

CThuli Zungu's
CONSUMER LINE

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A friend to investors

IF YOUR financial adviser has lied, exaggerated your investment returns or did not tell you about any risk in your investment, look no further than the Ombuds for Financial Advisory and Intermediary Services.

Noluntu Bam has taught Deeb Raymond Risk, Morné Lubbe and the directors of Genesis investments a lesson.

Bam has ordered these financial advisers to repay R2.3-million, collectively, for negligently investing investors' money in risky investments.

Jeanette Germishuys of Parow North in Cape Town will get back her R1.1-million she had invested within seven days.

Germishuys and her late husband wanted to maximise their investment because they felt that their policies were not performing well in 2006.

So they approached Bernard Edgcumbe, who advised them to invest their retirement money with Genesis investment. This was supposed to be a safe, low-risk investment secured by property.

The Germishuys family relied on their retirement money to survive, but unbeknown to them, Genesis was not performing well.

Germishuys says Edgcumbe also advised and assisted her and her husband to cancel their other policies and savings and to invest with Genesis.

It later turned out that high risk was inherent in the investment Edgcumbe recommended and he had violated the provisions of the Financial Advisory and Intermediary Services (FAIS) Act.

Genesis was later liquidated and the Germishuys's could not get their money.

They approached the ombuