 16.4% lost between €1,001 and €5,000. The most common successful fraud involved unauthorised payments, accounting to 58% of cases in which money was stolen. Payments made to invest in crypto were also reported, which confirms that scam prevention should cover both payment fraud and investment scams.

Consumer reaction to scam attempts was generally cautious. Among those targeted, almost 80% recognised the scam immediately. Most did not communicate with the scammer. Others stopped contact, ignored the approach or blocked further communication. When asked how they would respond to a message that may be a scam, most said they would ignore it and block the sender. However, formal reporting remains uneven. Among those who lost money, nearly 70% reported the incident to their bank. Of that group, 77.1% received partial or full reimbursement. By contrast, only 36.2% reported the case to the Police and 10.1% reported it to the OAFS. Among those who did not file with the OAFS, 58.1% said they were unaware of the Arbiter.

These results point to two priorities. The first is clearer public education on pressure tactics, false urgency, suspicious links, impersonation of trusted entities and unrealistic investment returns. The second is a simpler reporting process. Consumers should know whom to contact, what evidence to preserve and how quickly they must act when funds may still be traced or blocked. Financial institutions remain central to early intervention, but public authorities, law enforcement and regulators all have a role in improving reporting pathways. As digital finance becomes more common, fraud prevention must keep pace with the way consumers now bank, pay and invest.

A detailed infographic highlighting main aspects from the survey findings is available in Annex 2 (page 71).

LEGAL CLINIC

The University of Malta Law Clinic, which forms part of the Faculty of Law, gives fifth-year law students the opportunity to work on live cases under the direct guidance of a qualified lecturer, bringing practical legal experience into what is otherwise a largely academic course.

For the first time, the Law Clinic partnered with the OAFS giving a number of students the opportunity to assist complainants at various stages of the complaint process. Consumers receive professional legal assistance at no cost. In return, they are expected to attend meetings, respond promptly to requests for information and refrain from engaging another advocate while receiving clinic support.

During the initial stages of the complaint process, the Customer Relations Officers introduce the Legal

Clinic to the complainant and ask whether they would welcome student assistance with their case. Participation remains entirely voluntary. Consumers who agree sign a formal declaration before any work begins, and strict confidentiality is maintained throughout. Once a case is accepted, a team of two or three students is assigned. Their work is broader than initial preparation alone. Students assist the consumer in articulating the complaint clearly and in structuring the issues to be raised. When proceedings progress, they may also provide support during mediation sessions and at hearings before the Arbiter. All work is supervised by a warranted advocate, who carries full legal responsibility for every decision taken.

The OAFS plans to continue offering this opportunity to students of the Faculty of Laws in the coming years.

PUBLIC OUTREACH INITIATIVES

In line with our Strategic Plan, the Office of the Arbiter for Financial Services has expanded its public outreach efforts to increase awareness of its services and share valuable insights from its work.

The Office's social media presence has been strengthened through consistent weekly posts. Every Friday, it publishes a summary of a decision issued by the Arbiter on LinkedIn, providing stakeholders with accessible insights into case resolutions. Complementing this, its Facebook page features weekly 'lessons learned' posts in both English and Maltese, highlighting practical takeaways from recent decisions that can help consumers make informed financial choices. It also posts on Instagram at least twice a month to continue its engagement efforts with a wider audience.

Beyond digital platforms, it has maintained a strong presence in traditional media through frequent appearances on television and radio programmes. It publishes a digital Newsletter, available for free from its website, three times a year – in May, August and December. These opportunities have allowed it to promote its services while educating consumers about prevalent financial scams and prevention strategies. This multi-channel approach has proved effective in reaching diverse audiences across Malta and Gozo.

NEWSLETTER
 Issue 4 (May 2025)

Contents:

- Three year Strategic Plan launched 2
- Technical note on the new regulatory framework 3
- Lessons Learned: Managing the Arbiter's decision from a consumer perspective 4
- LinkedIn posts and lessons learned 5
- Announcements to the Arbiter for Financial Services Act 9
- Court of Appeal reviews Arbiter's decisions 11

A WORD FROM THE ARBITER

At the end of March 2025, the Arbiter had only five cases ready for decision which were in fact decided in the month of April 2025. Another eight cases were awaiting final submissions after conclusion of the evidence collection process.

Another 31 cases were in the evidence hearing stage. All cases awaiting decision, awaiting submissions or in evidence hearing stage were related to complaints filed in 2024 and 2025.

Of these, only nine cases were related to complaints filed in the first half of 2024. One case was decided in April 2025 and the other eight cases are still in evidence gathering stage, being delayed by procedural issues.

Appeals

Of the 38 decisions issued, three were appealed – two appeals by the Service Provider and one appeal by the Complainant. By way of comparison, in Q1/2024, of the 29 decisions issued, there were four appeals, three by the Complainant and one by the Service Provider.

In Q1/2025, the Court of Appeal closed four appeals that were pending at the end of 2024. One of the appeals was closed as it was withdrawn, with the Court confirming the Arbiter's decision on all the remaining three appeals one of which is summarised in this newsletter.

New complaints

There were 59 new complaints registered in the first quarter of 2025 (compared to 71 and 59 in the same period of 2024 and 2023, respectively). Of these, one was in the decision stage, six were in the evidence gathering stage, 31 were in mediation and 21 were awaiting mediation.

Sector	2023	2024	2025
Banking / Payments	3	6	13
Corporate Services	0	0	1
Insurance	8	8	14
Investments	7	15	10
Total	18	29	38

NEWSLETTER
 Issue 5 (August 2025)

Contents:

- A word from the Arbiter 2
- LinkedIn posts 4
- National media study on financial fraud 5
- Facebook posts and lessons learned 7
- Instagram posts 10
- Annual Report 2024 14

A WORD FROM THE ARBITER

Between January and July 2025, the Office registered more cases, issued a greater number of decisions, and held active mediation sessions, all within a context of changing complaint types and fraud patterns.

Decisions

During the first seven months (January to July) of 2025, 79 decisions were issued compared to 58 and 66 in the same period of 2024 and 2023, respectively.

28 cases partially upheld and 48 cases not upheld. For various reasons, including the merits of the case, lack of competence, legal issues and a single case where the complaint was considered frivolous.

In total, compensation amounting to around €130,000 was awarded to complainants in cases that were fully or partially upheld.

Appeals

Nine decisions were appealed. In all instances the appeal decision is still awaited. The appeals related to these decisions:

- 1 case where the complaint was fully upheld – appealed by the service provider
- 3 cases that were partially upheld – 2 cases appealed by the service provider and 1 case by the complainant;
- 1 case where the Arbiter declared non-competence – appealed by the complainant;
- 1 case declared frivolous – appealed by the complainant and
- 3 cases not upheld – 2 cases appealed by the complainant and 1 case by the service provider.

Four cases appealed in prior years were closed during 2025. One appeal was withdrawn and three appeals largely confirmed the Arbiter's decision.

New complaints

One hundred and eighty-four new complaints were registered in the first seven months of 2025 compared to 152 in same period of 2024. One notice of a provision of complaint was issued to a bank. A notice of a provision of complaint was issued to a bank and non-bank payment services providers, complaints related to the insurance market at a value much lower than originally indicated and complaints related to scams executed through licensed crypto currency service providers.

Seventy of the 79 decisions related to complaints registered in 2025.

The 79 decisions resulted in three complaints being fully upheld.

Sector	2023	2024	2025
Banking / Payments	17	20	32
Corporate Services	0	2	0
Insurance	16	15	24
Investments	31	21	23
Total	66	58	79

NEWSLETTER
 Issue 6 (December 2025)

Contents:

- A word from the Arbiter 2
- Facebook posts and lessons learned 7
- LinkedIn posts 8
- Instagram posts 9
- State of the Sector 10

A WORD FROM THE ARBITER

The 125 decisions resulted in five complaints being fully upheld, 38 cases being partially upheld and 82 cases not being upheld for various reasons, including the merits of the case, lack of competence, legal issues and a single case where the complaint was considered frivolous. In total, compensation amounting to around €285,000 was awarded to complainants in cases that were fully or partially upheld.

We have far exceeded the decision output of 2024 though we are still below the 2023 level. The 2023 record output was due to a backlog of decisions brought forward from 2022 when only 72 decisions were issued. There are at present only a handful of cases pending merely awaiting decisions and these will be formally adjudicated in the first months of 2026.

Appeals

Twelve decisions were appealed. Of these, one was withdrawn and one was decided confirming the decision of the OAFS. Ten appeals are still pending.

- 1 case in which the complaint was fully upheld – appealed by the service provider;
- 6 cases that were partially upheld – appealed by the service provider;
- 1 case where the Arbiter declared non-competence – appealed by the complainant;
- 1 case declared frivolous – appealed by the complainant and
- 3 cases not upheld – 2 cases appealed by the complainant and 1 case by the service provider.

Five cases appealed in prior years were closed during 2025. One appeal was withdrawn and four appeals largely confirmed the Arbiter's decisions.

We regret that banks and financial institutions continue to appeal decisions taken in which full or partial compensation was awarded.

Sector	2023	2024	2025
Banking / Payments	31	31	51
Corporate Services	0	3	0
Insurance	31	31	33
Investments	75	29	41
Total	137	94	125

OTHER ACTIONS TAKEN BY THE OAFS TO COUNTER FINANCIAL FRAUD SCAMS

Following a number of cases filed with the OAFS in 2025 by consumers who had fallen victim to relationship-based scams – commonly known as pig butchering scams – involving fake trading in crypto and forex, with significant losses reported, the Office initiated discussions with relevant stakeholders about measures and joint actions to address this worrying trend.

To that end, the OAFS held a series of meetings with the MFSA and the Police as part of a national anti-scam campaign. Discussions covered a range of potential

initiatives, practical tools and public-facing campaigns designed to counter these scams. The fraudsters behind them are growing more sophisticated, and their methods increasingly persuasive, which shaped much of the conversation.

A continuous national educational campaign is now being planned for 2026. Its aim is to keep consumers better informed and better protected against scammers who exploit trust and personal relationships to extract money through fictitious investment platforms.

STAKEHOLDER ENGAGEMENT

The OAFS functions within a broader network of regulatory agencies and stakeholders. Through complaint handling, it observes financial services providers' conduct, market practices and emerging trends in consumer issues.

During the year, the OAFS held meetings with the Malta Bankers' Association (MBA), the Financial Institutions Malta Association (FIMA), the Insurance Association (Malta) and the Malta Financial Services Advisory Council (MFSAC).

At its meeting with the Insurance Association (Malta), three main issues from enquiries and complaints were discussed.

1. Greater transparency on customary and reasonable fees for minor and major medical interventions would help policyholders understand what insurers are prepared to meet when a claim is made. Consumers should also notify their insurer before treatment since insurers can also advise on reasonable fees and those above the published scale. Insurers confirmed that they have been following recommendations set out in a report commissioned from a law firm, under which these fees are to be published on their respective websites. The OAFS noted, however, that this practice is not being consistently applied across all insurers.
2. The OAFS received calls from owners struggling to insure Y-plate vehicles, which few insurers would cover given high claims ratios.
3. The disposal of electric vehicle batteries after a total loss finding. Their disposal remains an operational question with cost and liability consequences.

Several meetings also addressed Part X of Bill 117, which amended the Arbitrator for Financial Services Act. Article 49(c) of the Bill proposed a replacement definition of "eligible customer". As published, it retained existing categories of eligible customers but

added a proviso covering suspected fraudulent payment transactions involving financial services providers. It deemed the fraud victim an eligible customer of all and any providers involved in that transaction. Associations representing banks and payment providers raised a number of concerns about the proposed amendment, which was intended to enter into force on publication.

The OAFS held two meetings with the MBA. The first meeting examined the above amendments from a banking perspective. The Arbitrator explained that the change would not add operational duties for banks. Banks would remain answerable only for their own shortcomings, breaches or wrongdoing, and it would not apply to past events. They would not be held responsible for failures by other actors in a payment chain. The discussion covered transaction monitoring, abnormal account activity and historical client behaviour. It also covered false alerts and direct client contact when there are clear signs of fraud.

The second meeting, held during the second semester, addressed three newly reported scam cases. Scammers speaking in Maltese called customers, posed as bank employees and appeared to have access to sensitive account information. OAFS pressed for an immediate public warning that banks never call customers to order money transfers. The MBA undertook to raise the issue with its Board and Financial Cyber Crime and Fraud Committee. A media release was also issued by the MBA in this regard. Wider public and private co-ordination was also discussed, including regulators, the police, sector associations and the Asset Recovery Bureau.

The OAFS also met FIMA to discuss the same proposed amendments. FIMA acknowledged the rise in fraud and asked for further clarity on the reasons for the proposed changes. It also raised concerns about timing, given the sector's preparation for PSD3 and the PSR. FIMA referred to the need for clearer rules for payment service providers, particularly on business conduct, and noted the risk that local providers could become targets for complaints linked to wider cross-border payment chains.

The Arbiter explained that eligibility should not bar genuine complaints from being heard. Any finding would still turn on the provider's own failings. These could include weak onboarding or weak monitoring of corporate clients. The OAFS also explained that the change would not apply to past events since these would remain governed by the law in force at the relevant time. Both sides agreed to maintain closer engagement on areas of common interest. The meeting also covered anti-scam education work and future engagement with FIMA.

The OAFS was also represented at a meeting with the Malta Financial Services Advisory Council (MFSAC), the MFSA and the Central Bank of Malta to discuss the revisions to the legal amendments' wording for

suspected fraudulent payment transactions. The agreed approach sought to preserve access to the OAFS so that a fraud victim who shows an immediate, genuine and legitimate interest is considered an eligible customer of all financial services providers involved in the suspected fraudulent payment transaction. This addressed cases in which the victim may not have had a direct contractual link to every provider involved, yet still had a clear interest in the transaction chain. It was also agreed that the provision should enter into force on 1 October 2025 to avoid retroactive effect and allow licensed entities time to update internal procedures. Such extension was also intended to allow the MFSA to refine its expectations through guidance.

INTERNATIONAL ENGAGEMENT

The OAFS maintains active engagement with two international networks of bodies that resolve financial services complaints outside court.

Since 2017, the Office has been a member of FIN-NET, the European network for financial dispute resolution. FIN-NET supports the resolution of cross-border disputes between consumers and financial services providers within the EU and the EEA. It also assists co-operation among national consumer redress schemes in the financial services sector and helps consumers access alternative dispute resolution mechanisms for cross-border complaints.

The OAFS also participates in FIN-NET's Steering Group, chaired by the European Commission's Directorate General for Financial Stability, Financial Services and Capital Markets Union. The Steering Group sets the agenda for FIN-NET's two plenary meetings each year. These meetings allow member schemes to exchange experience on complaint trends, case handling and operational developments. Participants also receive briefings from EU officials on legislative and other financial services developments within the EU.

In addition, the OAFS is a member of the International Network of Financial Services Ombudsman Schemes, known as the INFO Network. This network brings together financial services ombudsmen and other external dispute resolution schemes that handle complaints by consumers and, in some cases, small businesses against banks, insurers and other financial services providers. It provides a forum for members to share experience and develop practice in financial services dispute resolution.

During the INFO Network annual conference, held in Queenstown, New Zealand, both the Arbiter and the Chairman of the Board were invited to participate in panel discussions.



At the end of the INFO Network conference in New Zealand, the Arbiter announced that the 2026 conference will be held in Malta, hosted by the OAFS. Inset: the logo of the INFO Network Conference 2026.

The Arbiter participated in a panel session on preparing for a new world of complaints. The discussion addressed new forms of consumer vulnerability, particularly in areas involving digital financial services. The Arbiter explained that Malta hosts major crypto exchange brands licensed under the Virtual Financial Assets Act, 2018, and that the sector is moving towards the EU MiCA regime from 2025. He noted that more than half of all complaints received by the Office concern crypto fraud. The issues raised included low initial investment amounts that can draw consumers into scams, attempts by home banks to shift responsibility to consumers or other institutions, and the deceptive use of virtual IBANs.

The Chairman took part in a session on taking advantage of digital opportunities while managing online challenges. The discussion focused on starting small, scaling responsibly and embedding ethics at an early stage and balancing innovation with trust. The Chairman referred to the Office's practical experience in using generative artificial intelligence tools to assist in its work. This includes supporting a regular social media presence and preparing case summaries. He also referred to the Office's open decisions database, which can be indexed and used for research. The Office uses enterprise-grade AI tools.

SHARING OF INFORMATION WITH REGULATORY AUTHORITIES

DECISIONS REFERRED TO MFSA AND FIAU

Article 27(6) of the Act allows matters to be referred to the competent authorities if, in the Arbiter's opinion, there is substantial evidence of significant misconduct by the provider or any of the parties to the complaint.

The table in Annex 3 (page 74) outlines the 2025 decisions the OAFS referred to the regulatory authorities, as directed by the Arbiter, for the specified reasons.

MEMORANDUM OF UNDERSTANDING

A Memorandum of Understanding between the MFSA and the OAFS was signed in late May 2025 pursuant to article 27A(2) of the Arbiter for Financial Services Act. The agreement sets out a framework for co-operation between the financial regulator and the Office of the Arbiter for Financial Services, while preserving their separate statutory roles.

The MoU's core aim is to support the effective functioning of financial regulation and dispute resolution through lawful information exchange and structured communication.

Under the agreement, both entities are to maintain regular contact, meet at least once yearly, consult each other on issues that may affect financial services consumers and co-operate on complaint handling by financial services providers. They are also to work towards a clearer public understanding of their respective roles, assist each other with internal training, report relevant trends arising from their work and keep the operation of the MoU under review.

The OAFS is to inform the MFSA of issues with wider regulatory relevance, including serious or widespread complaints. It must also share complaint data, information reasonably required by the MFSA and concerns about complaint handling, fitness and propriety, or other issues that may fall within the MFSA's remit. The MFSA may share information on proposed complaint-handling rules and guidance. Both entities must observe confidentiality, data protection and lawful use requirements when handling shared information.

The MoU is available on the respective entities' websites.

SYSTEMIC CASE REPORTED TO MFSA

In 2024 and 2025, the OAFS received several complaints concerning a licensed payment provider. As reported in our 2024 Annual Report, the complaints originated from retail clients alleging they had been scammed after transferring funds to corporate clients of the provider's, whom complainants claimed were involved in fraudulent schemes. The complaints also alleged weaknesses in the provider's due diligence, onboarding, KYC and monitoring processes of these corporate customers.

The provider argued that the complainants were not "eligible customers" under the Act and thus the Arbiter lacked competence to review these cases.

Given the nature of the issues, the OAFS informed the MFSA of the complaints and of the difficulties that could arise in determining them. To this end, the OAFS also provided statistical information on the main aspects arising from the complaints, such as the nationality or residence of the complainants, the names, nature and jurisdictions of the corporate clients to whom payments were made, the amounts transferred and the dates of the transfers.

Although there was no claim that the service provider had participated in fraud, the pattern raised concerns about its controls and effective merchant onboarding KYC process.

INSURANCE CLAIMS HANDLING PRACTICES

The OAFS provided feedback on the MFSA's draft insurance claims handling practices guidelines, drawing on its experience with insurance enquiries and complaints. It welcomed the regulator's focus on claims handling, while noting that low numbers of formal complaints in general insurance may not always reflect an absence of consumer detriment. The OAFS observed that better data on claims volumes, settlement outcomes and amounts paid would support more evidence-based policy.

Its feedback focused on practical issues seen by consumers, including delays, fragmented communication, repeated document requests, limited access to assessment reports, unclear settlement reasoning and inconsistent market valuations in motor claims. It also noted the need for clear public information on claims and complaints processes, including referral rights to the Arbiter when disagreements remain unresolved.

The OAFS further drew attention to areas that may merit clearer treatment, including total loss settlements, wreck retention, replacement vehicles, health claim rates, chronic condition decisions, travel claims and policy information for insured persons within group travel arrangements.

FEEDBACK TO THE REGULATOR ON BANKING SERVICE ISSUES

Following a formal request from the MFSA under the MoU, the OAFS provided information on customer enquiries received after a bank's digital transformation project encountered problems in the first semester of 2025. The MFSA had asked for data on complaint volumes, customer support, card transactions, mobile and internet banking, response times, resolved cases and pending cases.

The OAFS informed the MFSA that, from April 2025, it had received approximately 50 customer enquiries on service disruptions following a bank's migration to a new core banking system. The main issues concerned lack of access to internet and mobile banking, failed payments, card problems, delays in customer support, statement errors, disputed charges and concerns about account balances. Several customers had already tried to contact the bank through normal channels before approaching the OAFS.

The OAFS also reported that the issues were generally handled as enquiries, rather than formal complaints, so that they could be resolved quickly. The OAFS also noted that some customers had questioned the bank's financial stability, although the reported concerns appeared linked to technical and operational failures. The OAFS further flagged weak communication from the bank and difficulty securing co-ordinated responses for recurring customer problems.

ENQUIRIES AND MINOR CASES

The OAFS offers eligible customers two routes for raising a complaint with a financial services provider. One route is informal, the other formal.

The informal route is intended for minor cases and enquiries. It relies on information, negotiation and conciliation to help the parties resolve issues amicably. A central part of this work is giving customers clear information about the formal complaint procedure, which is addressed later in this Annual Report.

During the reporting year, Customer Relations Officers (CROs) worked with financial services providers to resolve minor cases and enquiries informally where possible. The examples in this section show how the OAFS responded when customers requested its intervention. Annex Two provides further analysis of the enquiries and minor cases handled during the year.

CROs deal with queries across banking, investments, private pensions and insurance. They also guide

customers on the Office's complaint procedure. Depending on the facts of each case, a CRO may identify a possible remedy or course of action, often by making reference to similar cases previously reported to the Office. CROs also contact providers when a query is unusual, technical or requires an initial response.

Before approaching a provider, CROs assess the query and consider whether an informal solution may be possible. In many cases, providers co-operate, particularly when an informal intervention can produce a fair outcome.

The CROs also assisted consumers who had disputes with EU-authorised firms offering online services in Malta, directing them to the appropriate redress body and explaining the relevant procedure.

When informal resolution is not possible, CROs explain available remedies, including a formal complaint.

ANALYSIS FOR 2025

The Office handled 918 enquiries and minor cases during 2025, up from 791 in 2024. This represents an increase of 16.1%. The increase is notable when compared with the more stable volumes recorded between 2021 and 2024.

53.3%			20.7%		20.7%		5.4%	
BANKING & PAYMENTS			INSURANCE		INVESTMENTS		OTHER	
Banking & payments			489		190		49	
			53.3%		20.7%		5.4%	
Poor service	65	13.3%	Other general & commercial policies		32	16.8%	Other / uncategorised	
Suspected scam or fraud	38	7.8%	Life-related		28	14.7%	Outside jurisdiction	
Charges	25	5.1%	Travel-related		25	13.2%	FIN-NET referrals	
Loans & advances	23	4.7%	Health & personal accident		21	11.1%	Corporate services queries	
Transfers	19	3.9%	Motor – third-party payment delays		20	10.5%		
Savings & current accounts	16	3.3%	Motor – own policyholder delays		16	8.4%		
Investments			190		49			
			20.7%					
Virtual assets, crypto, forex, CfDs	66	34.7%						
Portfolio management	15	7.9%						
Loss of capital	7	3.7%						
General admin & customer service	7	3.7%						
Bad-advice claims	3	1.6%						
Charges	3	1.6%						

CHANNELS OF CONTACT

Web submissions remained the leading channel, with 419 enquiries, or 45.6% of the total. Although this share fell from 53.7% in 2024, the volume received through the website remained close to the previous year's level.

E-mail was the second most used channel, with 353 enquiries, or 38.5% of the total (2024: 34.4%). Telephone enquiries rose to 125 cases, or 13.6% (2024: 10.5%). Office visits accounted for 21 enquiries, representing 2.3% of the total, mostly by persons who required assistance with documentation.

RESOLUTION OUTCOMES

Most enquiries were resolved through the provision of general information. This outcome covered 861 cases, or 93.8%, slightly above the 92.9% recorded in 2024.

A further 29 enquiries, or 3.2%, required active intervention by Customer Relations Officers. In these cases, the customer was ultimately satisfied with the outcome reached. The remaining 28 cases, or 3.1%, were in progress or pending as at year end.

INSURANCE

Insurance generated 190 cases, or 20.7% of all enquiries, rising from 151 cases, or 19.1%, in 2024. Other general (excluding motor, travel, home and health insurance) and commercial policies led the sector with 32 cases, or 16.8% of insurance enquiries (2024: 30).

Life insurance accounted for 28 enquiries, or 14.7%, double the 14 recorded in 2024. Travel cover followed with 25 cases, or 13.2% (2024: 31). Health and personal accident insurance accounted for 21 enquiries, or 11.1%, well above the four logged in 2024.

Motor cover featured across several categories. Payment delays on motor claims involving third parties accounted for 20 cases, or 10.5% (2024: 7). Payment delays under the policyholder's own motor cover led to 16 further cases, or 8.4% (2024: 5). Rental car insurance produced seven cases, or 3.7% (2024: 2).

BANKING AND PAYMENT SERVICES

Banking and payment services again accounted for the largest share of enquiries. The sector recorded 489 enquiries (53.3%), up from 416 (52.6%) the year before. Around half of banking enquiries fell under the general information category. This category covered 228 cases, or 46.6% of the sector (2024: 253).

The leading specific theme was poor service, which accounted for 65 cases, or 13.3% (2024: 37). Suspected scam or fraud payments totalled 38 cases, or 7.8% (2024: 15). Charges accounted for 25 cases, or 5.1%, broadly in line with the 23 cases recorded the year before. Loans and advances generated a further 23 enquiries, or 4.7% (2024: 12).

GEOGRAPHIC ORIGIN

The geographic spread of enquiries continued to reflect the reach of firms authorised in Malta in cross-border activity. Contacts from Malta accounted for a substantial share of the Office's activity, with 607 enquiries lodged locally. These accounted for 66.1% of the total volume, up from 59.5% in 2024.

The remaining 311 enquiries, or 33.9%, came from members of the public residing outside the Maltese Islands. Germany accounted for the highest number of enquiries from outside Malta, with 38 cases. France followed with 34 cases, and Spain accounted for 31. Italy generated 24 further enquiries, with the United Kingdom adding another 18.

RESOLUTION TIME

Resolution times for completed cases improved markedly when compared with the previous year. The mean time to closure was 4.5 days in 2025, down from 15.6 days in 2024.

Banking enquiries were processed most rapidly, with an average of 2.3 days per case (2024: 6.5 days). Investment enquiries were closed in an average of 3.2 days (2024: 13 days). Insurance enquiries took the longest to resolve, with a mean of 17.5 days, down from 27.1 days in 2024.

The Other category averaged 5.9 days, a major improvement over the 2024 mean of 32.5 days.

INVESTMENTS

Investment enquiries also reached 190 cases, or 20.7% of the total. This was a clear increase from 125 cases, or 15.8%, in 2024.

The general information classification accounted for 75 cases, or 39.5% of investment enquiries (2024: 57). Queries on virtual assets, crypto, forex and contracts for difference (CfD) accounted for 66 cases, or 34.7%, well above the 26 such queries recorded in the previous year. Portfolio management enquiries generated a further 15 cases, up 7.9% (2024: 7).

OTHER AND CORPORATE SERVICES

The Other category fell to 42 cases, or 4.6%, from 90 cases, or 11.4%, in 2024. Submissions outside the Office's jurisdiction led this category with 14 cases, or 33.3% (2024: 17). FIN-NET enquiries and complaints accounted for 10 further cases, or 23.8%, well below the 27 recorded in 2024. The general information classification accounted for nine cases, or 21.4% (2024: 40). Uncategorised entries made up the remaining nine cases, also representing 21.4%.

Corporate Services produced seven cases, or 0.8%, broadly in line with the nine cases, or 1.1%, recorded in 2024.

CO-OPERATION WITH EU FINANCIAL REDRESS MECHANISMS

The OAFS remains active in FIN-NET, the network of national bodies that settle financial services complaints out of court. FIN-NET comprises more than 60 entities in 30 countries within the European Economic Area.

The network helps consumers pursue complaints against financial services providers established in another EEA jurisdiction. It is particularly relevant when providers passport their services across borders.

During the year under review, the OAFS assisted consumers in other EU jurisdictions who had purchased insurance policies from firms authorised by the MFSA and domiciled in Malta. The consumer's home redress body could not handle these complaints, since its remit did not extend to firms passporting services from Malta.

The main difficulty concerned the supporting documentation. In most cases, the documents and exchanges between the complainant and provider were entirely in the language of the host country. English versions, or formal translations, were generally unavailable. This limited the Office's ability to assess the complaint and identify a workable outcome for the consumer.

To address this, the OAFS used machine translation after removing relevant personal consumer data. This enabled the Office to identify the issues raised and continue discussions with the insurers concerned.

The OAFS resolved most of these cases after detailed discussions and negotiations. The positive working relations developed with the relevant insurers helped the Office reach fair outcomes in several cases. Some settlements were offered as gestures of goodwill, including cases in which policy coverage was not entirely clear.

The cases handled during the year covered various aspects of general insurance and life insurance policies. They also showed the practical role of FIN-NET when jurisdictional limits prevent direct action by the consumer's home redress body.

CASE STUDIES

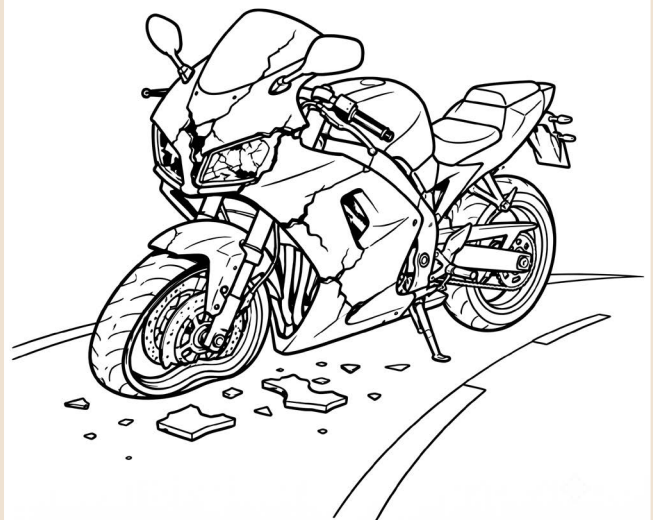
BREAKING THE DEADLOCK ON A TWO-YEAR-OLD INJURY CLAIM

The complainant approached the OAFS seeking help with what appeared to be an unduly delayed settlement of his case. Two years earlier, while riding his motorcycle, he had been involved in a serious road accident with the insurer's policyholder, who was wholly at fault. The claim for compensation with the insurer had since stalled, caught in correspondence that led nowhere.

Although the matter fell outside its strict legal remit, the OAFS took on the case with the stated aim of moving it towards resolution. Its initial review confirmed that the complainant had sustained a 10% permanent disability, undergone two major surgeries involving metal plates and bolts in his hand, lost income and overtime, and written off his motorcycle entirely. He had also incurred sizeable medical costs for physiotherapy and medication, alongside ongoing mental distress.

Throughout the claims process, the insurer's responses were inconsistent, late or missing altogether, which only worsened the situation. Discussions with the insurer revealed that it became formally aware of the bodily injury claim only in April 2024. To settle liability, the insurer had asked for CCTV footage of the accident, but legal complications meant the court only released it in June 2025. The full extent of the permanent disability remained under discussion, and progress had also been slowed by the time taken to submit supporting documentation. After lengthy negotiation, the insurer and the complainant's lawyer agreed to settle the claim at €55,000 on a full and final basis.

The OAFS continued to apply steady pressure while managing the back and forth between the parties. The discharge form was eventually issued by the insurer, signed by the complainant and the settlement was paid into his account.



PROPERTY DAMAGE CLAIM RESCUED FROM INTERNAL DISARRAY

The complainant turned to the OAFS over the insurer's delay in settling her claim after a car struck their residential parapet, causing damage in excess of €700.

The OAFS's review of the case established three things. A police report confirmed the complainant's account of events. The damaged parapet remained unrepaired. And a professional estimate of the repair costs, submitted by the complainant, appeared to have been lost within the insurer's internal claims process.

Continued monitoring by the OAFS brought the stalled procedure back on track and resolved what had become an unnecessary impasse. Beyond that, the OAFS persuaded the insurer to depart from its standard practice of reimbursing claimants only on production of fiscal receipts after repairs have been carried out. In recognition of its own delay, the insurer agreed to pay the complainant up front before any repair costs had actually been incurred.

WHEN STAFF SHORTAGES STALL A CLEAR-CUT CLAIM

The complainant approached the OAFS over the delay in the processing of her claim for compensation following a bumper-to-bumper accident with the insurer's policyholder, who was entirely at fault. Repeated enquiries with the insurer had produced no tangible progress.

Although the matter fell outside its strict legal remit, the OAFS took on the case on the basis that it appeared, at face value, to be straightforward. The discussions that followed established that the delay was partly due to a considerable number of staff being absent on sick or annual leave, which had slowed the claims processing procedure.

At the OAFS's instigation, the insurer contacted the complainant to apologise and offer a cash settlement. The OAFS further secured an increase in the settlement amount from €1,300 to €1,600 to account for the unwarranted delay the complainant had been subjected to.

A REJECTED BREAKDOWN CLAIM SUCCESSFULLY OVERTURNED

This case reached the OAFS through its French counterpart, La Médiation de l'Assurance, via the FIN-NET network. The complainant's motor vehicle had broken down suddenly while in use, with the fault diagnosed as a rupture of the timing chain. A repair estimate of €2,782 was submitted in support of her claim.



The insurer, a service provider authorised in Malta, rejected the claim on the basis that the vehicle's scheduled maintenance had been delayed beyond the manufacturer's recommended service interval, and that this delay may have caused or contributed to the breakdown.

Discussions with the insurer, however, told a different story. The service interval had only been exceeded by approximately three months. More to the point, the applicable service schedule made no specific provision for inspecting the timing chain or its associated components, making it unlikely that these would have been checked even had the service been carried out on time. It therefore could not be established that the delayed routine service had materially contributed to the breakdown, which in any case occurred some eight months later.

On that basis, the OAFS secured the insurer's agreement to settle the claim in full.

COMPLAINT WITHDRAWN FOLLOWING FULL REFUND

The complainant contacted the OAFS after booking a flight through a leading travel portal via a payment provider. A name error was identified, and the booking was cancelled that same day. The merchant confirmed the cancellation and undertook to issue a partial refund of €149.33 within two months.

No refund materialised despite repeated follow-ups, with the complainant only being faced with further delays and requests to drop the dispute. By mid-June 2025, the amount remained outstanding. The complainant initiated a formal chargeback through the payment provider and submitted a complaint seeking action under Mastercard and EU consumer protection rules.

The provider acknowledged the complaint but failed to confirm whether a chargeback had been properly submitted or pursued. The complaint was subsequently closed without resolution, leaving the complainant with no refund and no clear route forward.

Following the submission of the complaint to our office, the complainant confirmed receipt of the full refund of €149.33 from the travel portal, some three months after the original cancellation request. The complaint was accordingly withdrawn.

DORMANT ACCOUNT REACTIVATION DELAYED BY INCOMPLETE DOCUMENTATION

A retired customer residing in Luxembourg contacted the OAFS after encountering difficulties reactivating a dormant account with a local bank. The account had been classified as dormant following an address-change notification submitted in February 2022. The customer required access to the funds held in it.

A review confirmed that the bank had previously requested updated KYC and CRS documentation since the records on file still reflected an Israeli residential address. The customer had submitted updated forms, but these contained incomplete or inconsistent address details. Under regulatory requirements, an e-mail notification alone is insufficient to validate a change of address.

Since the documentation remained non-compliant, the account could not be reactivated and was subsequently closed. The bank made clear that fully certified documentation, including proof of address and updated KYC and CRS forms, apostilled where required, would be needed before any further action could be taken.

Once the customer provided all the required documentation in the correct form, the account was reinstated and access to funds restored.

ACCOUNT ACCESS DISRUPTION DUE TO OUTDATED KYC DETAILS

An elderly bank customer, currently residing in a care home, contacted the office in an agitated state on a Monday morning after experiencing difficulties accessing her funds. Over the preceding weekend, the person holding a power of attorney had attempted to withdraw cash to cover care home fees. Despite a sufficient balance, the ATM declined to dispense funds and a card purchase was similarly refused. Since the issue arose over the weekend, the bank was unreachable.

An investigation with the bank revealed that several attempts had previously been made to contact the customer regarding account updates, including letters sent to the registered address. It emerged that the customer had sold her property and moved into the care home without updating her address with the bank. All correspondence had therefore been delivered to an unoccupied property and gone unanswered.

An appointment was promptly arranged with the bank to update the necessary KYC details, including those related to a joint account holder. The joint savings account was subsequently reactivated and full access to funds was restored.

ACKNOWLEDGEMENT OF INTERNAL BACK-OFFICE ERROR

A customer contacted the OAFS after the bank's representative requested a fiscal receipt for their drawdown. We raised the matter directly with the bank.

A review of the drawdown request, along with all previous requests submitted by the customer, confirmed that the bank's documentation requirements were generally applied correctly and in line with its internal procedures. In this particular instance, however, an error was identified at the documentation request stage. A typographical mistake had led the representative to request a fiscal receipt rather than the required fiscal invoice, delaying the processing of the drawdown by one day.

The bank acknowledged the error as a genuine human oversight, apologised to the customer and rectified the matter promptly. Internal feedback was also provided to the staff involved to reinforce attention to detail going forward.

The matter was additionally escalated to the employee's management team. While the staff member was found to have acted within the scope of their duties, it was noted that a prior personal acquaintance between the staff member and the customer could give rise to a perceived conflict of interest. In the interest of transparency, it was agreed that any future requests from the customer would be handled by a different team member, ensuring that all interactions remain fully impartial.

ATM DEPOSIT MALFUNCTION AND DELAYED RESOLUTION

A customer reported a failed cash deposit at an ATM at approximately 10 pm. The transaction involved a total of €3,000, made up of 44 x €50 notes and 40 x €20 notes. The ATM malfunctioned mid-transaction, leaving the status of the funds uncertain.

The customer visited the branch the following day and was told a case had been logged for investigation. After a week with no update, she followed up with the branch and the call centre but received no substantive response. A formal complaint submitted by e-mail generated only an automated acknowledgement, leaving the customer no clearer on the outcome of the investigation or the whereabouts of their €3,000.

On contacting our office, the matter was immediately logged, and an urgent investigation was opened with the bank. This revealed that an internal miscommunication between the branch and the head office had caused the delay in resolving the deposit's status.

Once the matter was escalated, it was resolved promptly and the customer's funds were confirmed and credited in full.

A COUPLE WIN A LUGGAGE CLAIM AFTER THE AIRLINE FAILS THEM

An elderly couple approached the OAFS after their travel insurer declined their claim for damage to their luggage in transit, items missing from the damaged luggage and essential purchases made while waiting for the luggage to be returned after the airline misplaced it and delayed its delivery.

The insurer's initial position was that the declinature was justified by the very short connection time of just 35 minutes available to the couple when changing aircraft en route to their destination, arguing that they should have chosen a later connecting flight.

The OAFS challenged this on several grounds. The couple were travelling to join a cruise and the flight arrangement had been made by the cruise operator as part of their overall travel package. They had no say in the matter. Their limited travel experience also meant they could not reasonably have been expected to appreciate the risks of such a short turnaround. Beyond that, both flights were operated by the same airline, which bore the responsibility of doing all it could to ensure the smooth transfer of its passengers and their luggage between the two services.

After a lengthy exchange, the insurer came around to the OAFS's position and agreed to settle the claim for €890.

THE FORMAL COMPLAINTS PROCESS

Consumers who have unresolved issues with their financial services provider or whose complaint requires a formal investigation may submit a complaint to the Office. Unlike the enquiry and minor case process discussed earlier, the formal complaints procedure comprises four phases: registration, mediation, investigation and adjudication.

Although these complaints are described as 'formal' in this report, the procedure remains straightforward and, as far as possible, informal. This approach reflects the requirements of the Act and the consumer-oriented nature of the Office's redress mechanism.

For a more detailed analysis of the formal complaints received and of the decisions issued by the Arbiter in 2025, refer to Annex 7 (page 77).

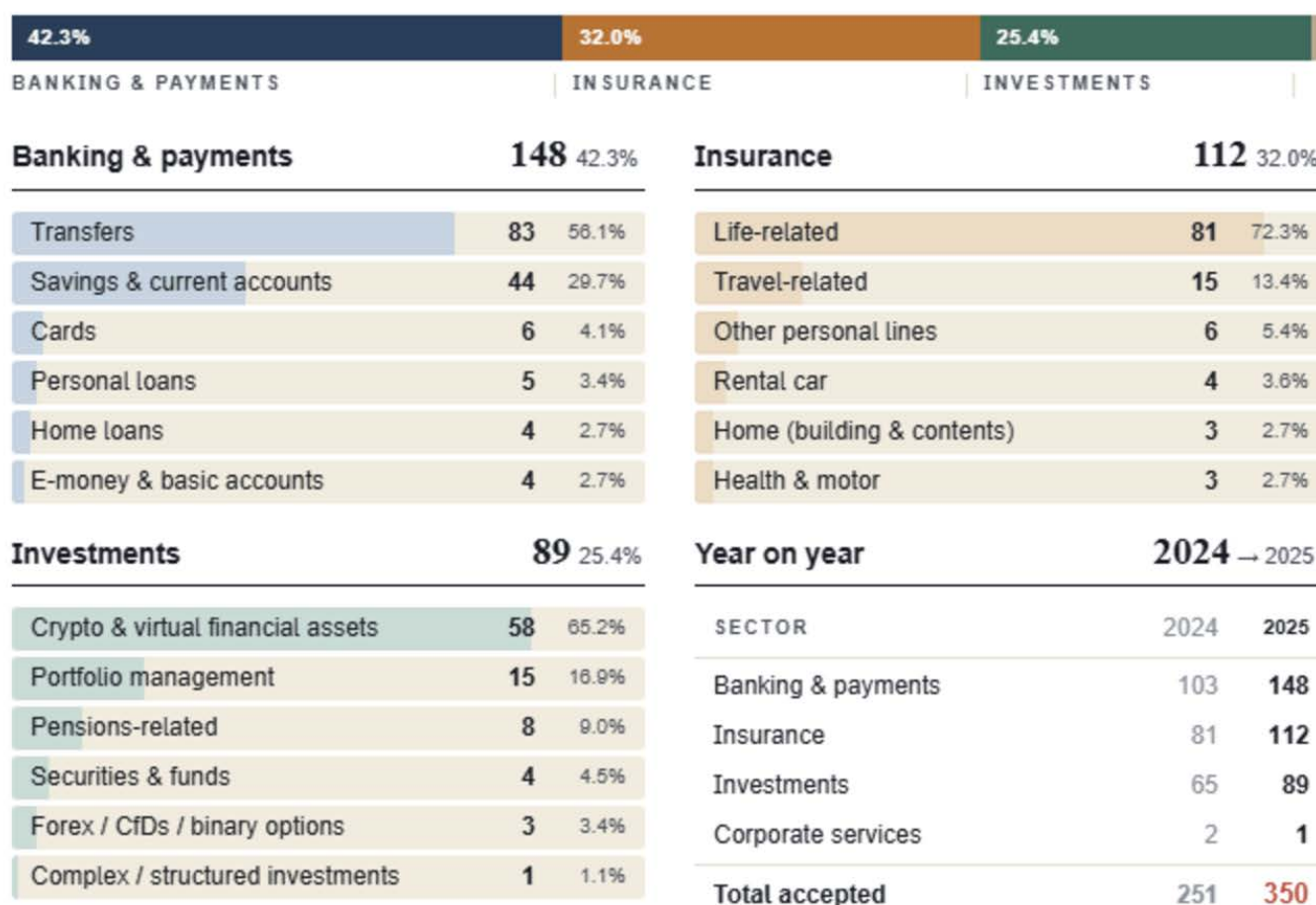
INITIAL REVIEW OF NEWLY SUBMITTED COMPLAINTS

The Act does not prescribe a mandatory format for submitting a complaint. However, the Office provides a structured complaint form to help consumers present their case clearly and provide the required information.

Consumers may submit a complaint through the Office's online portal or by post using the downloadable complaint form. The online portal allows consumers to save and edit their complaint and upload supporting documents in common formats, including PDFs. Joint complaints must be submitted in paper form, so that all complainants can sign the complaint and provide the required documents.

All newly submitted complaints are reviewed before they are formally registered. During this stage, administrative staff assess whether the complaint contains the minimum information required. This includes a clear description of the complaint, the remedy sought and the correct name of the financial services provider against which the complaint is made.

COMPLAINTS ACCEPTED ACROSS ALL FOUR SECTORS OF ACTIVITY



PRIOR COMPLAINT TO THE PROVIDER

When the consumer has not first raised the complaint with the financial services provider, the review process may be delayed. The law requires the substance of the complaint to be communicated to the provider before the complaint is escalated to the Office.

In these cases, staff will ask the complainant to first use the provider's internal dispute resolution process. When that process has already been followed, the Office will request a copy of the complaint submitted to the provider, together with any response received.

SUPPORTING DOCUMENTS AND EARLY ASSESSMENT

During the initial review, the Office may request documents in support of the complaint. To assist consumers, the Office provides a list of documents that may be relevant to different types of complaints. The list is organised by financial service area, including investments, pensions, insurance and banking. It helps consumers identify and submit the documents needed for the proper assessment of their complaint.

Once the required documents are gathered and the procedural conditions are met, the complaint moves to an early assessment stage. This stage helps clarify the scope of the Office's investigation and assists complainants in understanding what the Office can examine under the Act.

Early assessment also allows staff to direct complainants to prior Arbiter decisions addressing similar issues. This helps complainants decide whether to proceed with the complaint or withdraw it, depending on the facts of their case. It also enables complaints raising similar issues to be handled more promptly, while managing expectations from the outset.

ELIGIBILITY TO LODGE A COMPLAINT

A person may lodge a formal complaint with the Office when they qualify as an eligible customer and the complaint is made against a financial services provider licensed or authorised by the Malta Financial Services Authority. This includes providers whose licence has been suspended or withdrawn, so long as that the provider was licensed during the period connected with the conduct complained of. Financial services providers falling within the Office's remit include banks, payment institutions, insurance companies, insurance intermediaries, investment services providers, crypto asset service providers, corporate service providers, trustees and pension providers.

Eligible customers include natural persons or their successors in title, micro-enterprises, consumer associations, voluntary organisations and, in specified cases, victims of suspicious fraudulent payment transactions. A micro-enterprise is a firm that employs

fewer than 10 persons and whose turnover or balance sheet total does not exceed €2 million.

An eligible customer must have the required connection with the financial services provider. This connection may arise where the customer has acquired a product or used a service from the provider, where the provider has offered to provide a service or where the customer has sought the provision of a financial service. The Office is therefore unable to accept certain third-party disputes. These include motor insurance complaints made against another party's insurer and home damage disputes brought against the insurer of an alleged tortfeasor, such as a neighbour's insurer following water ingress.

As of 1 October 2025, the remit of the Arbiter for Financial Services was widened to accept complaints from any person or entity that has fallen victim to a suspected fraudulent payment transaction involving financial services providers. Therefore, any person (including individuals and companies of any size) who has fallen victim to a fraudulent payment transaction processed on or after 1 October 2025 through a financial services provider licensed in Malta exhibiting immediate, genuine and legitimate interest can lodge a complaint with the Office for review. Limitations as to the Arbiter's competence may apply to transactions that occurred before that date.

When a dispute concerns a financial services provider located in another EU or EEA country, the Office may assist the customer in identifying the appropriate external complaints body through FIN-NET, the European network for out-of-court financial services complaints.

Complaints must be submitted in Maltese or English. Supporting documents should also be provided in Maltese or English. When documents are in another language, the Office may ask the complainant to provide an English translation.

A PROFILE OF THE YEAR'S COMPLAINTS



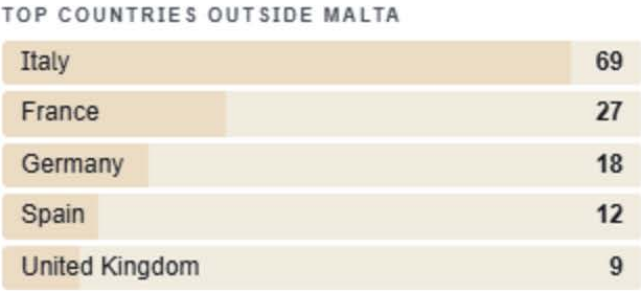
Year-on-year shift. Individuals rose from 79% in 2024 to 89% in 2025. Joint complainants fell from 15% to 10%; company filings dropped from 6% to under 1%.



Highest share on record. The proportion of complainants choosing to be assisted by an appointed professional or trusted person reached its highest level in the recorded period — up from 39% in 2024 and 31% in 2023.



Cross-border share grew sharply. Malta-based complainants fell from 62% in 2024 to 43% in 2025, as cases from outside Malta climbed to 57% of the cohort.



CONDITIONS FOR REGISTERING A COMPLAINT

The Arbiter cannot review a complaint unless the provider first has had a fair opportunity to examine it. Customers must therefore submit their complaint in writing to the financial services provider before approaching the Office.

The provider should issue a final response within 15 working days of receiving the complaint. The response should set out the provider’s position and explain the outcome of its review.

A provider may delay its final response beyond 15 working days only in exceptional circumstances beyond its control. In such cases, the provider should inform the customer of the delay, explain the reasons and indicate when a final response can be expected.

In all cases, the provider’s final response must be issued within 35 working days from receipt of the complaint. The complainant should submit to the Office both the complaint sent to the provider and the provider’s response, where available.

The Office may also register a complaint when the provider has rejected the complaint, offered redress that the complainant has not accepted or failed to reply within the applicable timeframe.

The Arbiter cannot review a complaint when the same conduct has already been referred by the same complainant to a court, tribunal or alternative dispute resolution body in any jurisdiction. When this issue arises during the initial assessment, it is brought to the complainant’s attention.

There is no charge for lodging a complaint with the Office.

Once the Office registers a complaint, it is transmitted to the provider for its reply. The provider has 20 calendar days from delivery of the complaint to submit its reasoned response to the Office.

When the Office receives the provider’s response, a copy is sent to the complainant. At the same stage, both parties are invited to consider mediation as a means of resolving the dispute.

Mediation remains an important part of the formal complaints process. It gives both parties an opportunity to resolve the dispute without proceeding to investigation and adjudication.

MEDIATION

Mediation is offered to both parties as an alternative way to resolve complaints. It gives the complainant and the provider an opportunity to discuss the dispute with the assistance of a mediator and work towards a solution acceptable to both sides.

The Office encourages mediation because it may resolve complaints at an earlier stage and reduce the time, effort and resources otherwise required for investigation and adjudication.

Mediation is informal, confidential and held in private. Anything said during mediation cannot be used later if the complaint proceeds to investigation. The parties' legal positions remain unaffected when no settlement is reached.

Participation is voluntary. Both parties must agree to take part and either may end the process at any time. The mediator does not act for either party and does not impose a solution. The mediator guides the discussion, helps the parties understand the issues and assists them in identifying terms they can accept.

Mediation often depends on the parties' approach. Many complaints reach the Office after lengthy exchanges, when positions may have hardened. It works best when both sides assess the dispute realistically and remain open to a practical settlement.

Mediation sessions are usually held online. In-person sessions may also be arranged at the Office's premises in Msida, where appropriate.

When the parties agree on a settlement, the terms are recorded and communicated to the Arbiter. Once signed by both parties and accepted by the Arbiter, the agreement becomes legally binding and the complaint is concluded.

The five case studies accompanying this section show how mediation resolved complaints involving accident insurance, investment advice, travel insurance, life assurance and a QROPS pension transfer.

COMPLAINTS CONCLUDED THROUGH MEDIATION, SETTLEMENT OR WITHDRAWAL

81

AT MEDIATION

Agreement or withdrawal during the mediation stage

36

BEFORE MEDIATION

Settled or withdrawn before mediation commenced

14

AT & AFTER HEARING

Settled or withdrawn at or after the case hearing

At mediation 81 61.8%			
OUTCOME	CASES	AVG TIME	RANGE
Agreement reached at mediation	58	133 _d	69 – 271
Withdrawn following mediation	23	121 _d	46 – 343
Before mediation commenced 36 27.5%			
Withdrawn prior to mediation	29	94 _d	14 – 284
Settled before mediation commenced	7	62 _d	32 – 117
At or after case hearing 14 10.7%			
Withdrawn following case hearing	7	168 _d	66 – 259
Agreement reached during hearing	6	248 _d	105 – 487
Withdrawn / agreement prior to hearing	1	100 _d	100

MEDIATION – CASE STUDIES

DIVERGENCE BETWEEN THE INSURANCE POLICY WORDING AND THE CUSTOMER'S UNDERSTANDING

The complaint concerned an insurance policy covering sports-related accidents, supplemented by a general accident policy valid for 90 days, which commenced on the date of departure from the country of origin. The complainant had purchased the policy while abroad and had already been outside their country of origin for more than 90 days. They later suffered a non-sport-related accident outside the 90-day period from when they had left home, but within 90 days from the date of purchase.

The service provider relied on the policy wording, which effectively backdated the start of cover. In the complainant's circumstances, this interpretation would have rendered the general accident policy redundant. It also emerged that, when the complainant sought clarification, an insurance representative had provided information that contradicted the policy terms, giving the complainant a false sense of security. During mediation, the service provider agreed to compensate the complainant as though cover were valid.

A central aspect of handling this complaint was addressing language barriers and clarifying the policy limitations, which were not easy to interpret. After mediation, discussions continued by e-mail to calculate the appropriate compensation since the original claim included amounts that would not have been covered.

REASSESSING RISK AND RESOLVING DELAY

The complaint concerned alleged unsuitable financial advice, the non-disclosure of material risks and the failure to provide proper ongoing advice by the service provider. Although the service provider argued that the claims were prescribed, it was still willing to make a settlement offer, noting that the complainant's monies could have been better distributed in line with his risk appetite.

This was not a case where time was needed at the end of mediation for internal discussions. From the outset, the complainant appeared clear about their position and the strain it was causing.

This case required a more active approach from the mediator, who ensured that the complainant's queries and struggles were addressed. This helped bring the complainant's expectations to a more realistic level while prompting the service provider to increase their initial offer. After the revised offer was made, and since the complainant did not wish for the mediation to be unnecessarily prolonged, the mediator granted a brief recess, after which the complainant agreed to accept the offer.

Further intervention was needed to conclude the case, including guidance on the settlement agreement and follow-ups on payment, which was delayed due to geopolitical events affecting the service provider's finance teams.

TRAVEL INSURANCE LIMITS AND CUSTOMER LOYALTY

A complainant had to cancel their trip for health reasons and sought to recover their losses through their travel insurance policy. The circumstances did not entitle the complainant to claim the expenses incurred. During mediation, the mediator asked questions of both parties, primarily the complainant, to ensure they understood their legal position and to elicit the genuine nature of the case and the facts from their perspective.

During mediation, it emerged that the complainant held all his insurance policies with the service provider, including those related to his business and family. Based on the documentation presented, the complainant's demeanour and his long-standing loyalty as a customer, both personally and professionally, the mediator asked the service provider to reconsider its position. The service provider acknowledged the situation and requested time to discuss internally.

Following mediation, communication continued by e-mail between the mediator and the parties. Eventually, the service provider made an *ex gratia* offer, which the complainant accepted.

This complaint and the sequence of events highlight two essential qualities a mediator must employ: being inquisitive while giving each party space to respond, and, more importantly, listening carefully for any information that may help either party reassess their position.

LIFE POLICY MATURITY ESTIMATE

A service provider failed to uphold its obligations on a life assurance policy on the basis that the service provider failed to uphold its obligations and misled the complainant by providing an estimated maturity value that significantly deviated from the actual amount. The service provider maintained that the estimate was mandated by law and, as a quote, was not to be considered a guarantee. This left the complainant feeling cheated and betrayed since this had not been clearly explained at the time of subscribing to the policy.

What made this complaint more challenging than similar ones was that the complainant had originally been given an estimate of Lm25,885.00 (€60,296) and, 25 years later, was being offered €25,499.39. The similarity between the two figures, regardless of the currency change, led the complainant to believe that the service provider was deliberately trying to mislead them.

In addition to explaining the reasons behind the discrepancy in figures, there was also the difficulty of addressing the coincidence in the amounts. From the complainant's perspective, they had always honoured their obligations, sacrificing what little they had, motivated primarily by the initial quoted sum, while the service provider appeared able to easily opt out of its own "obligations".

The complainant wanted the matter resolved but feared making the wrong decision at every stage, resulting in a need for constant communication and clarification from the mediator. The mediator, therefore, adopted a gentle yet proactive approach, frequently following up unprompted to ensure the process continued and ultimately reached a positive, and balanced, conclusion.

A QROPS PENSION TRANSFER

The complainant transferred a QROPS pension in 2015. The complainant alleged that the pension fund had suffered losses in a six-figure amount, that fees and charges had been debited without specific authorisation, and that funds had been placed in securities that did not match their risk profile. They also claimed that the service provider had failed to exercise the care expected of a trustee, causing distress.

The service provider rejected the complaint. It argued that the complaint was time-barred under article 21(1)(c) of Cap. 555 of the Laws of Malta. It also maintained that the pension fund had not suffered a loss, that the fees had been disclosed and accepted at the outset, and that all investments had been authorised by the complainant, their financial adviser

or their discretionary investment manager. The service provider further stated that it was not licensed to give investment advice and had acted in good faith.

During mediation, the parties began from opposing positions. After a focused discussion lasting more than an hour, the complainant and the service provider agreed to continue talks directly. Those discussions led to a settlement for an undisclosed amount, after which the complainant withdrew the complaint.

This case shows how mediation can help parties move beyond fixed positions. A structured discussion allowed them to reassess the dispute and reach an amicable resolution.

INVESTIGATION AND ADJUDICATION

When mediation is refused or unsuccessful, the complaint proceeds to investigation and adjudication. The Arbiter first considers whether the complaint falls within the Office's competence under the Act.

If competence is established, a complaint referred to the Arbiter requires at least one hearing. Hearings are generally held remotely via video conference, although in-person hearings may be held at the Office's premises in Msida, where appropriate.

Remote hearings allow cases to be managed efficiently without reducing the fairness of the process. They also assist parties who may otherwise face practical difficulty attending in person. In-person hearings remain available when the circumstances of the case require them.

During the hearing process, the parties may present oral and written evidence. They may also call witnesses and make submissions, as directed by the Arbiter. Information and documentation received from one party are shared with the other party.

The Arbiter has wide powers when reviewing complaints. These include the power to request witness testimony, to require third parties to provide information and, where required, to carry out inspections at a provider's premises.

Hearings are conducted in Maltese or English. The parties are guided on the filing of documents and submissions during the process. Once the period for submissions ends, the complaint is placed for decision.

Each complaint is decided on its own facts and merits. The Arbiter assesses the evidence, the applicable law, the contractual documentation and the conduct of the parties before issuing a written decision.

FINDINGS AND AWARDS

A few days before a decision is delivered, the parties are notified of the delivery date. The decision is then issued in writing and sent to the parties and to their representatives, where applicable.

The Arbiter may uphold a complaint in full or in part, or reject it. When a complaint is upheld, the Arbiter may direct the provider to take action in relation to the conduct complained of or its consequences.

The Arbiter may also direct the provider to give reasons or explanations, change a relevant practice, or pay compensation for loss, damage or income, with or without interest. The decision may also specify the period within which the provider must comply.

The Arbiter may award compensation of up to €250,000 for each complainant, together with any additional amount for interest and costs. Where fair compensation would exceed that amount, the Arbiter may recommend payment of the balance. Such a recommendation is not binding on the provider.

The Arbiter also decides who should bear the costs of the proceedings and in what proportion. This assessment depends on the circumstances of the case.

Final decisions are binding on both parties, subject to the right of appeal. The Office publishes the Arbiter's decisions on its portal. The names and surnames of complainants are replaced with alphabetical references.

Either party may request the Arbiter to clarify the decision, or to correct any computational, clerical, typographical or similar error. This request must be filed with the Arbiter, with a copy to the other party, within 15 days from notification of the decision.

Either party may also appeal the Arbiter's decision before the Court of Appeal in its Inferior Jurisdiction. The appeal must be filed within 20 days from notification of the decision. When a clarification or correction is issued, the appeal period runs from the date on which that clarification or correction is notified to the parties.

The Office is not involved in the appeal process. If no appeal is filed within the applicable period, the Arbiter's decision becomes final and binding on the parties.

In some cases, the Arbiter may issue a preliminary decision before deciding the complaint on its merits. Preliminary decisions usually address legal objections, including objections to the Arbiter's competence to hear the complaint.

FINAL DECISIONS DELIVERED BY THE ARBITER



Leading products within each outcome sector totals in bold · product counts beneath

NOT UPHELD	150	PARTIALLY UPHELD	37	UPHELD IN FULL	5
● Banking	98	● Insurance	21	● Banking	4
E-money	66	Life	20	Cards & e-money	4
Savings, current & term	10	Travel	1	● Investments	1
Transfers	9	● Banking	11	Pensions	1
Cards	7	Transfers	4		
Other products	6	Savings & term	3		
● Investments	40	E-money	3		
Crypto & virtual assets	28	Cards	1		
Pensions	6	● Investments	5		
Portfolio, securities & forex	6	Crypto, forex, pensions & portfolio	5		
● Insurance	12				
Travel	4				
Life	3				
Home, motor, health, rental & commercial	5				

Why the 150 Not Upheld decisions went that way

Dismissed on other legal points	72	48%
Not proven on the merits	59	39%
Outside the Arbiter's competence	12	8%
Prescribed (time-barred)	5	3%
Frivolous	2	1%

Within the banking cohort: 65 of the e-money cases related to a payment institution in liquidation and 2 to a bank whose assets are subject to a Court case — all decided on legal grounds.

Compensation awarded		€253,000 across 39 decisions	
€1,000 – €5,000	22	€5,000 – €10,000	6
€10,000 – €20,000	5	Over €20,000	3
Below €500	3	Non-monetary remedy	3
Range from €250 ex gratia to €27,000 single largest award (originally GBP)			

Decisions appealed

11 of 192

6% appeal rate · the lowest in three years

2024 · 7%	2023 · 12%
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SECTOR	APEALED	NOT APEALED
■ Banking & payments	6	106
■ Insurance	1	33
■ Investments	4	42
Total	11	181

AVERAGE TIME TAKEN TO ISSUE DECISIONS

The OAFS was established to provide financial services consumers with a platform for timely complaint resolution. This purpose reflects the objectives of the ADR Directive and the Act.

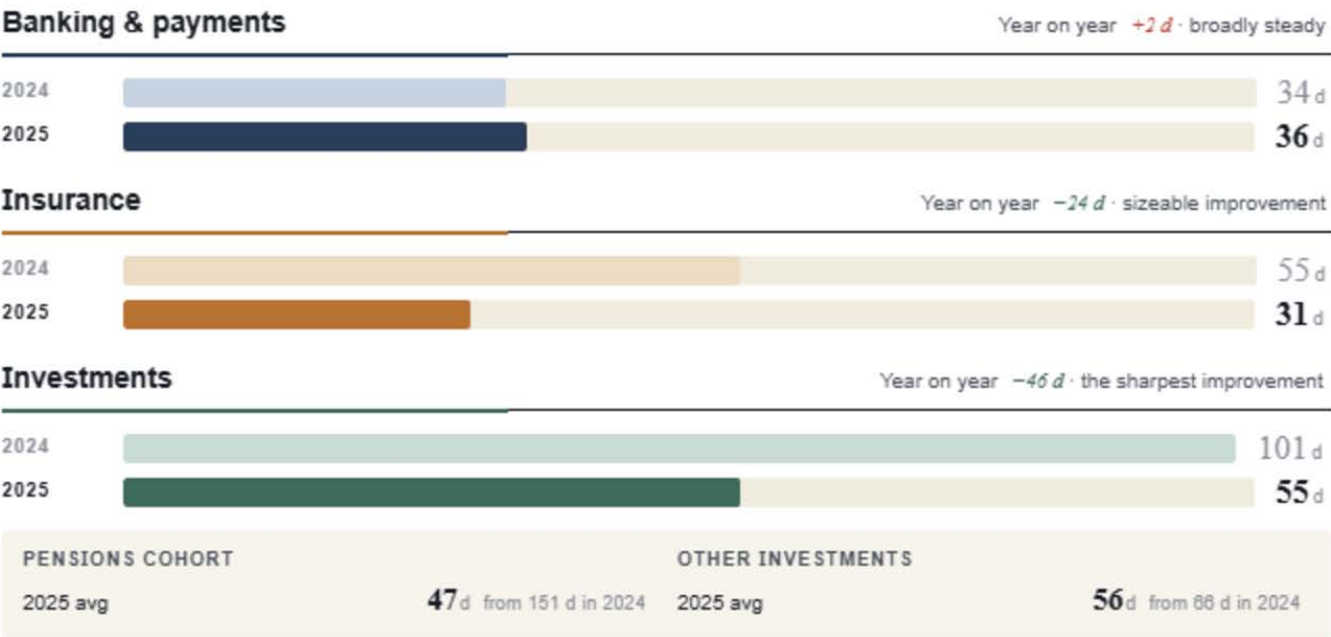
Under the ADR Directive, a final decision must be issued within 90 days of the complaint’s investigation being finalised. This is the point at which the evidence and submissions are treated as complete. In exceptional cases of a highly complex nature, redress mechanisms may extend the examination timeframe.

Not all cases can be decided at the same pace. Some are resolved swiftly, whereas more complex cases require detailed research, review and consideration before a final decision can be issued.

In a limited number of cases, a longer period was needed to convene hearings. This was mainly due to extensive supporting documentation filed by the parties, which required substantial review. These cases show the balance that must be maintained between issuing decisions promptly and ensuring that each decision is properly reasoned.

The Arbiter remains focused on issuing decisions without delay once the case file is complete. This gives the parties a clear and timely outcome.

AVERAGE TIME FROM LAST HEARING OR SUBMISSION TO CASE CLOSED



632 days

PAYMENT INSTITUTION IN LIQUIDATION

A separate cohort of 65 complaints, measured from acceptance to closure rather than last hearing. These were accepted in the same period and processed together as a group rather than adjudicated individually, and are excluded from the 42-day average above.

OVERVIEW OF DECISIONS DELIVERED BY THE ARBITER

ARBITER'S DECISIONS ONLINE

The OAFS online portal provides comprehensive access to the Arbiter's decisions, enabling users to explore over 900 available decisions. Users can refine their searches using various filters such as: the name of the financial services provider, the language, year date of the decision, the sector involved, the outcome of the decision and the occurrence of any appeals.

In the published versions of the decisions, the complainants' names are omitted and replaced with unrelated letters of the alphabet.

The database of the Arbiter's decisions is regularly updated to include relevant case reference numbers for appeals made to the Court of Appeal (Civil Inferior). Users can also filter their searches to distinguish between appealed and non-appealed decisions.

When the appeal judgment is published, it is made available alongside the corresponding Arbiter's decision. The identity of the complainant(s) would be revealed when an appeal is lodged with the Courts.

This decision database aims to serve as a comprehensive research tool for academia, the financial services industry, consumers and other stakeholders, thereby contributing to the growing body of knowledge on retail financial services jurisprudence in Malta.

A SELECTION OF CASE SUMMARIES

The OAFS is mandated by law to publish summaries of the decisions made by the Arbiter. In the year under review, the Arbiter issued 192 final decisions.

This section highlights key decisions related to banking and payment services, insurance, investments and private pensions.

The summaries capture the principal elements and insights observed in the Arbiter's decisions. Besides case summaries of individual cases, there are also case summaries of decisions that have been grouped together because they are related either by subject matter, type of complaint or the issues raised by the complainant or the provider.

If an Appeal judgment to a decision has been published by the time this annual report is compiled, the summary will also include the outcome of the judgment. Further details about Appeal judgments issued in 2025 relating to the Arbiter's decisions are found in Annex 4.



BANKING AND PAYMENT SERVICES CASES

These case summaries address disputes on fraud, authorised payments, transaction monitoring, account closure, blocked funds, chargebacks and jurisdiction. The Arbiter's reasoning often turned on authentication, customer conduct, warning signs and pattern monitoring duties. In account closure and virtual IBAN cases, the analysis also considered risk appetite, transparency, eligible customer status and practical access. Some complaints were rejected in full because payments were authorised, evidence was insufficient or jurisdiction was absent. Other complaints were upheld or partially upheld when providers delayed access to funds or missed clear anomalies. The reasoning balances law with justice, equity and reasonableness.

CAR HIRE CHARGES AND FAILED CHARGEBACK (ASF 083/2024)

[Click for the Arbiter's decision](#)

COMPLAINT REJECTED (ON MERIT)

VISA arbitration, token authentication, security deposit, traffic fines.

A customer of a retail bank disputed three debit card transactions in Dubai in April 2023. The amounts, totalling AED 14,150 (approximately €3,567.21), were debited by a car hire company.

The complaint alleged:

- a. The complainant had used his card as a security deposit for three car hire agreements, covering his own vehicle and those of two relatives.
- b. The holds were to be released once the cars were returned undamaged and without outstanding fines.
- c. The car hire company debited AED 5,150, AED 5,000 and AED 4,000 without genuine authorisation.
- d. He sought a refund of €3,567.21 plus €712.97 in VISA arbitration fees, totalling €4,280.18.

The bank denied the allegations, responding as follows:

- a. All three transactions were duly authorised: one via physical card and chip, and two via a digital token in the complainant's Apple Wallet.
- b. No legal obligation to refund arose since the transactions were authorised under applicable payment services legislation.
- c. Despite this, the bank pursued the full chargeback cycle, including pre-arbitration and VISA arbitration, on the complainant's behalf.
- d. At each stage, the car hire company's bank declined, citing traffic fines and the card's use as a guarantee for additional vehicles.

After reviewing all the evidence and submissions, the Arbiter made these observations:

1. All three transactions were accepted as authorised by the complainant through the physical card or the Apple Wallet token.
2. The real substance of the complaint was not that authorisation was absent. Rather, the security holds should have been released on the safe return of the vehicles. The complainant alleged that the car hire company had acted abusively by converting the holds into actual charges.
3. No evidence emerged of negligence or procedural failing by the bank. It followed correct procedures at every stage of the chargeback cycle, including pre-arbitration and VISA arbitration.
4. The complainant failed to produce the hire agreement, a key document. He offered no rebuttal to the car hire company's evidence regarding traffic fines and additional charges.
5. The uncontested payment was approved at approximately 10:40, yet the hire agreement showed the rental began after midday. This suggested the VISA Arbitration Committee found the charges legitimate.
6. The bank's case depended entirely on evidence the complainant supplied. The adverse outcome could not be attributed to the bank. No proof emerged that the bank had withheld or mishandled evidence in its submissions.

Based on these findings, the Arbiter dismissed the complaint in full, with each party ordered to bear its own costs.

The decision was not appealed.

BANK'S MONITORING FAILURE IN CRYPTO FRAUD (ASF 025/2024)

COMPLAINT PARTIALLY UPHELD AND CONFIRMED ON APPEAL

Pig butchering scam, crypto assets, payment monitoring, PSD2 obligations, transaction anomalies, fraudulent transfers.

The complainant worked as a driving instructor. He sought recovery from the bank for losses from fraudulent crypto payments between October 2022 and May 2023.

- a. He made 30 payments totalling roughly €70,000 for supposed crypto investments through two online platforms.
- b. Fraudsters contacted him via social media, built his trust and guided him through every step.
- c. When he tried to withdraw supposed profits, the fraudsters demanded further sums, exposing the scam.
- d. He argued the bank had failed in its fiduciary and regulatory duties to protect customers.
- e. He cited PSD2, including Article 68 on the right to block suspicious payment instruments.
- f. As remedy, he requested a full refund of his total loss.

The bank denied liability and submitted that the complainant authorised every transaction through secure channels.

- a. Card transactions used 3D Secure authentication and satisfied strong customer authentication requirements under PSD2.
- b. Four online transfers of €5,000 each were authorised, with the complainant himself listed as recipient.
- c. Funds were transferred to accounts in his own name on a locally licensed platform.
- d. Transaction monitoring revealed no anomalies, suspicious activity or unusual transfers.
- e. Authorised payments could not be cancelled under Article 80 of PSD2.
- f. Any complaint about the crypto wallet should be directed at the relevant platform provider.

The Arbiter made the following observations:

1. The case represented a typical pig butchering scam, with manipulation unfolding over seven months through online channels.
2. Police reports, sworn testimony, message records and bank statements left no reasonable doubt about the fraud.
3. Payment service providers must operate effective monitoring under Commission Delegated Regulation (EU) 2018/389 and PSD2.
4. Monitoring duties extended beyond single transactions to cover sequences set against the customer's normal account history.
5. Statements from 2020 onwards showed that earlier transfers rarely exceeded €3,000 and never approached later volumes.
6. By December 2022, the cumulative crypto payments approached or exceeded his declared annual income.
7. The bank knew funds were destined for a virtual asset service provider, yet failed to intervene.
8. By the second payment on 17 December 2022, a serious conversation about possible manipulation should have begun. Basic questions about the trader, his experience and the purpose of transfers would have exposed red flags.
9. The defence about secure authentication did not discharge the wider duty of pattern monitoring.
10. The complainant bore partial responsibility because the fraudster's influence over him was very strong.
11. Banks under PSD2 may block instruments for objectively justified reasons linked to suspected fraud.
12. The bank's earlier customer profile dated from 2019 and gave no recent picture of his circumstances.
13. Pattern monitoring should have flagged frequent, sizeable and atypical transfers from a previously inactive account.
14. A timely conversation might not have changed the outcome, given the deep emotional grip of the fraudster.

The bank was ordered to refund those payments made after 17 December 2022 amounting to €24,696. Interest at 3% applied from five days after the decision. Each party bore its own legal costs because both shared responsibility.

The decision was confirmed on appeal.

VIRTUAL IBAN SCAM AGAINST VULNERABLE PENSIONER (ASF 155/2024)

COMPLAINT UPHELD BUT OVERTURNED ON APPEAL

Eligible customer, beneficiary identification, payment transparency, PSD2 framework, master account, customer due diligence.

A 70-year-old pensioner fell victim to a cryptocurrency scam in late 2023. She filed a complaint against a payment institution offering virtual IBAN services in Malta.

The complainant supported her claim with these key points:

- a. Three transfers were made from her UK electronic money account, totalling £23,300, in November and December 2023. Fraudsters posing as cryptocurrency advisors had groomed her through weeks of telephone contact.
- b. The scammers had gained remote access to her phone through a software application. She suffered from multiple sclerosis and could not grasp the technology involved.
- c. Documentation suggested an account in her name existed with the service provider.
- d. She requested full reimbursement of the sum lost, namely £20,000.

The service provider's reply rested on these key arguments and submissions:

- a. No legal or contractual relationship existed between the parties.
- b. Its corporate clients were two cryptocurrency exchanges based in Estonia and Poland.
- c. The complainant did not qualify as an eligible customer under the Act.
- d. Funds were received in its capacity as a receiving payment service provider for the merchants.
- e. Customer due diligence on the merchants' clients fell to those merchants themselves.
- f. Under the PSD2 framework, no duty existed to match beneficiary names against IBANs.

The Arbiter declined the Service Provider's preliminary plea of non-competence, arguing that naming herself as beneficiary in the transfers was tantamount to requesting a service which rendered her an eligible customer.

The Arbiter then proceeded to consider the merits of the case, making the following observations after considering all submissions and evidence:

1. Transfer orders consistently identified the complainant herself as the sole beneficiary throughout. Her own payment institution treated the transactions as routine payments routed to another account in her name.

2. Virtual IBANs lacked specific legal coverage under PSD2 or under the relevant Central Bank of Malta directive. The standard IBAN framework was misplaced where virtual IBANs operated differently in practice. The European Banking Authority report of May 2024 had flagged transparency risks affecting end users of vIBANs.

3. End users without master accounts faced reduced regulatory protection when funds were routed through such arrangements. The remitting bank would likely have intervened had it known funds were ultimately routed to cryptocurrency merchants.

4. Crediting funds to an unnamed third party occurred without specific authority from the remitter or her bank. Adequate warnings about the virtual IBAN arrangement were absent throughout the process.

5. Vulnerable consumers should not bear losses arising from opaque payment arrangements they could not understand. Innovation must not deny consumers protections available within their home payment systems.

6. Onboarding duties for corporate clients included ensuring systems were not exploited by fraudsters. Responsibility for the harm rested with the institution offering and enabling virtual IBAN services to corporate clients.

7. The legitimate expectations of consumers were not satisfied by the manner of execution adopted in this case.

8. Standard transaction monitoring assumed transfers between accounts held in the same person's name. The provider could have verified the named beneficiary or queried the unusual payment arrangement structure.

The service provider was ordered to refund the full sum of £23,300 to the complainant. Interest at 5% p.a. applied from the decision date until payment. Costs were borne entirely by the service provider.

The Court of Appeal overturned the Arbiter's decision of having jurisdiction by treating the complainant as an eligible customer in terms of law as it stood at the time of the event. Without entering the merits of the case, the Court annulled the compensation awarded by the Arbiter.

BANK ACCOUNT CLOSURE WITHOUT EXPLANATION GIVEN (ASF 091/2025)

COMPLAINT REJECTED (ON MERIT) AND PENDING APPEAL OUTCOME

Account termination, risk appetite, notice period, sole trader, joint accounts, transparency.

A customer contested the termination by his bank of all seven of his accounts without explanation. The complainant argued:

- a. His five personal and two joint accounts had been operated transparently and in accordance with all banking requirements.
- b. He had co-operated promptly with all compliance requests, providing source of funds documentation and his tax return on request.
- c. His credit record was clean, with all past loans settled in full and on time.
- d. The bank refused to offer an explanation or to engage further despite his requests.
- e. He sought either a reversal of the termination or a clear explanation, believing the decision stemmed from an error.

The service provider submitted:

- a. A termination notice dated 24 April 2025 had been issued giving two months' notice, but the accounts remained open.
- b. Its general terms and conditions and the Central Bank of Malta Directive 1 permitted termination on two months' notice.
- c. The complainant fell outside the bank's risk appetite for reasons that could not be disclosed.
- d. A 2023 Court of Appeal judgment confirmed a bank's right to determine its risk appetite.
- e. The complaint was unfounded in fact and at law, and no compensation was warranted.

The Arbiter made these observations before reaching his decision.

1. Under EU Directive 2014/92/EU, the statutory right to a bank account applied only to natural persons. Such a right covered personal use only, with business transactions excluded.
2. Banks are commercial enterprises that profit from servicing clients. There had to be compelling reasons to end a relationship of 30 years.
3. Financial services law may legitimately restrict disclosure of certain information. It also falls to a bank to determine its risk appetite.
4. At least two months' notice was required before closing accounts. Longer periods may be appropriate depending on circumstances.
5. Account closure ought to be a last resort. Due consideration ought to be given to less drastic arrangements.
6. Neither joint account holder had complained, suggesting tacit acceptance. Those partners may have negatively influenced the bank's view of the complainant. This was especially so if their shared businesses attracted enhanced due diligence.
7. The sole trader structure presents particular monitoring challenges. Without audited financial statements, a bank cannot verify that cash is not channelled inappropriately.
8. The complainant confirmed that he still held an active account with another bank. This raised a question about whether his practical difficulties were as serious as he feared.
9. A competitive market means different institutions accept different risks. Some banks may willingly service what others decline.
10. The criteria of justice, equity and reasonableness remained the guiding framework. This case nonetheless differed from an earlier comparable matter. In that earlier case, the complainant had no alternative banking relationship. The 2023 Court of Appeal judgment reinforced this position.

The complaint was therefore dismissed on these grounds. The Arbiter nonetheless held that two months was insufficient notice for a business customer. He ordered the bank to postpone account closure until 24 October 2025, extending the notice to six months. The costs of the proceedings were awarded against the service provider.

The decision has been appealed by the bank which claimed the right to close business accounts giving two months' notice.

SEPA FAILURE BLOCKS BUSINESS ACCOUNT FUNDS (ASF 163/2024)

COMPLAINT PARTIALLY UPHELD

SEPA disruption, frozen funds, ATM withdrawals, micro-enterprise, moral damages, account fees.

An engineering consultancy filed a complaint against its payment service provider claiming that:

- a. The service provider's SEPA payment system had failed, blocking access to a balance exceeding €250,000.
- b. The debit card, activated only in June 2024 and periodically blocked, forced the complainant into ATM withdrawals, incurring extra charges.
- c. The complainant borrowed personally to meet tax obligations due during the period.
- d. The revised remedy totalled €55,692.36, covering CSP charges, supplier charges, account fees, ATM fees, interest and UBO loss of earnings.

The service provider disputed most claims, maintaining full compliance with its obligations throughout.

- a. It asserted that access to funds was available via the corporate card, activated in June 2024.
- b. It attributed the SEPA disruption to a provider transition and maintained that regular updates had been given.
- c. It declined to reimburse ATM and CSP fees, citing standard terms and conditions.
- d. It denied liability for business losses and moral damages.
- e. It claimed to have refunded all account fees from March 2024 to March 2025, a claim the complainant disputed.

The Arbiter made the following observations in his decision:

1. The loss of access was wholly attributable to the service provider's conduct, not to the complainant.
2. The claim for the UBO's mental anguish, quantified at €35,000, was not accepted. The complainant was a company, and no proof showed it had paid any such claim to a third party. Nor was any evidence provided to quantify it.
3. The interest claim of €11,474.37 at 5% p.a. was refused. It had not formed part of the original complaint, and no evidence of interest charges after filing was produced. It remained unclear, moreover, how the balance reached zero by the card's expiry in November 2024.
4. Supplier charges of €947.77 were rejected for want of satisfactory evidence linking them to the complainant's business transactions.
5. A CSP invoice of €1,188.26 for October 2024 was too remotely connected to the complaint and was not accepted.
6. ATM cash fees of €2,030 were accepted in full, despite the absence of documentary evidence. Being forced to withdraw cash from ATMs credibly generated fees that normal SEPA transfers would not have incurred.
7. The original claim of €2,554, comprising ATM fees and CSP costs, was upheld. No firm rebuttal had been put forward by the service provider.
8. The agreed refund of account fees of €384, covering March 2024 to March 2025, had not yet been executed.
9. A nominal €1,000 was awarded for moral damages, given the prolonged denial of access to the complainant's funds.

The Arbiter ordered payment of €4,712 to the complainant. This comprised €2,554 in original compensation, €1,158 in additional ATM fees and €1,000 for moral damages. Interest at 2.65% p.a. applied until effective payment. The service provider was also directed to execute the agreed refund of the account fee of €384. Costs of the proceedings were charged to the service provider.

The decision was not appealed.

PHISHING FRAUD AND UNAUTHORISED ACCOUNT TRANSFERS (ASF 227/2024)

COMPLAINT REJECTED (ON MERIT) BUT OVERTURNED ON APPEAL

Credentials, PIN code, vexatious complaint, tacit co-operation, authentication, emotional distress.

The complainant alleged his account had been fraudulently accessed through a phishing attack, and his complaint raised these points:

- a. He received a message warning of a login from a new device. It included a link, which he followed, logging into a counterfeit website and exposing his credentials.
- b. Four unauthorised transfers totalling €3,566 were executed on 30 March 2024, all within two minutes. These were directed to another account at the same institution.
- c. He questioned how the perpetrator had obtained his phone number and personal details.
- d. He maintained that phishing warnings were only issued four months after the incident.
- e. He sought compensation of €250,000, raised from an initial claim of €100,000, covering stolen funds, identity theft and emotional distress.

The financial services provider denied liability and submitted these points in its defence:

- a. All transactions were properly authenticated using the client's credentials and PIN.
- b. No breach of the provider's systems or infrastructure was detected.
- c. Under the applicable terms, clients were required to safeguard their credentials and bore responsibility for any compromise.
- d. The funds were transferred immediately to an external account, making recovery impossible when the loss was reported the following day.

The Arbiter made these observations, expressing material doubts about the complaint's credibility.

1. The complainant produced SMS messages dated between 11 and 18 December 2023 and attributed the last to the alleged perpetrator. The theft occurred on 30 March 2024, and nothing connected those December messages to the alleged fraud.
2. The complainant asserted that the perpetrator had infiltrated the provider's SMS channel. This

sat uneasily with the separate claim that the same individual later contacted him from a Spanish number.

3. The formal complaint was lodged with the provider on 7 November 2024, more than seven months after the alleged incident. This degree of delay was not typical of a genuine fraud victim.
4. Fraudsters rarely transfer stolen funds to another account at the same institution as the victim. This unusual pattern gave rise to a reasonable inference of possible tacit co-operation between the holders of both accounts.
5. Only three transactions were reported initially, with a fourth, of €60, disclosed eight months later. The complainant attributed this omission entirely to error, which the Arbiter found hard to accept.
6. Evidence from the provider established that authentication required the client's PIN and login credentials. Without voluntary disclosure of those details to a third party, the transfers could not have proceeded. This strongly indicated that the complainant had entered his credentials on the counterfeit website.
7. Genuine fraud victims ordinarily focus on recovering their losses rather than inflating their claims. The complainant sought €250,000, approximately 70 times the sum allegedly stolen. This disproportionate claim further called his motives into question.

These findings led the Arbiter to classify the complaint as frivolous and vexatious. This was pursuant to Article 21(2)(c) of Cap. 555 of the Laws of Malta. He declined to exercise his statutory powers and closed the file, with each party bearing its own costs.

The decision was overturned on appeal. The Court allowed the admission of new evidence into the record, which revealed an aggressive, assiduous pattern of phishing messages targeting the applicant between March and August. This additional data directly influenced the determination of the Court of Appeal on the authenticity of the claim and the visible security failures of the payment service provider.

The Court found that the provider failed to implement Strong Customer Authentication (SCA) under PSD2, yet found no evidence of applicant collusion or bad faith, noting that the applicant reported the fraud immediately to the provider the following day. The provider's internal security also failed to detect or halt consecutive, atypical transactions that rapidly emptied the account, and the provider subsequently failed to execute any tracing measures to recover the stolen funds transferred within its own institution. The Court ordered full restitution of the fraudulent payments but declined any compensation for moral damages claimed for €250,000.

INVESTMENT SCAM LOSSES AND MONITORING FAILURES (ASF 204/2024)

COMPLAINT PARTIALLY UPHELD

Internet banking, remote access application, pig butchering, transaction monitoring, negligence, vulnerable customer.

The complainant held a bank account from which €32,000 was fraudulently withdrawn between 15 and 17 January 2024. He contended the bank had applied no controls..

The complaint alleged:

- a. Multiple transactions totalling €32,000 were executed across a single day without any checks or controls.
- b. The bank applied no legally required precautions against fraud or money laundering.
- c. The complainant received no notification that funds were being withdrawn.
- d. The bank failed to co-operate and gave no information on how or where the funds had moved.
- e. The bank failed to respond to a judicial protest dated 9 May 2024 and an official letter dated 28 June 2024.
- f. Full reimbursement of €32,000 was sought.

The financial services provider rejected the complaint, citing:

- a. In June 2023, the bank sent the complainant fraud and scam awareness guidance by e-mail.
- b. In October 2023, a suspicious transaction was stopped, banking and cards were suspended, and the complainant was directed to remove the remote access application and file a police report.
- c. On 15 January 2024, a call centre agent warned him against sharing credentials.
- d. On 17 January 2024, the bank acted promptly to limit further losses, recovering and reimbursing €7,000.
- e. On 1 February 2024, the branch manager personally warned the complainant again and took a signed declaration from him.

After examining call recordings and witness testimony, the Arbiter made these observations:

1. It was uncontested that the complainant fell victim to fraud. The issue was whether the loss was wholly attributable to his own gross negligence or whether the bank also bore some share of responsibility.
2. The complainant demonstrated a serious degree of negligence by repeatedly disclosing security codes to the fraudsters, despite multiple prior warnings, by leaving the remote access application on his device and by failing to follow explicit instructions to report the fraud at the branch and police station on the morning of 16 January 2024.
3. For the first payment of €3,000 on 15 January 2024, full responsibility rested with the complainant alone.
4. Regarding the payments made on 16 January 2024, the call centre had been notified of fraud the previous evening but did not suspend internet banking access. Given that the complainant's vulnerability was well known to the bank since at least October 2023, this amounted to a material failure. The bank had also set a transfer limit per day that far exceeded the €5,000 commonly regarded as appropriate for a vulnerable retail customer.
5. Payment monitoring obligations required consideration of a customer's normal payment history, not merely individual transactions in isolation. The payments executed over three days were wholly anomalous relative to prior account activity and should have triggered intervention.
6. By the time the final €7,000 was transferred on 17 January 2024, the bank had already observed five anomalous payments over two days. Its monitoring system ought to have blocked further transactions at that point.

The Arbiter ordered the bank to pay €17,000, approximately 50% of the total loss, with interest at 2% p.a. from five working days after the decision until payment. Each party bore its own costs.

The decision was not appealed.

TRANSACTION LIMIT DELAY AND INVESTMENT LOSS (ASF 229/2024)

COMPLAINT REJECTED (ON MERIT)

Transaction limit, internet banking, time window, market risk, notification.

Two spouses claimed their bank failed to notify them when their transfer limit increase was processed. They said this caused a delayed investment transfer and a €31,000 increase in cost of acquisition of securities.

a. On 8 October 2024, complainants requested a temporary limit increase to €450,000 for 24 hours. The funds were intended to purchase a particular stock through their securities broker.

b. The bank portal's automated reply stated the request had been forwarded "so they may contact you accordingly". They read this as a commitment to prior notification.

c. Expecting contact, they made no transfer attempt within the time window they had requested.

d. Receiving no response by 11 October, they e-mailed an unrelated bank employee rather than using the proper channels.

e. A second request on 15 October was granted without any notification. The transfer was finally completed on 28 October after a branch visit.

f. They sought full compensation of €31,000 from the bank.

The bank denied liability, saying it had acted promptly at each stage.

a. All three requests were processed on the following working day.

b. The word "may" in the automated message created no obligation to confirm completion; notification applied only to declined requests.

c. The complainants should have attempted the transfer within their requested time window.

d. The claimed loss was inconsistent, rising from €19,204 to €31,000 between the bank complaint and the arbitration filing.

In his decision, the Arbiter made these observations:

1. The complainants had requested a time window of 24 hours. They admitted at the hearing, however, that no transfer attempt was made within it.
2. This admission contradicted the complaint form, which stated they had tried at least three times. Under cross-examination, the complainant said no attempt was made within the time window. Those failed attempts were likely made after it had expired.
3. The automated message used the word "may" not "will". No reasonable reading supported a firm commitment to contact the client beforehand.
4. The branch manager confirmed the bank's practice was to contact clients only when requests were declined, with silence indicating approval.
5. Even accepting the complainants' understanding, the appropriate response after three days without contact was a follow-up via the 24/7 portal. Instead, they e-mailed an employee with no connection to limit requests. That was not an effective means of resolving the matter.
6. Allowing 20 days to elapse without effective action was not reasonable, given the size of the transfer. The complainants had themselves acknowledged the urgency from the outset.
7. On market risk, price movements could have gone either way. Had the price fallen, the gain would not have been shared with the bank. Market risk from their own inaction could not be selectively transferred to the bank.
8. The stockbroker's correspondence was accepted as adequate evidence of the loss, contrary to the bank's position.
9. Better communication by the bank was noted as desirable but stopped short of a legal obligation.

The complaint was rejected and both parties were to bear their own costs. The decision was not appealed.

BLOCKED FUNDS AND PAYMENT SERVICE FAILURE (ASF 125/2025)

COMPLAINT UPHELD

Funds blockage, Mastercard hold, interest, chargeback, payment card, compensation.

The complainant held an account with a provider of payment services, with €19,150 blocked from June 2023 to July 2025.

- a. A Mastercard hold, placed by a merchant operating a sports camp in Romania, blocked the funds.
- b. He waited from June 2023 to April 2025 before chasing their release.
- c. On 26 May 2025, he was told the hold remained active and had not been released.
- d. He was directed to file a reclamation form with Mastercard.
- e. Funds were returned on 16/17 July 2025 and his account was then closed.
- f. He confirmed receipt but pursued a claim for interest at 5% over two years, amounting to €1,819.

The provider maintained its conduct was compliant and the blockage was beyond its control.

- a. The hold was placed by the merchant, not by the provider.
- b. It could not unilaterally release funds it had not itself blocked.
- c. Compliance with Maltese and EU law prevented disclosure of certain information.
- d. It submitted a reclamation request to Mastercard, with the complainant's consent, which led to the release.
- e. It described its conduct as co-operative, compliant and transparent.

Reviewing the full record and the evidence presented at the hearing, the Arbiter made these observations.

1. It was found that the provider had handled the matter poorly from the outset. No active effort to lift the hold was made before the complainant intervened in April 2025.
2. The Arbiter had directed the provider at the hearing to submit documentary evidence by 30 November 2025. This was to confirm the existence of the hold from June 2023 and its release in July 2025. The provider's submission of 1 December 2025 contained no such evidence, offering only a restatement of its earlier position.
3. The complainant had not helped his case by waiting nearly two years before following up. He had not chased the matter from June 2023 until April 2025.
4. A formal release of the Mastercard hold was needed before funds could be returned to the complainant. However, it was not accepted that the provider had done its utmost to secure that release. Once genuine efforts were applied, the funds were released within a reasonable period by July 2025. This strongly suggested that earlier action could have resolved matters sooner.
5. The complainant argued that the hold should not have lasted as long as it did. He contended that merchants ordinarily have 30 days to charge a transaction. Chargeback periods are typically capped at 120 days, rising to a maximum of 540 days only in exceptional circumstances.
6. Despite references to sensitive information and regulatory constraints, no evidence was provided to substantiate those claims.

Accounting for the complainant's delay, the provider was ordered to pay interest on €19,150 for four months, covering April to July 2025. This was calculated at 2.25% p.a. the average ECB marginal refinancing rate, rounded to €145. A further €500 was awarded for poor handling. The total award was €645, and interest at 2.15% p.a. applied from five days after the decision. Each party was ordered to bear its own costs.

The decision was not appealed.

BUNDLED CASES: FRAUDULENT PAYMENT DISPUTES AND APPORTIONMENT OF LIABILITY

Phishing, 3D Secure, strong customer authentication, social engineering, gross negligence, allocation model, PSD2, payment monitoring.

Several complaints arose from losses caused by fraudsters, with each complainant blaming the bank for inadequate protection. Each grievance turned on whether payments were properly authorised under PSD2. Fact patterns ranged from phishing SMS through WhatsApp impersonation to crypto scams. Some involved a single transfer abroad; others spanned many transactions across many days. Several complainants accepted partial fault while still seeking redress for monitoring failures. The principal grievances were:

- a. 16 unauthorised transactions totalling €2,000 followed a fake PayPal link that captured the card details (ASF 157/2024);
- b. A payment of €200 to a Vienna recipient followed an iPad enrolment on 3D Secure (ASF 112/2025);
- c. Two payments totalling €600 went to a blockchain merchant after WhatsApp impersonation of a hotel representative (ASF 240/2024);
- d. A priority transfer of €5,000 moved to London after a phishing SMS arrived in a trusted thread (ASF 235/2024);
- e. A payment of €4,000 went to the Netherlands while complainants were abroad for medical treatment (ASF 184/2024);
- f. Five payments totalling €20,000 funded a fake crypto platform in a pig butchering scam (ASF 185/2024);
- g. A payment of €2,000 to a UK beneficiary followed phishing SMS and impersonation calls (ASF 188/2024);
- h. Transactions of €70,000 were lost over eight days via a remote access application (ASF 052/2025).

The bank's submissions across the files remained broadly consistent. It argued that each transaction had been authorised through strong customer authentication under PSD2. The records showed token usage, biometric or passcode confirmation, and dynamic linking for online transfers. The provider denied any duty to refund where credentials had been divulged. It pointed to chargebacks attempted, recalls and warning campaigns about common scams.

The Arbiter made these observations, drawing on the published allocation model and a technical note on pig butchering scams. The starting point in every decision was whether the disputed payment had been authorised. When authorisation was proven, the question turned to whether monitoring obligations had been met.

1. In ASF 157/2024, the customer ignored multiple SMS notifications for many hours, undermining her own argument about monitoring failures. For ASF 112/2025, documentary evidence supported the provider. The denial of pressing the link clashed with her own disenrolment from 3D Secure.
2. In ASF 240/2024, gross negligence was found, despite proper 3D Secure authorisation of the payments. That case fell outside the allocation model since it concerned a known merchant, not bank impersonation.
3. For ASF 235/2024, the model gave a 100% allocation against the complainant. However, the provider was criticised for poor communication about the failed recall procedure.
4. ASF 184/2024 attracted special treatment because the couple had been abroad during prolonged medical care. The special circumstances reduction of responsibility rose from 20% to 30% as a result.
5. In ASF 185/2024, the payments had been genuinely authorised over many weeks. Chargebacks and recall attempts made so long after the event were unlikely to succeed.
6. In ASF 188/2024, three direct SMS warnings had recently been sent, reducing complainant relief. For ASF 052/2025, monitoring failures emerged once transfers towards crypto exchanges showed an unusual pattern and a partial compensation for €20,000 was awarded.

Three complaints were fully refused, with each party bearing its own costs (ASF 157/2024, ASF 240/2024, ASF 185/2024). ASF 112/2025 was also refused, but the provider was free to revive a prior *ex gratia* offer of 30%.

In ASF 235/2024, the model assigned all loss to the complainant. However, the provider was ordered to bear procedural costs due to inadequate recall communication. Three cases produced positive compensation orders for the complainants. These were 70% of €4,000 in ASF 184/2024, and 20% of €2,000 in ASF 188/2024. A tailored apportionment of €20,000 was ordered in ASF 052/2025.

The trend across the eight decisions showed strong customer authentication usually shifting most loss onto the customer.

The decision of case ASF 052/2025 has been appealed by the bank that was ordered to pay partial compensation.

INVESTMENTS CASES

These summaries address digital assets, securities transfers, investment suitability, disclosure and client authority. In crypto disputes, the Arbiter considered account suspension, wallet transfers, price spreads, fraud warnings and fiduciary obligations under the VFA framework. Contractual rights and accepted dealing screens were given weight, especially when prices reflected liquidity and volatility. The Arbiter also examined whether providers should have intervened after suspicious wallet activity or client responses. Other summaries concerned custodian disruption, prescription, dividend reinvestment, CFD onboarding and an investment switch made through a lawyer. Complaints were rejected in full where proof, time limits or causation failed. Complaints were partially upheld where suitability checks, client awareness or handling at closure fell short.

DISPUTED SPREAD ON CRYPTOCURRENCY SALE TRANSACTIONS (ASF 067/2024)

COMPLAINT REJECTED (ON MERIT)

Liquidity, volatility, price spread, transaction confirmation, tariff disclosure, digital assets.

A complaint was filed on 11 April 2024 against a cryptocurrency exchange platform. The dispute centred on what the complainant described as an undisclosed charge of around 9% applied to each sale.

- a. The complainant alleged that a charge of approximately 9% was applied to every sale, without disclosure in the terms and conditions.
- b. On a transaction involving 50,000 ICX coins, the market price stood at €15,840, yet only €14,272.83 was received, a gap of nearly 10%.
- c. When selling 125,000 VeChain tokens, €4,717.86 was received against an expected €5,163.75, leaving a shortfall of €445.89.
- d. Customer support directed the complainant to the terms and conditions, where no reference to an 8% or 9% charge could be found.
- e. By way of remedy, the complainant sought €445.89 and the ability to sell remaining holdings without the spread being applied.

The service provider filed a written reply setting out its position. It addressed the following points:

- a. All transaction details, including the execution price and total receivable amount, appeared on a confirmation screen before the sale was finalised. The complainant pressed “Confirm” to proceed.
- b. Revenue was derived from the spread between buy and sell prices, which varied with liquidity, volatility, and the specific token traded. No fixed tariff could therefore be stated in advance.
- c. Since the complainant accepted the quoted price and confirmed the transaction, the compensation request was declined.

The Arbiter considered the submissions of both parties and made these observations.

1. The central question was whether the spread had been fairly disclosed and was reasonable within the context of cryptocurrency trading.
2. Spreads on cryptocurrency transactions were affected by market volatility, liquidity, trading volume, supply and demand, time of day and relevant news events. Higher volatility and lower liquidity generally produced wider spreads.
3. VeChain was a particularly volatile token. In the three months preceding the decision, it ranged from approximately USD 0.02 to USD 0.08, illustrating the risk that providers needed to price into their quotes.
4. Though the complainant’s perception of overcharging was understandable, no fault could be attributed to the exchange for building wide spreads to guard against illiquidity and price volatility.
5. When asked directly, the service provider’s representative confirmed that no published schedule of margin rates was available to customers before a transaction was entered into. This was described as standard practice on centralised exchanges.
6. Under cross-examination, the complainant confirmed he had seen and accepted the confirmation screen clearly before finalising the sale. He also acknowledged, in principle, that he could have transferred his holdings to another platform instead of selling.
7. The complaint was limited strictly to the VeChain transaction of 15 February 2024. Other transactions fell outside the scope of the proceedings.

The complaint was dismissed. Each party was ordered to bear its own costs. Once transaction terms had been disclosed and accepted at the dealing stage, they could not be contested afterwards. The decision was also referred to the Malta Financial Services Authority to consider whether improved disclosure of tariffs and deal pricing should be required of service providers.

The decision was not appealed.

ACCOUNT BLOCKED FOLLOWING FRAUDULENT CRYPTO TRANSFER (ASF 120/2024)

COMPLAINT PARTIALLY UPHELD

Cryptocurrency, account suspension, digital assets, fraudulent transfer, terms of service, account termination.

The complainant's account with a cryptocurrency exchange was blocked after a transfer to a fraudulent platform.

- a. On 29 April 2024, the complainant, disregarding prior warnings, transferred 1,200 USDT to a fraudulent wallet.
- b. The suspension, lasting 36 days, prevented the complainant from accessing his digital assets, NEAR and TIA, valued at approximately €3,000.
- c. The service provider closed the account and converted the assets to euro. It then transferred €2,463.64 to the complainant's bank account without prior notice.
- d. The complainant initially sought account restoration, later revising his remedy to €5,011 in alleged trading gains during the suspension period.
- e. He further sought unspecified damages for the unilateral closure and asset conversion.

The service provider rejected all claims, asserting it had acted within its contractual rights at all times. It added:

- a. The account was suspended under the terms of service, permitting suspension where fraud was suspected.
- b. The complainant had been repeatedly warned against transferring funds to untrustworthy platforms and acknowledged the application was fraudulent.
- c. Liability was contractually limited to the value of assets held at the time, excluding speculative gains.
- d. The full account balance of €2,463.64 had been returned.
- e. The provider requested dismissal of the complaint as vexatious and frivolous.

The Arbiter reviewed the conduct of both parties and made these observations.

1. The service provider's efforts to warn the complainant before the transfer were commendable. Consumers were increasingly exposed to sophisticated fraud, and the intervention reflected responsible conduct towards its clients.
2. The complainant had disregarded those warnings at his own risk. It was therefore unreasonable for him to create an alternative scenario by placing liability on the service provider.
3. Suspending and closing the account was within the provider's contractual rights. The complainant's conduct had raised a reasonable suspicion of collusion with fraudsters, even if this was never proven.
4. The period from blocking to closure, spanning 36 days, was not considered excessive. Closing an account was an extreme step requiring deliberation, and the prompt block protected the complainant from further losses.
5. The claim for trading gains exceeding €5,000 was frivolous. The calculation relied entirely on hindsight, selecting optimal highs and lows retrospectively. This approach provided no valid basis for a compensation claim.
6. Some assets had been staked at the time and were not freely tradeable, further undermining the claim for trading losses.
7. The sole fault identified lay in the manner of closure. The complainant was notified only after funds had already reached his bank, with no chance to name a preferred wallet.
8. The provider had previously requested evidence of wallet ownership, but none was provided by the complainant.
9. There was no evidence that converting the assets to euro had materially harmed the complainant. Nominal compensation was therefore the only appropriate remedy for this aspect.

The Arbiter awarded €250 in nominal damages for the inconvenience of late notification and the unilateral asset conversion. This was 10% of the net proceeds, deemed sufficient to cover reconversion fees. All remaining claims were dismissed, and each party bore its own costs.

The decision was not appealed.

FAILED SECURITIES TRANSFER AND INCORRECT CUSTODY CHARGES (ASF 222/2023)

COMPLAINT REJECTED (ON MERIT)

Securities transfer, custodian licence revocation, investment funds liquidation, custody fees, micro-enterprise, standard settlement instructions.

A UK-registered limited liability partnership engaged in international timber trading filed a complaint against a Malta-licensed investment services provider. The complaint centred on two main issues.

a. Since 26 July 2023, the investment services provider had not executed the complainant's request to transfer four investment fund certificates, with a total face value of €382,000, to another financial institution.

b. The costs of the investment certificates and the calculation of custody commissions were displayed and calculated incorrectly in the complainant's online account.

c. The complainant was not informed of the reasons for the non-transfer.

d. As remedy, the complainant initially sought execution of the transfer and correct commission calculations. This later evolved into a request for reimbursement of storage fees of USD 2,680 and €100, and ultimately a request for payment of the market value of the securities, with a penalty at double the applicable discount rate.

The investment services provider acknowledged the facts but attributed the failed transfer to circumstances beyond its control. Its position was summarised as follows:

a. The custodian holding the securities had its licence revoked and was directed by the Central Bank of Lithuania to transfer all holdings to a central securities depository.

b. The investment services provider actively communicated with the custodian and the central securities depository to resolve the situation.

c. The complainant's chosen receiving institution lacked the correct procedural knowledge and had not provided the required standard settlement instructions.

d. The complainant and its chosen institution bore responsibility for appointing a custodian that was an accredited participant of the relevant central securities depository.

The Arbitrator observed the following:

1. The complainant qualified as a micro-enterprise and was therefore an eligible complainant under the applicable legislation.

2. The root cause was the revocation of the custodian's licence, which triggered a regulatory transfer of assets to the central securities depository under Lithuanian law.

3. The complainant appeared to have difficulty understanding that a direct transfer to its chosen institution was not possible without an intermediary custodian accredited with the central securities depository.

4. Discrepancies in fund names between documents were attributable to rebranding by the fund management company, not errors in the securities themselves.

5. Statements made by the investment services provider during hearings that characterised the instruments as illiquid bonds could not be reconciled with the fact that they were clearly open-ended investment funds.

6. The complainant's own attempts at redemption in July 2024 were refused because the investment services provider could not supply the fund shares to the fund manager.

7. The fund manager announced the liquidation of the funds in February 2025, adding further compliance requirements as a prerequisite to any payment of liquidation proceeds.

8. The investment services provider was legally obliged to exercise due skill, care and diligence in selecting and monitoring third-party custodians.

The complaint was dismissed, with each party bearing its own costs. No monetary award was made since the parties had not yet exhausted available options to resolve the underlying technical issues. Three non-binding recommendations were issued: that the investment services provider consider refunding, on an *ex gratia* basis, the custody fees charged from 26 July 2023; that it assist in appointing an accredited custodian; and that it supports the complainant through the fund manager's compliance review process.

The decision was not appealed.

MIS-SELLING AND PRESCRIPTION OF A RETIREMENT INVESTMENT (ASF 230/2024)

COMPLAINT REJECTED (TIME-BARRED)

Mis-selling, prescription, portfolio valuation, risk profile, capital guarantee, quarterly statements.

A retired woman, represented by her son, brought a complaint against an investment firm and a subsequent investment services provider. The complaint centred on alleged mis-selling of financial products and a failure to keep her informed of losses.

The complainant raised the these:

- a. She was a pensioner who depended on her savings and pension for her livelihood yet was guided into a high-risk product that did not suit her financial situation or risk profile.
- b. She had always insisted on risk-free investments with guaranteed capital but was categorised as a medium-risk investor without her understanding.
- c. Neither provider ever proactively informed her of problems affecting her investments.
- d. She became aware of the financial loss only after her son made direct enquiries on 22 June 2023.
- e. The adviser had allegedly given misleading assurances about risk levels and capital guarantees and had failed in the duty of care owed to her.
- f. She sought reimbursement of €7,010.09, representing the loss suffered on investments she was told were risk-free with guaranteed capital.

The key points of the investment services provider's response were as follows:

- a. Two of the securities had already defaulted before the complainant transferred her account in March 2018, and their value at the point of transfer was negligible.
- b. Shortly after the March 2018 transfer, the bond portfolio matured and the complainant received €4,950, roughly 50% of her original investment.
- c. Quarterly statements had been sent to the complainant, making the position of the investments apparent well before June 2023.
- d. The complaint was received in November 2024, and the provider submitted that it was time-barred under Article 21(1)(b) and Article 21(1)(c) of Cap. 555 of the Laws of Malta.

The Substitute Arbiter for Financial Services made these observations:

1. The complainant had signed the original account opening form in December 2009 and again in March 2018, in addition to a Letter of Instructions and Transfer Form, including an annex reflecting the state of her investments at that time.
2. Portfolio valuations were sent regularly by post and, from November 2019 onwards, by e-mail to an address belonging to the complainant's son, following a change of details form signed by the complainant herself.
3. No evidence was produced that the complainant was legally incapacitated or unable to read. The argument that she understood nothing before June 2023 was difficult to reconcile with the fact that she had signed documents multiple times, received regular valuations and received a payment in July 2018 that clearly reflected a substantial loss.
4. As for the son, he had been receiving his mother's portfolio statements by e-mail since November 2019. Those statements clearly showed losses. It was not credible, in the Arbiter's view, that he remained unaware of the problems until June 2023.
5. The first objection under Article 21(1)(b) was dismissed since the Arbiter held jurisdiction over conduct occurring after 1 May 2004.
6. The second objection, under Article 21(1)(c), was upheld. The complainant, both directly and through her son, had all the necessary information well before June 2023 and could reasonably have been expected to know of the position she eventually complained about.

The Substitute Arbiter upheld the second objection and dismissed the complaint on the ground that the complainant had failed to register a written complaint with the financial services provider within two years of first having knowledge of the matters complained of, as required by Article 21(1)(c) of Cap. 555. No remedy was awarded.

The decision was not appealed.

CRYPTO FRAUD AND PARTIAL REIMBURSEMENT AWARDED (ASF 011/2025)

COMPLAINT PARTIALLY UPHELD BUT PENDING APPEAL

Virtual Financial Assets, duty of care, fiduciary obligations, whitelisting, gross negligence, moral hazard.

The complainant filed a complaint in January 2025 against a crypto exchange. She alleged the provider failed to prevent bitcoin transfers to fraudulent wallets.

- a. Between 17 and 26 September 2024, she transferred €32,000, converted to bitcoin and sent to external wallets in three tranches.
- b. Fraudsters guided her throughout, instructing her to open the account and share her screen.
- c. She believed the funds were going to a legitimate account that proved fraudulent.
- d. One attempted transaction had been blocked, yet subsequent transfers were permitted without intervention.
- e. She had no understanding of cryptocurrency and did not speak English.
- f. She requested a full investigation, co-operation with law enforcement, and a full refund of €32,000.

The service provider responded in March 2025, denying liability since all transfers were authorised by the complainant.

- a. It confirmed the complainant became a customer in September 2024 and outlined the transactions on her account.
- b. Under its terms of use, the complainant bore sole responsibility for verifying transactions.
- c. Blockchain transactions were described as immutable and irreversible once completed.
- d. In final submissions, it denied the blockage was linked to fraud and claimed no confirmed connection with any scam.

The Arbiter made these observations:

1. The complainant opened her account on the instructions of fraudsters. They guided each stage of the process, including the whitelisting of external wallet addresses.
2. The service provider held a Class three licence under the Virtual Financial Assets regime. It was subject to the VFA Act, Regulations and Rulebook, imposing obligations to act honestly and in the client's interests.
3. MiCA and Travel Rule obligations requiring transparency on external wallet ownership entered into force in 2025 and did not apply. Furthermore, AML/CFT compliance fell outside the Arbiter's remit and was not considered in this decision.
4. The service provider's representative confirmed under oath that one transfer had been stopped. The recipient wallet had been flagged as linked to fraudulent activity.
5. The service provider sought to attribute the blockage to technical reasons in its final submissions. That retraction was rejected; testimony given at the hearing was preferred.
6. The VFA Act imposed fiduciary obligations on licence holders. The blocking of a first payment should have prompted precautionary steps. These were required before permitting further transfers, even where recipient wallets were not yet flagged.
7. Fraudsters moved quickly from wallet to wallet once one came under suspicion. A temporary restriction on transfers pending clarification would have been a reasonable precaution.
8. The complainant was not entirely without fault in this matter. She authorised each transfer, ignored warnings when adding wallet addresses and at each withdrawal, and failed to verify the platform.
9. Granting full reimbursement risked moral hazard, encouraging consumers to take undue risks through gross negligence without bearing the consequences.

The Arbiter awarded €16,000, representing 50% of the total loss of €32,000, and partially accepted the complaint. The service provider had failed in its duty of care by permitting further transfers after blocking a suspicious one. The complainant equally bore responsibility for her gross negligence in proceeding despite the clear warnings issued. Each party was ordered to bear its own legal costs.

The decision has been appealed by the service provider.

CRYPTO SCAM, DUTY OF CARE AND FIDUCIARY OBLIGATION (ASF 042/2024)

COMPLAINT REJECTED (ON MERIT) AND DECISION CONFIRMED ON APPEAL

Pig butchering scam, fiduciary duty, virtual financial assets, duty to intervene, unhosted wallet, ongoing monitoring.

A semi-retired airline training captain held a crypto wallet with a virtual financial assets service provider licensed in Malta, falling victim to a pig butchering scam and losing Bitcoin equivalent to £609,096.14.

The complainant raised these points:

- a. He was coerced into a fake platform mimicking a genuine exchange, compounded by personal vulnerability from bereavement.
- b. He chose the service provider because it appeared FCA-regulated.
- c. The provider failed to warn him that his account displayed features of a known scam.
- d. Fraud was suspected only after all funds had cleared.
- e. He sought full reimbursement of £609,096.14.

The service provider responded with a detailed timeline and submitted that:

- a. All transfers were executed at the complainant's own instruction.
- b. Its obligations were limited to verifying the clean provenance of funds for AML and CFT purposes.
- c. The destination wallet was external and unhosted; its beneficial owner could not be identified.
- d. Blockchain transactions are immutable, and the complainant bore sole responsibility for verifying the recipient.

The Arbiter examined the regulatory framework and the conduct of both parties, making these observations:

1. The service provider was subject to fiduciary obligations under the Virtual Financial Assets Act and Civil Code, extending beyond AML/CFT to protecting client assets in circumstances out of the ordinary.
2. The VFA Rulebook required the provider to understand the business relationship and monitor transactions against the customer's declared profile.
3. More than 30 transactions totalling approximately £652,000 were made over six months, including one deposit of £130,000, wholly inconsistent with the stated intention of investing no more than £100 per month.
4. The service provider intervened on source-of-funds grounds but confined its analysis to AML/CFT, failing to raise the possibility of fraud, despite the replies received.
5. The replies contained conspicuous red flags: departure from the original investment intention; expectations of high returns; borrowings and asset sales funding deposits; incoherent references to "blockchain liquidity"; and confirmation that all funds went to one unhosted wallet.
6. No fraud warning was issued, despite six requests for an explanation of the Bitcoin withdrawal flow. The only warning arrived on 1 August 2022, after all transactions had concluded.
7. Pig butchering scams were well documented before summer 2022. Having faced a similar complaint from 2021, the service provider could have been expected to recognise the pattern.
8. MiCA, the Travel Rule and the Technical Note on pig butchering post-dated the disputed events and were not applicable.
9. FCA warnings about similarly named platforms were either post-dated or insufficiently connected and were given no weight.

Despite finding a failure in fiduciary duty, the Arbiter dismissed the compensation claim. The complainant had ignored warnings from his pension adviser and his bank, granted the scammer remote access and continued transferring funds after reporting a suspected scam. A warning from the service provider would, in all likelihood, not have altered his conduct. No causal link was established between the failures and losses. The regulatory failure was referred to the Malta Financial Services Authority, and each party bore its own legal costs.

The decision was confirmed on appeal.

RETAIL CFD TRADER FAILS APPROPRIATENESS ASSESSMENT (ASF 081/2025)

COMPLAINT PARTIALLY UPHELD

Onboarding, retail investor, rollover fees, MiFID II, target market, consumer protection.

An Italian retail client brought a complaint against an online investment firm based in Malta. The following summarises the complaint:

- a. The complainant had been trading through an online platform following contact with a third-party educational company; a consultant directed him to open an initial Nasdaq position that turned sharply negative.
- b. Over approximately four months, €13,000 was deposited in total, which was ultimately lost; rollover costs of around €4,000 played a role in the closure of all positions in April 2025.
- c. The complainant questioned whether his funds had been genuinely invested and suspected possible collusion between the platform and the educational company.
- d. He noted that no formal contract was signed; only a passport copy was provided.
- e. The complainant sought the full return of the €13,000 deposited.

The firm's reply addressed each concern as follows:

- a. It confirmed full regulatory authorisation and passporting rights to Italy through both Maltese and Italian regulatory registers.
- b. Operating as a straight-through-processing CFD broker, it did not invest client funds in underlying assets and denied all affiliation with the educational company or any consultant.
- c. A complete electronic onboarding process had been duly conducted, with all relevant agreements and risk disclosures formally accepted.
- d. All fees were transparently disclosed; losses were attributed solely to the complainant's own trading decisions.

The Arbiter considered the case against the firm's regulatory obligations and the complainant's background. The following observations were central to the decision:

1. The core issue was not the firm's regulatory standing, rollover costs, contractual arrangements, or alleged third-party involvement, but rather the ease with which the complainant lost his deposited funds through the platform.
2. This was directly tied to whether the appropriateness test had been adequately conducted during the onboarding process, as required under the MFSA's Conduct of Business Rulebook and ESMA guidance on CFDs.
3. The complainant's financial profile raised clear concerns: annual income below €20,000, disposable income below €10,000 and total savings below €50,000.
4. His education reached only secondary school level; his employment was in construction; and his CFD trading experience was under one year, with no professional financial services background.
5. During the appropriateness test, he described CFD risk as safe, indicated a preference for low-to-medium risk and gave incorrect answers concerning how CFD prices relate to underlying assets.
6. These responses and circumstances plainly indicated that the complainant fell outside the intended target market for the CFD products offered.
7. Despite this, the firm onboarded the complainant without warning him that he had not satisfied the appropriateness test and, against his best interests, allowed him to begin trading.
8. The introductory educational trading phase was not considered sufficient to demonstrate adequate understanding of CFDs or their associated risks.
9. Although the complainant bore some responsibility for disregarding risk disclosures, this did not relieve the firm of its obligations under the appropriateness assessment framework.

The Arbiter upheld the complaint and ordered the firm to pay €6,350, being 50% of the net loss inclusive of fees.

The decision was not appealed.

DIVIDEND REINVESTMENT PRICE DISPUTE WITH A BANK (ASF 133/2025)

COMPLAINT REJECTED (ON MERIT)

Corporate action, dividend reinvestment, indicative price, execution only, secondary market, disclaimer.

The complaint concerned a disagreement over the price at which a dividend was reinvested in shares. The complainant held that he had received fewer shares than he was entitled to.

The complainant submitted the following:

- a. He was contacted by an investment centre and offered the choice of receiving his dividend in cash or in shares.
- b. The corporate action notification quoted an indicative price of £0.66 per share, and he decided to reinvest.
- c. Two financial advisers he had spoken to confirmed that the quoted price was the price shown on the corporate action.
- d. The reinvestment was executed at £0.79 per share, resulting in 10,241 shares rather than the 12,277 he expected.
- e. He received no explanation of how charges were applied, and no warning that the price might change.
- f. He argued that, since the bank claimed to have acted on an execution-only basis, the trade should have been carried out at the quoted price.
- g. He sought compensation of £1,613, representing the cost of the 2,036 shortfall in shares, calculated at the reinvestment price.

The financial services provider rejected all grounds of the complaint as follows:

- a. The reinvestment was carried out on an execution-only basis, as per an agreement the complainant had signed in 2018, under which he accepted sole responsibility for investment decisions.
- b. The price of £0.66 was clearly marked as an indicative price on the notification and was therefore not fixed.
- c. The notification contained explicit disclaimers, stating that quoted values did not reflect guaranteed proceeds and that no investment advice was being given.
- d. The complainant was aware of the scheduled reinvestment date of 20 May 2025 and should have considered possible price movements.

e. The bank had forwarded the corporate action notification as received from its custodian and had no control over the wording.

f. The complainant was an experienced investor who had been investing since at least 2013 and should have understood how indicative prices and secondary market transactions worked.

g. All regulatory and contractual obligations had been met, and no basis existed for reimbursement.

The Arbiter examined the submissions of both parties, reviewed the call recordings and proceeded to set out his observations as follows:

1. The only telephone call relevant to the complaint was that of 14 April 2025. Earlier calls concerned whether a change of option was possible, while later ones were made after the transaction had already taken place.
2. During that call, the bank's representative referred only to the indicative price. Nothing in the exchange constituted an assurance that the shares would be purchased at that specific price.
3. The word "Actual" appearing alongside "Indicative Price" in the notification could have caused some confusion. However, the bank was acting merely as an intermediary, passing on information received from its custodian, and bore no responsibility for any ambiguity in the wording.
4. The term "Indicative Price" appeared in bold in the notification. The complainant erred in disregarding its meaning and in assuming what was convenient to assume.
5. Dividend reinvestments take place on the secondary market, where prices move continuously. A fixed price applies only to new capital issues on the primary market, which was not the situation here.
6. Had the market price been lower at the point of purchase, the complainant would not have refunded any saving. By accepting reinvestment at an indicative price, he accepted the risk of price movement in either direction.

The complaint was dismissed.

The decision was not appealed.

UNAUTHORISED INVESTMENT SWITCH WITHOUT CLIENT CONSENT (ASF 070/2025)

COMPLAINT PARTIALLY UPHeld BUT PENDING APPEAL

Power of attorney, lock-in period, offering supplement, client reclassification, execution only, qualifying investor.

A foreign national enrolled in a residency programme alleged that his investment was switched without his knowledge. The following points formed the basis of his complaint:

- a. His investment in a government bond fund was switched in 2021 without his prior knowledge or consent.
- b. The new fund had a lock-in period of five years, causing losses when he sought redemption due to financial difficulties.
- c. The switch was executed under instructions from his immigration lawyer, acting under a power of attorney from 2019.
- d. He argued the power of attorney did not extend to financial decisions.
- e. He was never directly notified of the switch or the terms of the new fund.
- f. He sought restitution of approximately €27,000, a written apology and €50,000 for mental stress.

The wealth management firm denied the complaint had merit and raised preliminary pleas. The firm set out its position as follows:

- a. All dealings went through the lawyer under a valid power of attorney; the firm assumed the complainant was kept informed.
- b. The complaint was time-barred, having been filed over four years after the switch.
- c. The complainant held professional status and fully understood the documents signed.
- d. The complainant voluntarily signed a binding settlement agreement accepting €177,426.46 as full and final settlement.
- e. The firm sought dismissal and an order for administrative costs against the complainant.

The Arbiter examined all pleas alongside the substantive merits of the case and set out the following observations:

1. The plea that the complaint was time-barred was dismissed. The statutory provision focused on the complainant's own knowledge, not that of his lawyer. No adequate evidence established that the complainant personally knew of the switch before March 2025. He consistently and credibly maintained this position under oath. His documented difficulty in accessing the firm's online system also weakened the prescription argument.
2. Claims concerning the original investment were not precluded by the settlement agreement, which applied only to unit surrender. On this basis, the release clause was accordingly construed narrowly.
3. The switch was in effect prompted by the firm through its dealings with clients' agents. The firm's own e-mails confirmed this conclusion, notwithstanding the execution-only characterisation.
4. The fund's required application forms, covering investor eligibility and liquidity risk, were never completed or produced. The firm's internal forms were not adequate substitutes under the fund's offering supplement.
5. Since the required declarations were absent, the firm bore the duty to confirm the complainant's full awareness. This duty extended to the fund's terms, including the lock-in period. The firm ultimately did not discharge that duty.
6. A general power of attorney was insufficient for material investment changes of this nature. This applied to both the reclassification of client status and the introduction of a lock-in period. At a minimum, the firm was required to confirm that these changes had been explained to and accepted by the complainant.

The Arbiter partially upheld the complaint, awarding €10,000 as compensation. This reflected the shortfall between the value of the complainant's original investment and the amounts received from the new fund. Interest at 2.15% p.a. was also applied from the date of the decision.

The decision has been appealed by the service provider.

INSURANCE CASES

These summaries address travel cover, vehicle rental excess, public liability, renewal decisions and endowment policy maturity values. The Arbiter gave close attention to the policy actually purchased, the operative documents and the insured risk. In travel and rental cases, the reasoning assessed reasonable expenses, economic benefit, vehicle classification and customer service exchanges. In the public liability case, the professional capacity exclusion and missing extension were decisive. The taxi insurance summary accepted the insurer's commercial decision, given the claims history and renewal context. Endowment policy summaries required a balance between sales representations, written warnings, consumer experience and projected maturity values. Complaints were rejected in full or partially upheld according to the documentation and fairness.

FLIGHT CANCELLATION AND SHARED ACCOMMODATION EXPENSES (ASF 197/2024)

COMPLAINT REJECTED

Travel policy, adverse weather, uninsured companion, reasonable expenses, economic benefit, cost apportionment.

The complainant challenged her insurer's refusal to settle her travel claim in full. The key points of her complaint were:

- a. Her flight from Tokyo in August 2024 was cancelled due to adverse weather, extending her stay by one night.
- b. She incurred expenses of €1,000 for accommodation and taxi charges, shared with an uninsured travelling companion.
- c. The insurer settled only 50% of the claim, citing the shared room.
- d. She argued the policy contained no provision requiring cost division between insured and uninsured travellers.
- e. The hotel confirmed the room rate was identical for single or double occupancy.
- f. She requested full payment of €1,000 or a specific policy reference to justify the reduction.

This was the insurer's position:

- a. The policy was issued solely in the complainant's name for a worldwide trip of 52 days.
- b. The companion was not insured under the policy.
- c. The insurer accepted the claim but limited payment to €500, the complainant's share, with no deductions.
- d. The policy covered only the named insured; claiming on behalf of an uninsured person was not permissible.

Turning to the merits, the Arbiter assessed the policy's coverage of the full room cost. His conclusions were reached through these observations:

1. The central question under the insurance policy was whether the full room charge fell within "reasonable additional travel and accommodation expenses". This applied when the room was shared with someone not covered under the policy.
2. Both parties agreed the journey extension was triggered by an insurable event under the policy.
3. Had the room been occupied by the insured alone, the full cost would have been covered.
4. The economic benefit of the booking was shared with an uninsured person. On that basis, the insurer's argument that liability was limited to the complainant's share was considered reasonable.
5. The policy was designed to cover only the additional expense incurred by the insured. There was a fair possibility the companion had settled his share directly with the complainant. This could have occurred through his own insurance or directly to her. The insurer could not be required to absorb the companion's share of the expense.
6. A further consideration arose from the evidence submitted after the hearing. The complainant's earlier stay at a separate hotel had been paid using a third party's loyalty points, not by the complainant. This pointed to a *quid pro quo* between the complainant and her companion through which value had been exchanged. That arrangement effectively compensated the complainant for the 50% of the hotel bill the insurer declined to cover. Taken together, these circumstances did not support an obligation on the insurer to cover the companion's share.

The insurer's position was accepted as fair and reasonable. The Arbiter dismissed the complaint and ordered each party to bear its share of the costs.

The decision was not appealed.

CAMPERVAN RENTAL CLASSIFIED OUTSIDE A CAR HIRE POLICY (ASF 032/2025)

COMPLAINT REJECTED

Car hire excess insurance, campervan, rental agreement, policy definition, coverage, motorhome.

The complainant rented a particular type of vehicle in Norway in September 2024 and incurred vehicle damage totalling €1,708.23. She had taken out a car hire excess insurance policy and submitted a claim, which the insurer declined on the basis that the rented vehicle was a campervan, not a car.

The complainant's position rested on several grounds:

- a. The vehicle lacked fixed sleeping or cooking facilities, carrying only a removable mattress and a portable gas stove.
- b. The policy defined a motorhome or campervan as a vehicle with fixed sleeping or cooking facilities, a threshold the rented vehicle did not meet.
- c. Before renting, she had contacted the insurer's customer service team and was told the vehicle fell within the policy's definition of a car.
- d. The vehicle was officially registered as a regular car in Norway's vehicle registry.
- e. The rental company later confirmed in writing that the accessories were removable and that the same vehicle was hired out without them in winter.

The complainant sought an order requiring the insurer to honour the claim in full, amounting to €1,708.23.

The insurer's position was that the hired vehicle fell outside the scope of the car hire excess policy. It relied on these points:

- a. The policy covered cars defined as motor vehicles adapted to carry no more than nine passengers. The rental agreement explicitly described the vehicle as a mid-size camper.
- b. The rental company's website offered no cars for hire whatsoever; all options were campervans, advertised with a fully equipped kitchen and a bed.
- c. The customer service agent had only provided the policy's definition of a car and had not confirmed that the vehicle specifically qualified as one. The insurer argued this fell short of any coverage confirmation.
- d. The daily insurance premium for a car (€3.68) was materially lower than the €21.09 applicable to a mid-size camper, reflecting the different risk profile.

The Arbiter made these observations:

1. The rental agreement unambiguously referred to a mid-size camper. Irrespective of how the vehicle was registered in the Norwegian registry, the rental agreement was the operative document.

2. The rental company specialised exclusively in campervans, and the hired vehicle was marketed with a fully equipped kitchen and sleeping facilities.

3. No evidence was produced showing the vehicle was actually being used as a car. Indeed, a standard hired car would not ordinarily include sleeping facilities, whether removable or fixed.

4. The pre-rental correspondence did not constitute confirmation of coverage. The customer service agent merely relayed the policy's definition of a car, without endorsing the specific vehicle.

5. The distinction between removable and fixed installations was not persuasive; the vehicle as hired was configured and presented as a campervan.

6. A complainant paying the premium applicable to a car policy could not reasonably expect the coverage applicable to a campervan.

The Arbiter dismissed the complaint and ordered each party to bear its own costs.

The decision was not appealed.

MARINE VESSEL EXPLOSION: PROFESSIONAL CAPACITY EXCLUSION (ASF 183/2024)

COMPLAINT REJECTED AND CONFIRMED ON APPEAL

Public liability, professional capacity exclusion, endorsement, care, custody and control, malpractice, broker.

A refrigeration technician held a public liability policy at the time of the incident. The complainant sought coverage following an explosion that caused substantial damage to a client's cabin cruiser.

- a. On 7 September 2023, an explosion occurred while the complainant was performing work on a client's cabin cruiser. Damage to the vessel was valued at €70,000.
- b. The client's insurer paid the damages and acquired subrogation rights against the complainant.
- c. The broker filed the claim on 11 September 2023. The insurer declined it on 21 December 2023.
- d. The complainant argued that Endorsement 06/2020 applied since the vessel was under his care, custody and control at the time. This endorsement covered property in the insured's care up to €250,000.
- e. The complainant requested that the insurer cover any resulting liability. This included amounts owed to the vessel owner and to the vessel's insurer.

The insurer contested the claim on several grounds. The policy, it argued, expressly excluded liability for professional services, and the complainant lacked the necessary extension.

- a. The policy excluded liability for services rendered in a professional capacity, a position communicated clearly to the broker at inception.
- b. A malpractice extension had been suggested but declined at the time.
- c. Endorsement 06/2020 covered goods in the insured's care but not objects actively being worked on. A separate "whilst being worked upon" endorsement would have been required.
- d. Any complaint about mis-selling lay against the broker, not the insurer.

The Arbiter reviewed the evidence and submissions

from all parties and made these observations:

1. The policy was subject to two directly relevant exclusions. Exception 3.0 excluded liability for damage to property in the insured's custody. Exception 9.0 excluded liability for treatment or services rendered in a professional capacity. Both were applicable to the facts as established.
2. The complainant sought to rely on Endorsement 06/2020. However, the insurer's own representatives gave conflicting interpretations of the endorsement. One held it covered objects not being worked on. The other interpreted it as extending cover to claims arising from goods in the insured's control. Neither interpretation supported coverage for damage to an object actively being worked on. The endorsement in place lacked the "whilst being worked upon" wording and this distinction proved decisive.
3. The complainant confirmed he held relevant qualifications and described the work as his professional occupation. Being regularly engaged professionally by clients, this directly supported the application of Exception 9.0, regardless of his precise professional classification.
4. The real failure, on balance, lay at the broker level. When the complainant was added as co-insured, the broker did not explain what was and was not covered. When a broker acts as intermediary, the insurer's obligation runs to the broker, not directly to the insured. Accordingly, there was no obligation on the insurer to ensure the broker fulfilled this duty towards the new co-insured.
5. Any complaint on inadequate advice at the point of joining the policy rightly lies against the broker, not the insurer.

The complaint was dismissed, each party bearing its own costs. The Arbiter noted the decision was without prejudice to whether the complainant bore any liability for the explosion.

The decision was confirmed on appeal.

INSURANCE RENEWAL REFUSAL FOR TAXI DRIVER (ASF 132/2025)

COMPLAINT REJECTED

Free market, claims history, contractual freedom, market failure, creative destruction, right to work.

An experienced taxi driver filed a complaint against an insurance company on 26 June 2025. He argued the refusal to renew his policy, which lapsed in June 2023, was unjust.

- a. He had 25 years of taxi driving experience with no recorded problems.
- b. The refusal forced him into other work that paid less and was more demanding.
- c. He now drove trucks for an employer who provided his insurance cover.
- d. He sought a declaration that the insurer's refusal violated his right to work.
- e. He requested an order for the insurer to offer at least cover for third parties.
- f. He claimed lost income of €10,662.01 and total damages of €15,933.02.

The insurance company maintained that, as an operator in a free market, it could choose its clients freely.

- a. There was no legal or contractual obligation to renew an expired policy.
- b. Equally, there was no duty to give reasons for any such refusal.
- c. The complainant had a substantial history of claims across two insured vehicles.
- d. Seven claims were recorded between 2010 and 2022, with amounts ranging from €748.71 to €10,411.00.
- e. In the final insured year, settled claims alone reached approximately €16,000.
- f. Freedom of contract meant the insurer could not be forced into a deal.
- g. Other insurers offered cover for taxi drivers, and no evidence showed the complainant sought any.

The Arbiter drew these observations in his decision:

1. While it was understandable that a refused policyholder might struggle to find cover elsewhere, the point remained. Competing insurers also reviewed a policyholder's history of claims before offering coverage. Nevertheless, no insurer in a free market could be compelled to offer a commercially unviable service.
2. The Arbiter was not the appropriate body to investigate any market failure in this sector. Critically, no evidence showed that taxi operators were unable to obtain the necessary insurance cover. Market conditions appeared to offer an abundance of competitive providers. The fact that the complainant had not sought cover elsewhere was also noted.
3. Even if a market failure were established, the responsibility to address it would not lie with one provider alone. Any failure of that scale would call for intervention by the state through incentives or subsidies.
4. In any economy, some operators cease to be competitive over time. This may result from a lack of economies of scale or from technological change. It was not abnormal for a person to need to change professions as a result. No authority should intervene in ways that undermine efficiency, consistent with Schumpeter's theory of creative destruction.
5. Many people have changed professions at some point during their working lives. It fell to the state to offer support and retraining, enabling those affected to remain competitive with new skills.

For these reasons, the Arbiter dismissed the complaint in its entirety. Each party was ordered to bear its own costs.

The decision was not appealed.

TRAVEL CLAIM REFUSED AFTER POWER OUTAGE STRANDS TRAVELLERS ABROAD (ASF 113/2025)

COMPLAINT REJECTED (ON MERIT), BUT GOODWILL PAYMENT INCREASE RECOMMENDED

Exceptional circumstances, flight cancellation, supplementary cardholder, passenger rights, policy exclusions.

Two travellers, an account holder and her niece, challenged the refusal of their travel claim. The cover came free with a premier bank account, the niece holding a supplementary card. The principal points raised were:

- a. Their return flight from Lisbon on 28 April 2025 was cancelled because of a widespread power blackout. With no reliable internet, they accepted the airline's refund rather than await a distant flight. They rebooked a costly route home through Marseilles, since work demanded a prompt return.
- b. Stranded overnight, they paid a high hotel rate for a room lacking power and water.
- c. The connecting flight from Marseilles was then delayed three hours, with no assistance offered. They sought €2,052 for both travellers' flights and their hotel accommodation.

The insurer maintained that the policy did not cover the cause of the cancellation. Its position rested on these points:

- a. The cancellation section covered only listed events, and a power blackout was not among them. The delayed departure section did not apply, since the Lisbon event was a cancellation.
- b. The missed departure section failed because the travellers reached the departure point in time. For the Marseilles delay, cover required arrival at least 12 hours behind schedule.
- c. After reviewing the circumstances, it offered €250, which was later raised to €500.

Turning to the merits, the Arbiter made these observations:

1. The Lisbon cancellation did not arise from any peril the policy actually covered. On that footing, the incident fell outside the cover the insurer had explained.
2. The travellers had probably made a hazardous choice in accepting the airline's refund. European passenger rights obliged the airline to offer rerouting or compensation after a cancellation. By taking the refund, they surrendered remedies now pursued against the insurer instead.
3. Their claim rested on a mistaken belief that every cancellation fell within cover. No legal basis existed to order any mandatory compensation under the governing statute.
4. Several factors, however, pointed firmly towards a fairer outcome for the travellers. The circumstances were exceptional and entirely beyond the control of either complainant.
5. Their practical effect matched what a covered cancellation would have produced.
6. Treating the niece as uninsured, merely for living apart, seemed unduly strict. Her aunt lived alone, so an ordinary household notion could scarcely apply. The family bond was plain, since the niece held a card on her aunt's account.
7. A blackout striking the airport was an extraordinary event, outside any normal travel risk. The insurer itself had treated the matter as exceptional when raising its offer.
8. Fairness, equity and reasonableness therefore favoured a more generous resolution than first proposed. A larger goodwill payment would share the loss more justly between the parties.

Although mandatory redress was refused, the Arbiter strongly recommended doubling the goodwill payment to €1,000. Having already accepted the airline's refund, the complainants would carry roughly half the loss. This reflected their haste in releasing the carrier without first consulting their insurer.

The decision was not appealed.

ENDOWMENT POLICY SHORTFALL AND ALLEGED MIS-SELLING (ASF 202/2024)

COMPLAINT PARTIALLY UPHELD

Endowment policy, with-profits, estimated maturity value, terminal bonus, reversionary bonus, decree, bona fide.

A complainant took out an endowment assurance policy in 1999 through an insurance broker, alleging it matured far below what was represented at sale. The complainant submitted:

- a. He had no investment experience; the broker approached him unsolicited on beginning employment.
- b. At the sole meeting on 6 September 1999, the salesperson indicated payments of Lm360 (€838.57) per year over 25 years would yield approximately Lm31,574 (€73,547.64) at maturity.
- c. No interest rate was mentioned, nor was it explained that returns could vary.
- d. The Important Notes were not discussed; had they been, he would not have proceeded.
- e. He maintained all payments and pledged the policy as mortgage collateral, which was later discharged.
- f. On maturity he was offered €30,965, roughly 42% of the quoted figure, with the terminal bonus under 10% of its estimated value.
- g. He sought payment of €73,567 and interest on the maturity value from maturity until payment.

The provider rejected the complaint, submitting that:

- a. All figures were estimated and not guaranteed, reflecting conditions in 1999.
- b. The Important Notes disclosed that bonus rates could rise or fall; the policy document prevailed.
- c. Reversionary bonuses were discretionary but guaranteed once declared; terminal bonuses could be withdrawn.
- d. The fund was overseen by an independent actuary and the regulator; the shortfall reflected declining returns across three financial crises, including the pandemic.
- e. Annual statements were sent consistently; failure to engage with them was the complainant's own shortcoming.
- f. The investment premium was guaranteed at maturity, life cover was provided and the net return exceeded 3.6%.

A decree was issued before the merits were considered. The complainant had sought payment of the maturity value without prejudice to the ongoing proceedings, but the provider refused unless the matter was fully and finally settled. The Arbiter warned that, if no amicable arrangement were reached on the undisputed payment, interest would be applied from the date of that application in the final decision. The provider subsequently complied and paid the maturity value, a fact confirmed by its representative at the second hearing.

On merit, the Arbiter made the following observations:

1. The salesperson gave a detailed and credible account, consistently explaining that only the sum assured was guaranteed and estimated values could vary.
2. The complainant himself identified the terminal bonus as the difference between the two quoted figures and acknowledged the sum could move "a little bit this way or a little bit that way". This contradicted his final submissions, which claimed no variation had been mentioned.
3. He took contemporaneous notes, compared them with official documents, and completed part of the Proposal Form. His professional background made it implausible that he believed the return was fixed.
4. The provider should nonetheless have issued quotations at different rates. Sustaining the implied compounding rate over 25 years was unrealistic since contributions were spread over time. After 2000, it began issuing three quotations rather than one.

Finding the complaint partly just, equitable and reasonable, the Arbiter awarded €4,645 in compensation. No opportunity loss was demonstrated; the complainant benefited from life cover, a savings vehicle that could serve as collateral, and a guaranteed investment premium return, with performance exceeding 3.6% despite adverse market conditions.

BUNDLED CASES: MATURITY VALUE DISPUTES IN ENDOWMENT INSURANCE POLICIES

Reversionary bonus, terminal bonus, illustrative quotation, with-profits fund, investment risk, consumer expectation, bonus rate, policy account.

Many consumers raised grievances about their maturing life insurance policies and the large discrepancy between projected maturity values and the payouts they received after several decades. Complainants frequently asserted that sales agents presented high estimates as certainties to encourage the purchase of these products.

The human narrative across these cases suggested that intermediaries often focused on potential gains while downplaying the underlying volatility of international markets. Policyholders felt that the information provided at the point of sale was misleading or lacked the necessary warnings regarding bonus fluctuations. Consequently, they sought remedies ranging from the full payment of original estimates to equitable compensation for their perceived losses.

- a. One policyholder requested €71,586, alleging that an agent gave verbal assurances that this specific sum was guaranteed if premiums were paid for 30 years.
- b. A nurse expected a payout exceeding €93,000 but was offered a sum that was 63% lower than the initial projection.
- c. A farmer claimed he was told that an investment of Lm1 (€2.33) per day would triple or quadruple in value by the end of the term.
- d. Three siblings each expected approximately €25,000 and requested compensation totalling €17,464 to bridge the gap between their expectations and the actual payouts.
- e. A restaurateur argued that he only bought the policy because a community leader acting as an agent assured him of a high specific return.
- f. Other consumers demanded sums between €40,000 and €71,460 based on handwritten notes and verbal promises made during home sales visits.

Service providers countered that maturity values were always explicitly described as estimates rather than fixed guarantees in the signed documentation. They highlighted that the provided illustrations were based on bonus rates prevalent at the time of sale, which were much higher than in later years.

Responses often pointed to the fact that international market performance was negatively impacted by multiple global financial crises and the pandemic. Providers maintained that reversionary and terminal bonuses were discretionary and depended entirely on fund performance. They also noted that policyholders benefited from life cover and tax-free status throughout the policy terms.

The Arbiter made these observations:

1. Sales agents often used persuasive techniques, such as home visits or public television appearances, to frame the policies as attractive and stable savings vehicles.
2. These intermediaries frequently focused on historical bonus rates to justify high projections while failing to provide a balanced view of potential market shifts.
3. Complainants with diverse backgrounds, including petrol station workers and supervisors, often placed absolute trust in these verbal representations. In several instances, agents used their roles as community figures to establish a level of trust that discouraged consumers from scrutinising the technical details.
4. The discrepancy between these verbal assurances and the small-print disclaimers in formal documents often led to a sense of deception among the public. Although the documents contained warnings that bonus rates could rise or fall, many policyholders signed them without fully understanding the risks involved.
5. Marketing materials issued prior to 2000 often presented a single, optimistic maturity figure rather than a range of possible outcomes. This practice stood in contrast to later standards where multiple scenarios became a requirement to ensure consumers understood that payouts were not fixed.
6. While the actual funds often performed reasonably well compared to standard bank deposits, yielding annual returns above 3%, the initial sales process failed to manage expectations with enough caution.
7. Key issues also arose from a lack of clarity regarding the cost of life cover, which reduced the amount actually invested in the with-profits fund. Even when revised mid-term letters were sent to notify clients of lower projected values, many did not grasp that their final payouts would be substantially affected.
8. Equitable outcomes required a careful balance between the impressions created during sales meetings and the technical terms of the contracts.

In most cases, the Arbiter found that a limited remedy was justified because the service providers failed to provide a range of projections at the point of sale. Compensation awards typically ranged from €1,496 to €4,590 per policy and were intended to be added to the maturity values already offered. These awards were calculated using equitable principles to address the gap between the single high estimates initially provided and the actual market performance.

However, in instances where the documentation was deemed sufficiently clear or where the consumer was already experienced with multiple policies, the claims were sometimes rejected or restricted to the offered maturity values.

PENSIONS CASES

These summaries address retirement scheme losses, trustee duties, investment suitability, due diligence and delayed access to pension assets. The Arbiter applied Article 21 strictly because complainants knew of losses but did not file timely formal complaints. Those preliminary findings led to dismissal in full, without assessment of the substantive merits. The summaries also examine the duties of trustees, administrators and advisers towards scheme members. In one case, unsuitable exposure to an experienced investor fund conflicted with a balanced retail profile. In another, the administrator had to act beyond routine processing once assets were frozen. Complaints were partially upheld when unsuitable advice, fee erosion or delayed access caused quantifiable loss.

PENSION LOSSES, LOAN NOTES AND PRESCRIPTION (ASF 030/2024)

COMPLAINT REJECTED (TIME BARRED)

Loan Note, decadence, time-bar, suitability, due diligence, retirement scheme.

A retirement scheme member claimed losses on a loan note investment, raising multiple grounds against the trustee and administrator.

- a. He did not receive the plan's terms and conditions, and money was sent to the wrong person.
- b. The administrator failed to comply with the suitability letter and did not conduct adequate due diligence on the investment.
- c. An excessive proportion of pension assets was placed in a single product, breaching the 20% limit on any single investment.
- d. The scheme's assets were not prudently invested, diversified, secure or liquid.
- e. The administrator did not monitor the scheme quarterly as its handbook required.

The complainant sought £131,010.05, comprising £104,000 plus 8% interest over three years.

The administrator denied all claims, raising preliminary pleas of time-bar, submitting that:

- a. The complainant's independent financial adviser prepared a suitability report disclosing the investment risks. The complainant subsequently reviewed and signed the report.
- b. The complainant acknowledged the administrator could not provide investment advice, as the Trust Deed itself confirmed.
- c. Due diligence was performed; interest was paid on time until May 2019, when payments unexpectedly ceased.
- d. The quantum of loss remained undetermined as liquidation proceedings were ongoing.

The Arbiter addressed the preliminary pleas under Article 21 of Cap. 555 of the Laws of Malta. The following observations were made before deciding on competence.

1. Two claims related to conduct occurring before 18 April 2016. These concerned failure to provide terms and conditions, and sending money to the wrong person. Since no complaint was filed by 18 April 2018, those claims were prescribed under Article 21(1)(b).
2. The remaining claims, particularly those relating to suitability and portfolio composition, concerned conduct that was continuing in nature. The investment remained in the complainant's portfolio well beyond April 2016, and the administrator continued in its roles thereafter. Article 21(1)(b) accordingly did not apply to these claims.
3. Article 21(1)(c) requires a written complaint within two years of first acquiring knowledge of the matter. The complainant himself stated in his complaint form that he first became aware of the losses on 5 May 2020. His adviser's e-mail of 14 July 2020, which he labelled as concerning his first knowledge of the losses, confirmed this. Further notifications in August and December 2020, including notice of liquidation and a revaluation to zero, reinforced that position.
4. A formal complaint was not registered with the administrator until 24 March 2023, well beyond the period of two years. The complainant argued that administrative errors discovered in 2022 interrupted the period, but this was rejected. The timeframe under Article 21(1)(c) is not a prescriptive period but one of decadence, to which different rules apply. The plea was accordingly upheld and the complaint dismissed for want of competence.

The complaint was dismissed on the preliminary plea under Article 21(1)(c), with each party bearing its own costs. The complainant's right to seek redress before another competent tribunal was preserved. The Arbiter recommended, without obligation, that the administrator consider voluntary redress in similar cases. This applied subject to the complainant forgoing claims under other applicable provisions.

TRUSTEE DUE DILIGENCE (ASF 159/2024)

COMPLAINT REJECTED (TIME BARRED)

Personal guarantee, retirement scheme, fiduciary duty, competence, prescription, knowledge.

The complainant raised these allegations about his retirement scheme:

- a. The trustee failed to conduct adequate due diligence on the investment, a loan secured against a football club's ground.
- b. The property valuation was not addressed to the trustee, leaving it without legal recourse against the valuer.
- c. The trustee did not disclose that 252 leases had been sold on the car park. This led to a material devaluation of the land.
- d. No investigation was conducted into the guarantor's financial position.
- e. Monthly interest payments never materialised and the trustee permitted further investments without informing the complainant.
- f. He sought compensation for the net loss of £394,764, plus interest. This comprised £518,000 in investments and £23,257 in fees, less £146,493 recovered.

The trustee rejected the complaint and in response submitted:

- a. The complaint was out of time under Article 21(1)(c) of Cap. 555. The complainant had been aware of losses since November 2020, yet the formal complaint arrived only on 30 May 2024.
- b. The Arbiter lacked competence as the remedy sought exceeded €250,000.
- c. The complainant, through his regulated adviser, had approved the investment and declared a high risk tolerance.
- d. A leading law firm was engaged to conduct due diligence on the loan documentation.
- e. Suitability issues were properly a matter for the financial adviser, not the trustee.

The Arbiter made these observations:

1. The plea relating to the €250,000 monetary cap was dismissed outright. That limit restricts what may be awarded but does not prevent consideration of the merits.
2. On the question of first knowledge, the date of 20 October 2021 was accepted. This was when the complainant was formally told there was no personal guarantee in the loan documentation. That absence of a guarantee formed part of the very claim brought against the trustee. This position was also consistent with a related decision involving the same complainant and the same investment products.
3. The deadline of two years for registering a formal complaint accordingly expired on 20 October 2023. The central question was then whether the complaint had been duly registered before that date. The letter of 11 May 2023 was sent to a postal address unused since 2019. No adequate evidence emerged that the trustee had actually received it. Prior documentation completed by the complainant himself clearly showed the correct address. An e-mail sent on 25 September 2023 used an address of the group's parent in the Netherlands. It had never appeared in prior correspondence with scheme members and had only appeared in marketing materials. Neither communication received any acknowledgement or follow-up from the service provider. The only contact thereafter using correct details was made on 30 May 2024, well outside the deadline. In the absence of sufficient evidence of registration within the required period, the complaint was deemed lodged out of time.

The Arbiter accepted the preliminary plea and dismissed the case under Article 21(1)(c) for lack of competence. Each party was ordered to bear its own costs of the proceedings. The decision was without prejudice to any legal action the complainant might pursue before another court or tribunal.

PENSION MIS-SELLING AND UNSUITABLE INVESTMENT ADVICE (ASF 182/2024)

COMPLAINT PARTIALLY UPHELD

Suitability, retail investor, Prestige Alternative Finance, pension scheme, SIPP, fees.

A retail client with no financial qualifications filed a complaint against an investment advisory firm based in Malta. He alleged substantial pension losses arising from unsuitable advice.

The complainant made several key allegations.

- a. He was advised to invest in a fund of high risk, contrary to his balanced risk profile.
- b. Fund sales and withdrawals were made without his knowledge and he never received the proceeds.
- c. He had entrusted the firm with full management of his pension, having no other investments.
- d. He requested the return of his pension, last valued at approximately £30,000.

The advisory firm denied all allegations and maintained its advice had been appropriate.

- a. The complainant's risk profile had been formally assessed as 'Balanced' and confirmed by his signature.
- b. The recommended funds were said to match that risk profile.
- c. Only two funds incurred losses; others performed positively.
- d. The complainant had personally instructed the relevant sales.
- e. Losses in the fund were attributed to the pandemic, unforeseeable in 2013.
- f. The firm requested dismissal with costs against the complainant.

The Arbiter made these observations:

1. The fund in question was explicitly an experienced investor fund, classified as an unregulated collective investment scheme. Its minimum entry threshold stood at £60,000. The complainant's total pension of £50,000 fell below that threshold. As a retail client with no other investments, he was clearly ineligible.
2. This investment directly contradicted the complainant's 'Balanced' risk profile. It also contradicted his stated wish for exposure equivalent to a mainstream UK equity fund.
3. The firm's argument that the overall portfolio remained balanced despite the unsuitable component was rejected. A balanced portfolio must respect the retail investor's profile at the level of every individual component, not merely in aggregate.
4. Following encashments to finance charges, the portfolio was left entirely exposed to this single unsuitable investment. The risks already faced by the complainant were therefore compounded further.
5. Over 50% of the complainant's initial pension was consumed by fees across 10 years. He testified that the actual charges far exceeded his expectations at the outset.
6. Various encashments and redemptions occurred without the complainant's signature. These were largely attributable to ongoing fee shortfalls within the policy.
7. The fund's illiquidity from 2021 onwards prevented full pension closure and delayed the return of funds to the complainant. This prolonged accumulation of fees was to his further detriment.
8. The fee burden was unreasonably high, yet sufficient grounds for a compensation award on fee disclosure were not found.

Accordingly, the firm was ordered to pay £18,944 in compensation. Of this, £11,944 covered the unrealised loss on the fund. A further £7,000 covered fees incurred from 2021, when the complainant had correctly submitted his withdrawal forms.

Any future proceeds from the fund were assigned to the advisory firm to permit pension closure. Interest at 4% p.a. applied from the date of decision, with costs of proceedings borne by the advisory firm.

The decision has been appealed by the service provider.

DELAYED PENSION CLOSURE AND TRUSTEE DUTIES (ASF 050/2025)

COMPLAINT PARTIALLY UPHELD

Retirement scheme, trustee obligations, frozen investments, exit fee, bonus paterfamilias, minimum investment limit.

The complainant was a member of a personal retirement scheme in Malta.

- a. Two portfolio investments were frozen, preventing full closure when he reached retirement age in March 2022.
- b. He was required to maintain a minimum balance of £25,000, restricting access to his remaining liquid funds.
- c. Over two years of management fees accrued while his cash balance earned nothing.
- d. A failed currency conversion led to charges deducted from his final payment without agreement.
- e. He paid £400 to change his financial adviser and £1,000 in bank loan fees due to delayed access.
- f. He also identified discrepancies in his 2024 statements.

He sought the £2,000 exit fee reimbursed, plus an apology.

The administrator set out its position across several points.

- a. The £2,000 termination fee had been disclosed on multiple occasions and was contractually valid.
- b. No formal closure request was recorded until January 2023; earlier correspondence related solely to investment enquiries.
- c. Investment advice lay outside its remit as pension administrator.
- d. Delays arose from the inaccessibility of fund managers, not from any failing on its part.
- e. The minimum balance threshold applied only to partial withdrawals, not to the subsequent full closure request.
- f. Transfer difficulties arose from banking restrictions beyond its control, though it made a goodwill payment to address shortfalls.
- g. Hourly charges were waived despite extensive additional work.

The Arbiter reviewed the trustee's obligations under Maltese law to assess the administrator's conduct and made the following observations:

1. Under the Trusts and Trustees Act, the trustee was required to act with prudence, diligence and attention. This required acting as a *bonus paterfamilias*, in utmost good faith and in the member's best interests.
2. By July 2023, the administrator was clearly aware of the complainant's urgent wish to close his scheme. All investable assets had been ordered for sale, confirming his intent to access remaining funds.
3. Applying the £25,000 minimum investment limit in these circumstances was inappropriate. This left him with an inaccessible liquid balance of under £15,000, contrary to his best interests.
4. No evidence emerged of proactive steps to protect the remaining pension. Options such as releasing liquid assets while retaining illiquid holdings in a dormant structure were not considered. Nor was the transfer of illiquid assets to a custody account with minimal fees explored.
5. Instead, the complainant was left waiting while fees eroded his remaining balance. This ultimately forced him to waive all rights to the two suspended funds in 2024.
6. The trustee's duties extended well beyond processing instructions and responding to enquiries. Active intervention was therefore expected by July 2023 at the very latest.
7. An ancillary observation noted the failure to respond to investment suitability concerns raised in December 2022. These concerns went unanswered for over five months despite repeated reminders. This was referred to the relevant regulatory authority, though it had no bearing on the compensation awarded.

The Arbiter awarded £2,000 in compensation for fees incurred in 2024 and for the delays suffered. Interest was ordered at 4% p.a. from the decision date, with proceedings costs borne by the administrator.

The decision was not appealed.

ANNEX 1

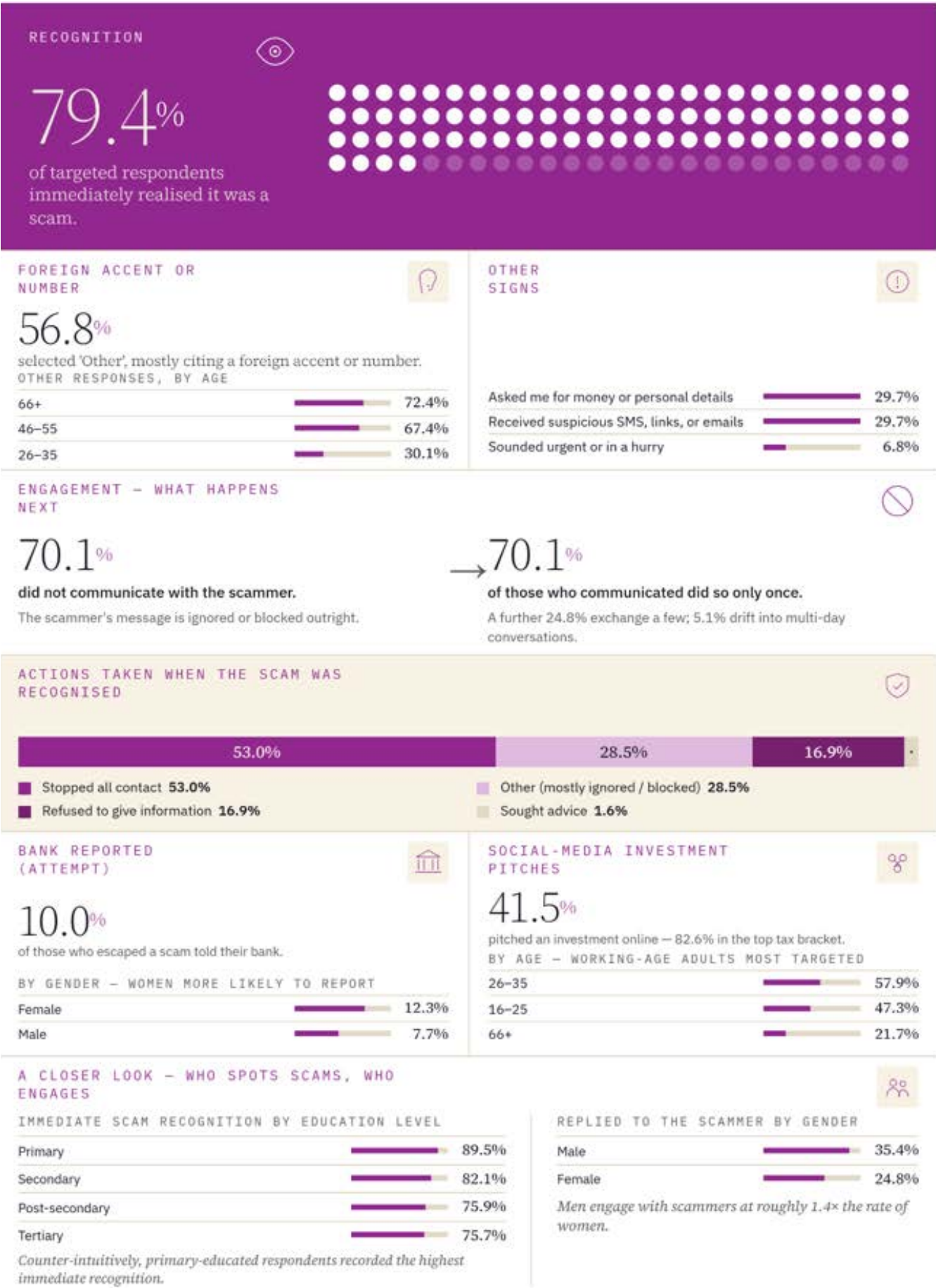
ACRONYMS AND ABBREVIATIONS

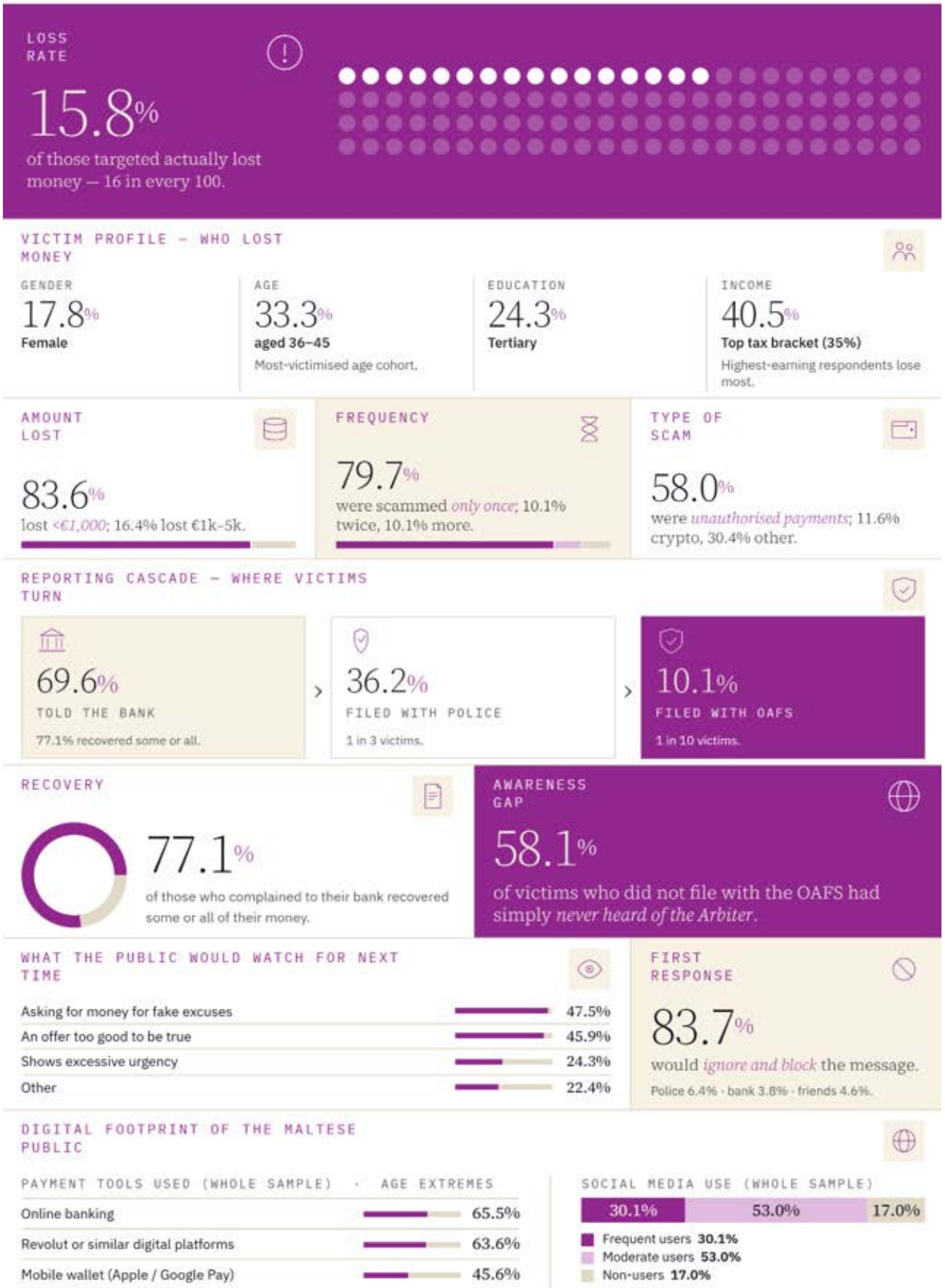
3D Secure	Three Domain Secure
Act	Arbiter for Financial Services Act
ADR	Alternative Dispute Resolution
AED	United Arab Emirates Dirham
AI	Artificial Intelligence
AML	Anti-Money Laundering
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
ASF	Arbiter for Financial Services
ATM	Automated Teller Machine
Cap.	Chapter
CASP	Crypto Asset Service Provider
CCTV	Closed Circuit Television
CFD	Contract for Difference
CFT	Countering the Financing of Terrorism
CRO	Customer Relations Officer
CRS	Common Reporting Standard
CSP	Corporate Service Provider
EEA	European Economic Area
ESMA	European Securities and Markets Authority
EU	European Union
FCA	Financial Conduct Authority
FIAU	Financial Intelligence Analysis Unit
FIN-NET	Financial Dispute Resolution Network
GBP	Pound Sterling
Hon.	Honourable
IBAN	International Bank Account Number
INFO Network	International Network of Financial Services Ombudsman Schemes
KYC	Know Your Customer
Lm	Maltese lira
MBA	Malta Bankers' Association
MFSA	Malta Financial Services Authority
MiCA	Markets in Crypto-Assets
MiFID II	Markets in Financial Instruments Directive II
MoU	Memorandum of Understanding
OAFS	Office of the Arbiter for Financial Services
PDF	Portable Document Format
PIN	Personal Identification Number
PSD2	Payment Services Directive 2 (Directive 2014/65/EC)
PSP	Payment Service Provider
QROPS	Qualifying Recognised Overseas Pension Scheme
SCA	Strong Customer Authentication
SEPA	Single Euro Payments Area
SIPP	Self-Invested Personal Pension
SMS	Short Message Service
UBO	Ultimate Beneficial Owner
UK	United Kingdom
USD	United States Dollar
VASP	Virtual Asset Service Provider
VFA	Virtual Financial Assets
VIBAN	Virtual International Bank Account Number

ANNEX 2

NATIONAL SURVEY ON FINANCIAL SCAMS







ANNEX 3

DECISIONS REFERRED TO REGULATORY AUTHORITIES

Case Reference	Issues raised by the complainant and the provider	Arbiter's Remedy	Reasons for Referral
ASF 067/2024	The complainant alleged a hidden 9% charge on every transaction. He cited a trade on 50,000 ICX priced at €15,840 that returned only €14,272.83. He sought €445.89 as the shortfall on a sale of 125,000 VET coins. He also asked to trade his remaining crypto without the 9% commission. The service provider replied that no tariff was charged. The price quoted upfront was accepted by the complainant, who pressed Confirm. The margin built into the quote is not a service fee. He could have transferred his coins to another platform instead.	The Arbiter dismissed the complaint and rejected the compensation request. He found the service provider could not be faulted for applying wide spreads. These spreads protected against the risks of illiquidity and volatile cryptocurrency markets. Once the price was disclosed and accepted at dealing, it could not be contested later.	A copy of the decision was sent to the MFSA. The referral asked the financial regulator to consider whether service providers should improve disclosure of tariffs. The hearings showed that the service provider publishes no advance tariff for spreads built into quoted prices. This contrasts with bank tariffs, which customers can check before transacting. The Arbiter saw a regulatory gap warranting the MFSA's attention.
ASF 042/2024	The complainant, a UK customer, was defrauded of 26.5 Bitcoin worth £609,096.14 via the RoyalFX scam. He alleged the service provider failed in its duty of care and fiduciary duties despite repeated red flags. He had notified the service provider about RoyalFX several times and sought a refund of £609,096.14. The service provider replied that it had verified KYC and source of funds. Its duty was limited to AML and CFT compliance. No warning on RoyalFX existed at the time, and the complainant himself whitelisted the external wallet.	The Arbiter dismissed the compensation claim despite finding a fiduciary failure by the service provider. He rejected the narrow view that its duty was limited to AML and CFT. Red flags from large transfers should have triggered intervention. However, no direct causation linked the failure to the losses claimed. The complainant had ignored warnings from his pension adviser and his UK bank. He only accepted the scam after UK police visited his home.	The service provider's failure was treated as a regulatory issue for MFSA to handle. The service provider had the experience to detect that the situation carried the scent of fraud. Repeated requests for the source of funds and a £130,000 transfer should have triggered intervention. Yet the service provider only sent a generic warning weeks after the final transfer. A copy of the decision was sent to the MFSA for consideration.
ASF 228/2024	The complainant, an Italian, was scammed via Entricapital, which claimed to be part of a UK banking group. He sent three transfers of €28,500 to the service provider, naming himself as the beneficiary. Two further transfers of €12,500 brought the total to €41,000. He held no account with the service provider and sought a refund of €41,000. The service provider argued that the complainant was not an eligible customer. Funds were credited to the VIBAN of its corporate client. Two other service providers involved in the transactions said they merely converted and transferred the funds at the complainant's instructions.	The Arbiter overruled the service provider's preliminary plea on competence. He dismissed the complaint against all three service providers on the merits. One service provider, a payment provider, was cleared as it merely received funds for conversion as instructed. Another service provider, a crypto exchange, was cleared because the complainant himself whitelisted the external wallet. The third service provider's case (a payment provider) was dismissed despite a regulatory failure on the VIBAN issue. No direct causation linked that failure to the complainant's losses, which arose from gross negligence.	The third service provider had no authority to credit funds to the VIBAN owner shown in the transfers. This was done without specific authority from the remitter, the complainant. The breach of conduct was reported to the MFSA for proper investigation.

Case Reference	Issues raised by the complainant and the provider	Arbiter's Remedy	Reasons for Referral
ASF 016/2025	The Complainant, an Italian woman, was deceived by a scammer named Mr Anthony representing SINU PUIT OU. She made six transfers totalling €85,700 from her bank account held with an Italian bank to the service provider, a payment institution, naming SINU PUIT OU as beneficiary. She alleged AML and KYC breaches and sought a refund of €85,700, along with corrective measures. The service provider raised a preliminary plea that the complainant was not an eligible customer. It did not address the merits and claimed that she made several incorrect factual allegations.	The Arbiter overruled the service provider's preliminary plea on competence and heard the merits. He dismissed the complaint and ordered each party to bear its own costs. No direct causation linked the service provider's conduct to the losses suffered. The complainant had knowingly directed her money to SINU PUIT OU. Her own greed and gross negligence drove the continued transfers to scammers. AML and KYC allegations fell outside the Arbiter's competence and were referred to the FIAU. The dismissal was without prejudice to potential rights against her home bank.	The service provider had no authority to credit the funds to the VIBAN owner instead of the named beneficiary. This breach occurred without specific authority from the complainant as remitter. The conduct was reported to the MFSA for investigation, as the regulator that licensed the service provider. Separately, AML and KYC allegations were referred to the FIAU.
ASF 005/2025	The complainant, a Latvian, was scammed by two persons via the fake platform myexpert100.com. He made seven transfers totalling €55,300 from his bank account held with a Latvian bank to the service provider (a payment provider), naming himself as beneficiary. The funds were converted to ETH and moved to wallets controlled by fraudsters. He sought a full refund of his loss of €55,300. The service provider argued the complainant was not its customer and funds were credited to its corporate client's VIBAN. A second payment provider and a crypto exchange, both licensed in Malta, said they merely received funds and executed conversions and transfers on the complainant's instructions.	The Arbiter overruled the service provider's preliminary plea on competence. He dismissed the complaint against all three Service Providers on the merits. The second payment provider was cleared since it acted only on the complainant's instructions. The crypto exchange was cleared on similar grounds, as the complainant had whitelisted the external wallet. The first service provider was found in regulatory breach over the VIBAN issue. However, no direct causation was established between the breach and the loss since the complainant's greed and gross negligence caused the loss.	The second provider had no authority to credit the funds to the VIBAN owner instead of the named beneficiary. This was done without specific authority from the remitter, the complainant. This breach of conduct was reported to the MFSA for proper investigation.
ASF 105/2025	The complainant, a Swedish national, was scammed by an online platform called 1swiss. The scam ran between 25 June and 27 August 2024. She made eight transfers totalling €73,687 from her account held with an online banking platform to the service provider, naming herself as beneficiary. When she tried to withdraw, the fraudster disappeared. She sought a refund of €72,622.17 from the service provider alone. The service provider argued she was not an eligible customer. It had only ever serviced one of its corporate clients. The VIBAN she used had been allocated to that client for reconciliation.	The Arbiter overruled the service provider's preliminary plea on competence. He dismissed the complaint and ordered each party to bear its own costs. No direct causation linked the service provider's regulatory breach to the complainant's loss. She had admitted making all investments through the fake 1swiss platform. Her greed and gross negligence drove her to continue transferring funds. She did so without seeking professional advice or taking any rudimentary precautions.	The service provider had no authority to credit funds to the VIBAN owner instead of the named beneficiary. This was done without specific authority from the remitter. The breach was reported to the MFSA for investigation. The service provider had terminated its relationship with its corporate client. The MFSA was also asked to investigate whether the service provider's onboarding KYC processes effectively prevent fraud.

ANNEX 4

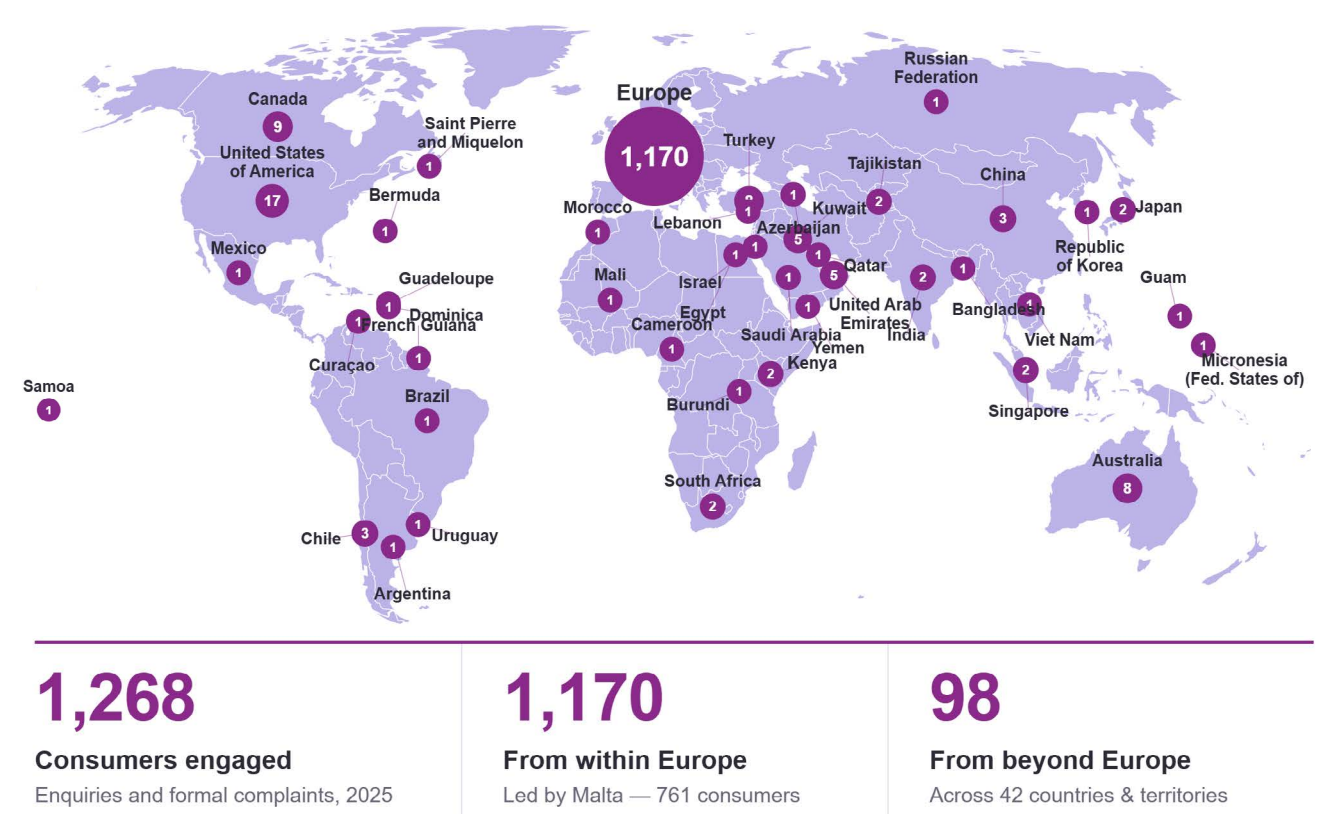
COURT OF APPEAL JUDGMENTS ISSUED IN 2025 IN RELATION TO DECISIONS OF THE ARBITER FOR FINANCIAL SERVICES

OAFS Case Reference	Service Provider	Complaint outcome	Date of Arbiter's decision	Court of Appeal (Inferior) reference	Court's outcome
111/2023	CCGM Pension Administrators Limited	Not upheld	07/03/2024	18/2024	Arbiter's decision fully confirmed
108/2023	Atlas Insurance PCC Limited	Upheld	12/04/2024	35/2024	Arbiter's decision fully confirmed
119/2023	Foris Dax MT Limited	Not upheld	22/03/2024	23/2024	Arbiter's decision fully confirmed
009/2024	MeDirect Bank (Malta) plc	Upheld	18/07/2024	69/2024	Confirmed Arbiter's decision, but varied the compensation amount.
25/2024	Bank of Valletta plc	Partially upheld	24/01/2025	7/2025	Arbiter's decision fully confirmed

ANNEX 5

ORIGIN OF ENQUIRIES AND COMPLAINTS

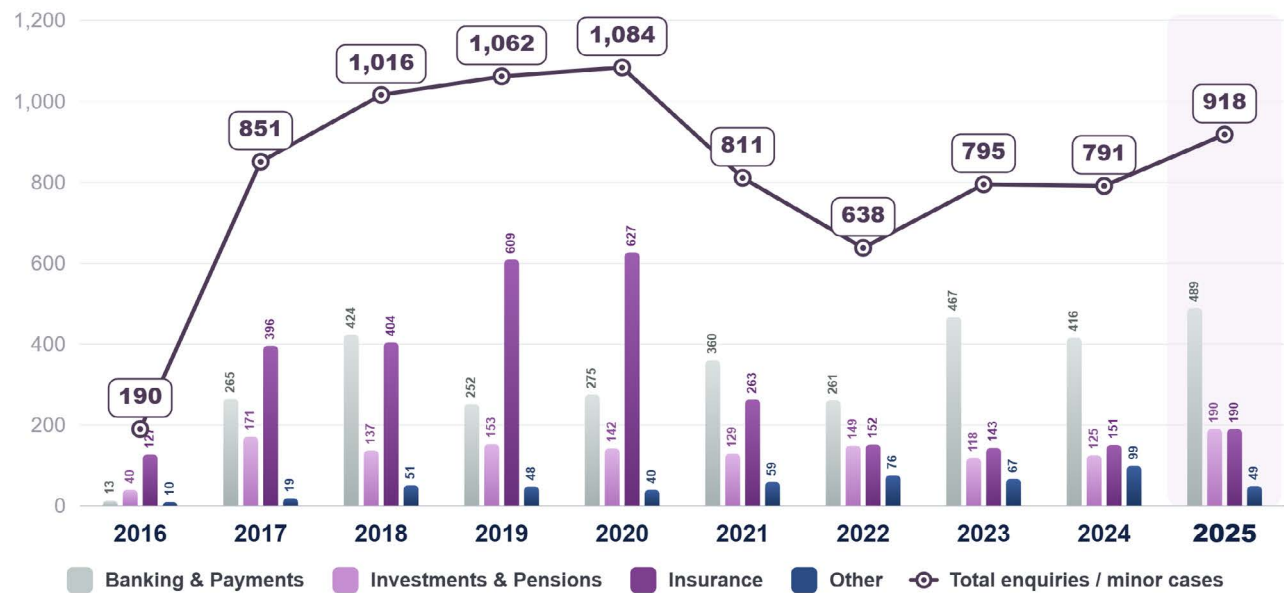
Customers anywhere in the world against financial services providers licensed in Malta. This heat map showcases the international scope of the OAFS’s operations and the global presence of Malta’s financial services industry, representing the 1,268 consumers who engaged with the OAFS in 2025 through both enquiries and formal



ANNEX 6

ENQUIRIES AND MINOR CASES (2016-2025)

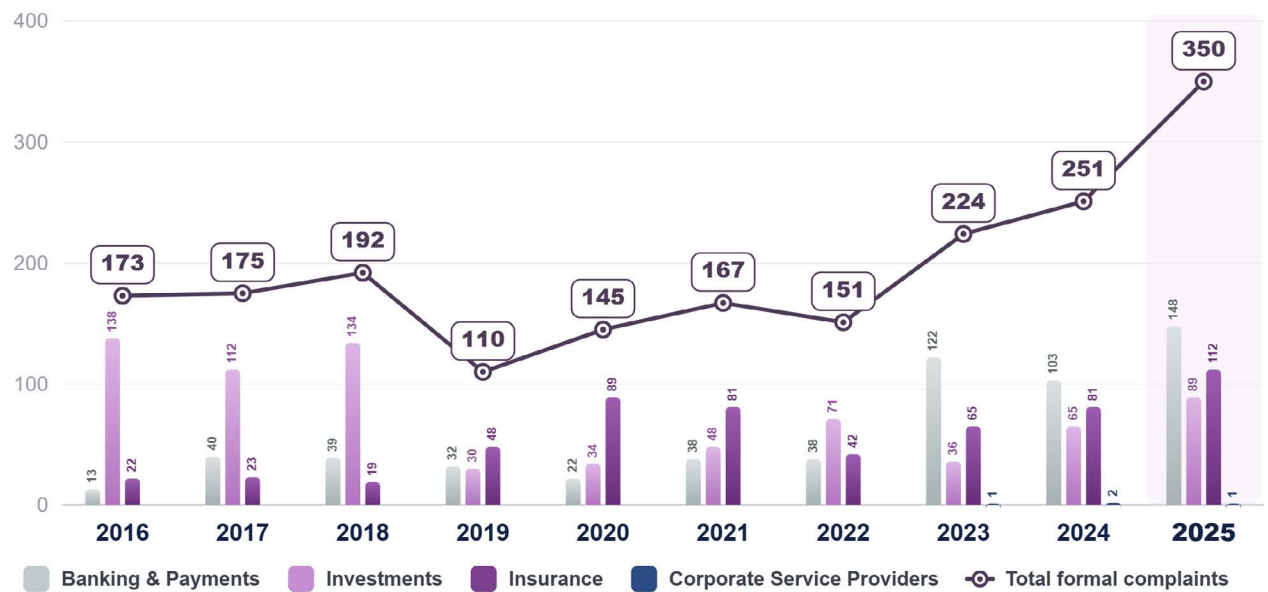
918 ▲ 16%
TOTAL IN 2025 · VS. 2024



ANNEX 7

FORMAL COMPLAINTS (2016-2025)

350 ▲ 39%
TOTAL IN 2025 · VS. 2024



COMPLAINTS REGISTERED BY PRODUCT AND ISSUE (2025)

BY PRODUCT	BANKING & PAYMENT SERVICES	INSURANCE	INVESTMENTS	CORPORATE SERVICES	GRAND TOTAL
Transfers	83				83
Life-related		81			81
Crypto / Virtual Financial Assets			58		58
Savings/Current/Term Account	45				45
Portfolio Management			15		15
Travel-related		15			15
Pensions-related			8		8
Cards	6				6
Other personal lines		6			6
Personal Loans	5				5
Home Loans	4				4
Rental Car-related		4			4
Miscellaneous (securities and funds)			4		4
Forex dealing / CFD / Binary Options			3		3
Home (Building & Contents)-related		3			3
Basic payment account	2				2
Health-related		2			2
E-Money	2				2
Motor – Own policy		1			1
Complex/Professional/Experienced/ Structured investments			1		1
Service Quality				1	1
Inheritance	1				1
GRAND TOTAL	148	112	89	1	350

BY ISSUE	BANKING & PAYMENT SERVICES	INSURANCE	INVESTMENTS	CORPORATE SERVICES	GRAND TOTAL
Suspected irregular activity	95				95
Value at maturity		76			76
Rejection of claim		30			30
General admin/customer service		1	29		30
Administration/Management/Custody			27		27
Unauthorised use	6		14		20
General admin/customer service	16				16
Other	5	4	4		13
Charges	6		6		12
Opening/Closure	9				9
Delays	5		3		8
Misselling / Suitability			4		4
Inappropriate product/service	3				3
Breach of confidentiality	1				1
Opening/Closure			1		1
Billing and Fees				1	1
Mistake / Incorrect application	1				1
Refusal to give information	1				1
Calculation of price/interest			1		1
Refusal to incept/renew		1			1
GRAND TOTAL	148	112	89	1	350

COMPLAINTS REGISTERED IN 2025 BY PROVIDER (ALPHABETICALLY) AND SECTOR

	BANKING & PAYMENT SERVICES	INSURANCE	INVESTMENTS	CORPORATE SERVICES	GRAND TOTAL
Abalone Asset Management Limited			2		2
ALB Limited			1		1
Antes Insurance Brokers Limited, Mapfre Middlesea Insurance plc		1			1
APS Bank plc	12				12
Argus Insurance Company (Europe) Ltd		1			1
Atlas Healthcare Insurance Agency Limited		1			1
Atlas Insurance PCC Limited		5			5
Atlas Insurance PCC Limited, Mediterranean Insurance Brokers (Malta) Limited		1			1
Atom Trustees Ltd			1		1
Aventis Financial Planning Limited			1		1
Bank of Valletta plc	30		1		31
BNF Bank plc	7				7
Calamatta Cuschieri Investment Services Limited			2		2
Collinson Insurance Europe Limited		1			1
CRV International Limited				1	1
Elmo Insurance Limited		1			1
Em@ney plc	3				3
EMP Systems Limited	1				1
Etisicura SRL, PrismaLife AG, Etisicura Malta		1			1
Finance Incorporated Limited	1				1
Finco Treasury Management Limited			1		1
Foris Dax MT Limited			44		44
Foris MT Limited	2		1		3
Foris MT Limited, Openpayd Financial Services Malta Limited, Foris Dax MT Limited			1		1
Fortegra Europe Insurance Company Ltd		2			2
Global Shares Execution Services Limited			3		3
HSBC Bank Malta plc	5				5
HSBC Life Assurance (Malta) Limited		1			1
IDA Insurance Limited		1			1
IFH Capital Trader Ltd			1		1
Integra Private Wealth Limited			1		1
Lifestar Health Limited		1			1
LifeStar Insurance plc		2			2
Lombard Bank Malta plc	1				1
Manentia Wealth Consulting Group Limited			1		1
Mapfre Middlesea Insurance plc		2			2
Mifinity Malta Limited	4				4
Mapfre MSV Life plc.		76			76
Momentum Pensions Malta Limited			2		2
Multitude Bank plc	4				4
Novum Bank Limited	1				1
OKX Europe Limited			6		6
Openpayd Financial Services Malta Limited	73		2		75
Optimus Fiduciaries (Malta) Limited			1		1
Papaya Ltd	4				4
Payhound Limited			1		1
Postalnsure Agency Limited		1			1
Praxisifm Trust Limited			1		1
Real Exchange (Rex) Ltd			1		1
Riverside Insurance Agency Malta Limited		2			2
Sovereign Pension Services Limited			4		4
SquareTrade Europe Limited		3			3
SquareTrade Europe Limited, Starr Europe Insurance Limited		1			1
Steadfast Insurance Partners Limited		6			6
Stellantis Life Insurance Europe Limited		1			1
STM Malta Pension Services Limited			8		8
Sun Life Assurance of Canada		1			1
Triton Capital Markets Limited			2		2
GRAND TOTAL	148	112	89	1	350

CASE CLOSURE OUTCOMES AT MEDIATION STAGE

This table presents a breakdown of case closures occurring at the mediation stage during 2025. It categorises the various pathways through which disputes were resolved or withdrawn at an early stage of the complaint process. The categories include cases withdrawn prior to mediation, those settled by mutual agreement before mediation commenced, agreements reached during mediation, and withdrawals or agreements concluded before or during the arbitration hearing.

	AGREEMENT REACHED DURING HEARING BEFORE ARBITER	AGREEMENT WAS REACHED AT MEDIATION	PARTIES AGREED TO SETTLE PRIOR TO COMMENCEMENT OF MEDIATION	WITHDRAWN AND/OR AGREEMENT REACHED PRIOR TO CASE HEARING	WITHDRAWN FOLLOWING CASE HEARING	WITHDRAWN FOLLOWING MEDIATION	WITHDRAWN PRIOR TO MEDIATION	GRAND TOTAL
ALB Limited							1	1
Antes Insurance Brokers Limited, Mapfre Middlesea Insurance plc						1		1
APS Bank plc		2	1			4	4	11
Atlas Healthcare Insurance Agency Limited							1	1
Bank of Valletta plc	2	9	3		1	2	2	19
Blevins Franks Trustees Limited, Blevins Franks Wealth Management Limited						1		1
BNF Bank plc					1	1		2
Collinson Insurance Europe Limited			1					1
CRV International Limited		1						1
Elmo Insurance Limited		1						1
Em@ney plc							1	1
Finco Treasury Management Limited				1				1
Foris Dax MT Limited		1					1	2
Foris Dax MT Limited, Foris MT Limited					1			1
Foris MT Limited						1		1
Global Shares Execution Services Limited						1		1
HSBC Bank Malta plc			1				2	3
IDA Insurance Limited						1		1
Lifestar Health Limited							1	1
LifeStar Insurance plc					1			1
Mapfre Middlesea Insurance plc						2		2
Mapfre MSV Life plc		42				2	2	46
Momentum Pensions Malta Limited							1	1
Multitude Bank plc						1	2	3
Novum Bank Limited							1	1
OKX Europe Limited		1					1	2
Openpayd Financial Services Malta Limited					2			2
Optimus Fiduciaries (Malta) Limited						1		1
Papaya Ltd	1						1	2
PraxisIFM Trust Limited							1	1
Riverside Insurance Agency Malta Limited			1				1	2
Sovereign Pension Services Limited						1		1
Sparkasse Bank Malta plc	1							1
SquareTrade Europe Limited							2	2
SquareTrade Europe Limited, Starr Europe Insurance Limited							2	2
Steadfast Insurance Partners Limited						1	2	3
STM Malta Pension Services Limited	2	1			1	3		7
GRAND TOTAL	6	58	7	1	7	23	29	131

DECISIONS DELIVERED BY THE ARBITER IN 2025 (BREAKDOWN BY FINANCIAL SERVICES PROVIDER)

The table below provides a breakdown of the type and nature of decisions by financial services provider during 2025, and whether the final decision has been appealed.

SERVICE PROVIDER	SECTOR	NOT UPHELD	PARTIALLY UPHELD BY ARBITER	UPHELD BY ARBITER	TOTAL	APPEALED	NOT APPEALED
ALB Limited	Investments	1			1		1
APS Bank plc	Banking & Payment Services	1			1		1
Argus Insurance Company (Europe) Limited	Insurance	1			1		1
Atlas Healthcare Insurance Agency Limited	Insurance	1			1		1
Atlas Insurance PCC Limited	Insurance	1	1		2		2
Atom Trustees Limited	Investments	1			1		1
Aventis Financial Planning Limited	Investments		1		1	1	
Bank of Valletta plc	Banking & Payment Services	15	4		19	4	15
Bank of Valletta plc	Investments	1			1		1
Calamatta Cuschieri Investment Services Limited	Investments	1			1		1
Crystal Finance Investments Limited	Investments	1			1		1
EM@NEY plc	Banking & Payment Services	2			2		2
Finance Incorporated Limited	Banking & Payment Services	1			1		1
Foris Dax MT Limited	Investments	20	1		21	2	19
Foris Dax MT Limited, Foris Dax MT Limited	Investments	2			2		2
Foris MT Limited	Banking & Payment Services	1	1		2		2
Foris MT Limited	Investments	1			1		1
Foris MT Limited, Openpayd Financial Services Malta Limited, Foris Dax MT Limited	Investments	1			1		1
Fortegra Europe Insurance Company Limited	Insurance	1			1		1
Gasamamo Insurance Limited	Insurance	1			1		1
HSBC Bank Malta plc	Banking & Payment Services	1	3		4		4
HSBC Life Assurance (Malta) Limited	Insurance	1			1		1
IFH Capital Trader Limited	Investments		1		1		1
Integra Private Wealth Limited	Investments		1		1	1	
Lombard Bank Malta plc	Banking & Payment Services	1			1		1
Manentia Wealth Consulting Group Limited	Investments	1			1		1
Mapfre Middlesea Insurance plc	Insurance	2			2	1	1
Mapfre MSV Life plc	Insurance	2	20		22		22
MTACC Limited	Banking & Payment Services	65			65		65
Multitude Bank Pl.c.	Banking & Payment Services	1			1		1
OKX Europe Limited	Investments	1	1		2		2
Openpayd Financial Services Malta Limited	Banking & Payment Services / Investments	4		1	5	1	4
Openpayd Financial Services Malta Limited, Foris Dax MT Limited, Foris MT Limited	Investments	1			1		1
Papaya Limited	Banking & Payment Services	5	3	3	11	1	10
Payhound Limited	Investments	1			1		1
Pilatus Bank plc	Banking & Payment Services	2			2		2
Sovereign Pension Services Limited	Investments			1	1		1
Steadfast Insurance Partners Limited	Insurance	2			2		2
STM Malta Pension Services Limited	Investments	4			4		4
TMF International Pensions Limited	Investments	1			1		1
XNT Limited	Investments	1			1		1
GRAND TOTAL		150	37	5	192	11	181

OFFICE OF THE ARBITER
FOR FINANCIAL SERVICES
AUDITED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2025

Independent Auditor's Report

To the Board of Management and Administration

Opinion

We have audited the financial statements of the Office of the Arbiter for Financial Services (the "Office"), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Office as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and comply with the Arbiter for Financial Services Act, Chapter 555 of the Laws of Malta.

Basis for Opinion

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of our report. We are independent of the Office in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other independent responsibilities in the exercise of our functions in accordance with Article 108(12) of the Constitution of Malta. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management of the Office is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Office's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Office is in the process of being terminated in accordance with national law.

The Board of Management and Administration is responsible for overseeing the Office's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Management and Administration regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor General

18 June 2026

Board of Management and Administration Report

The Board of Management and Administration submit their annual report and the financial statements for the period ended 31 December 2025.

Objects

The Office of the Arbiter for Financial Services is an autonomous and independent body setup in terms of Act XVI of 2016 of the Laws of Malta. It has the power to mediate, investigate and adjudicate complaints filed by customers against financial services providers.

Results

The statement of comprehensive income is set out on page 3.

Review of the period

The Board reports a deficit of €91,718 during the period under review.

Post statement of financial position events

There were no particular important events affecting the entity which occurred since the end of the accounting year.

Statement of the Board of Management and Administration responsibilities

In terms of the licensing regulations applicable to Government entities, the entity is to prepare financial statements for each financial period which give a true and fair view of the financial position of the entity as at the end of the financial period and of the surplus or deficit for that period.

In preparing the financial statements, the entity is required to:

- adopt the going concern basis unless it is inappropriate to presume that the entity will continue to function;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accrual basis; and
- prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

Statement of financial position

	Notes	2025 €	2024 (restated) €
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	92,280	121,182
Intangible asset	6	-	-
		<u>92,280</u>	<u>121,182</u>
Current assets			
Trade and other receivables	7	22,248	14,064
Cash and cash equivalents	8	42,682	171,840
		<u>64,930</u>	<u>185,904</u>
TOTAL ASSETS		157,210	307,086
RESERVES AND LIABILITIES			
Reserves			
Accumulated funds		128,041	219,759
		<u>128,041</u>	<u>219,759</u>
Current liabilities			
Trade and other payables	9	29,169	87,327
		<u>29,169</u>	<u>87,327</u>
Total liabilities		29,169	87,327
TOTAL RESERVES AND LIABILITIES		157,210	307,086

The accounting policies and explanatory notes on pages 6 to 10 are an integral part of these financial statements.

The financial statements have been authorised for issue by the Board of Management and Administration and signed on its behalf by:



Date: 16 June 2026

Geoffrey Bezzina
Chairman
Board of Management and Administration

Statement of comprehensive income

	Notes	2025 €	2024 (restated) €
Income	3	698,310	681,322
Administrative expenses	4	(790,028)	(769,815)
Surplus/(Deficit) for the year		(91,718)	(88,493)

The accounting policies and explanatory notes on pages 6 to 10 are an integral part of these financial statements.

Statement of changes in reserves

	Accumulated fund	Total
	€	€
Balance at 1 Jan 2023	304,450	304,450
Surplus for the year	3,802	3,802
Balance at 31 December 2023	308,252	308,252
Surplus for the year (restated)	(88,493)	(88,493)
Balance at 31 December 2024 (restated)	219,759	219,759
Surplus for the year	(91,718)	(91,718)
Balance at 31 December 2025	128,041	128,041

The accounting policies and explanatory notes on pages 6 to 10 are an integral part of these financial statements.

Statement of cash flows

	Note	2025 €	2024 (restated) €
Operating activities			
Surplus for the year		(91,718)	(88,493)
Adjustments to reconcile profit before tax to net cash flows:			
Non-cash movements			
Depreciation of fixed assets		21,571	22,183
Working capital adjustments			
Increase in trade and other receivables		(8,184)	19,327
Increase in trade and other payables		(58,158)	56,874
Net cash generated from operating activities		(136,489)	9,891
Investing activities			
Purchase of property, plant and equipment		7,331	(86,688)
Purchase of intangible asset		-	-
Net cash used in investing activities		7,331	(86,688)
Cash and cash equivalents at 1 January		171,840	248,637
Net increase in cash and cash equivalents		(129,158)	(76,797)
Cash and cash equivalents at 31 December	8	42,682	171,840

The accounting policies and explanatory notes on pages 6 to 10 are an integral part of these financial statements.

Notes to the financial statements

1. Corporate information

The financial statements of the Office for the Arbiter for Financial Services for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the members. The Office of the Arbiter for Financial Services is a Government entity.

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis. The financial statements are presented in euro (€).

Statement of compliance

The financial statements of the Office for the Arbiter for Financial Services have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

2.2 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Intangible assets

An acquired intangible asset is recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost, comprising its purchase price and any directly attributable cost of preparing the asset for its intended use.

Intangible assets are subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated to write down the carrying amount of the intangible asset using the straight-line method over its expected useful life. Amortisation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognised.

The amortisation of the intangible asset is based on a useful life of 4 years and is charged to profit or loss.

Amortisation method, useful life and residual value

The amortisation method applied, the residual value and the useful life are reviewed on a regular basis and when necessary, revised with the effect of any changes in estimate being accounted for prospectively.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

Fixtures, furniture & fittings	10 years
Computer equipment	4 years
Office equipment	4 years

Depreciation is to be taken in the year of purchase whereas no depreciation will be charged in the year of disposal of the asset.

Notes to the financial statements (continued)

Summary of significant accounting policies (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised. The asset's residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each financial year end.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less. For the purposes of the cash flow statements, cash and cash equivalents consist of cash and cash equivalents as defined, net of outstanding bank overdrafts.

Trade and other payables

Trade and other payables are shown in these financial statements at cost less any impairment values. Amounts payable in excess of twelve months are disclosed as non-current liabilities.

Restatement of Comparative Figures (IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors)

In accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the comparative figures for the year ended 31 December 2024 have been restated to correct a prior period error arising from supplier invoices not accrued in the period to which they relate.

3. Income

Income represents Government funding and complaint fees.

	2025	2024
	€	€
Government Funding	700,000	675,000
Complaint Fees	(1,690)	3,996
Other Grants	-	2,326
Total Income	698,310	681,322

Note: Complaint fees ceased to be charged in 2025, and any fees paid in respect of cases lodged on or before 31 December 2024 that were resolved amicably or withdrawn on or after 1 January 2025 were refunded.

4. Expenses by nature

	2025	2024 (restated)
	€	€
Staff Salaries	583,587	575,654
Office maintenance & Cleaning	13,581	13,880
Car and Fuel Expenses	22,602	22,252
PR and Advertising	8,436	3,452
Financial Education	21,910	27,586
Telecommunications	5,359	6,437
Professional and Mediator Fees	20,624	9,195
Depreciation charge for the year	21,571	22,183
Other expenses	91,585	88,439
Bank Charges	773	737
Total administrative costs	790,028	769,815

Notes to the financial statements (continued)

4. Expenses by nature (continued)

Average number of persons employed by the office during the year:	2025	2024
Total average number of employees	12	12

5. Property, plant and equipment

	Assets Under Construction	Furniture, Fixtures & Fittings	Office Equipment	Computer Equipment	Total
	€	€	€	€	€
Net book amount at 1 January 2024	36,870	8,708	4,832	6,267	56,677
Additions	(36,870)	103,184	10,404	9,970	86,688
Depreciation charge for the period	-	(13,138)	(4,212)	(4,833)	(22,183)
Net book amount at 31 December 2024	-	98,754	11,024	11,404	121,182
Additions	-	(8,140)	-	809	(7,331)
Depreciation charge for the year	-	(12,324)	(4,212)	(5,035)	(21,571)
Net book amount at 31 December 2025	-	78,290	6,812	7,178	92,280
As at 31 December 2025					
Total cost	-	123,237	25,535	37,343	186,115
Accumulated depreciation	-	(44,947)	(18,723)	(30,165)	(93,835)
Net book amount at 31 December 2025	-	78,290	6,812	7,178	92,280

Notes to the financial statements (continued)

6. Intangible asset

	Website and Case and File e-Solution	Total
	€	€
Total Cost as at 1 January 2025	53,100	53,100
Additions	-	-
Accumulated Depreciation	(53,100)	(53,100)
Net book amount at 31 December 2025	-	-

7. Trade and other receivables

	2025	2024
	€	€
Prepayments	17,448	9,264
Deposits	4,800	4,800
	22,248	14,064

8. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

	2025	2024
	€	€
Cash at bank and in hand	42,682	171,840

9. Trade and other payables

	2025	2024 (restated)
	€	€
Other payables	2,814	2,354
FSS Payable	14,037	-
Accruals	12,318	84,973
	29,169	87,327

Notes to the financial statements (continued)

10. Prior period adjustments

In preparing the financial statements for the year ended 31 December 2025, management identified a prior period error in the comparative figures for the year ended 31 December 2024. Specifically, certain supplier invoices received in respect of website costs and accounting fees were not accrued or recorded in the financial period to which they relate, resulting in an understatement of expenses and the associated liabilities.

In accordance with IAS 8.41–42, the prior period error has been corrected by restating the comparative figures. The comparative statement of profit or loss and other comprehensive income, statement of financial position, and statement of changes in equity for the year ended 31 December 2024 have been restated accordingly.

Statement of comprehensive income

	Previously Reported	Restatement	As Restated
	€	€	€
Website costs	26,404	2,354	28,758
Accounting fees	4,273	650	4,923
Total additional expenses recognised	30,677	3,004	33,681
Net impact on deficit for the year		(3,004)	

Statement of financial position

	Previously Reported	Restatement	As Restated
	€	€	€
Current Liabilities			
Accruals	84,323	650	84,973
Other payables	–	2,354	2,354
Total increase in current liabilities	84,323	3,004	87,327
Reserves			
Accumulated funds	222,763	(3,004)	219,759

Administrative expenses

	2025	2024 (restated)
	€	€
Staff Salaries	583,587	575,654
Training	620	767
Office Consumables	3,022	2,924
Conference Expenses	400	-
Cleaning	11,908	11,758
Office Maintenance	1,673	2,122
Printing and Stationery	5,867	6,717
Other Office Costs	5,293	5,222
Telecommunications	5,359	6,437
Website Expenses	31,993	28,758
Postage, Delivery and Courier	2,162	2,039
Insurance	21,916	19,411
Memberships and Subscriptions	688	2,483
General Expenses	295	3,883
Vehicle, leasing and fuel expenses	22,602	22,252
Travelling Expenses	14,638	11,313
PR and Advertising	8,436	3,452
Financial Education	21,910	27,586
Professional and Mediator Fees	20,624	9,195
Accounting Fees	4,691	4,922
Bank Charges	773	737
Depreciation Charge	21,571	22,183
	790,028	769,815

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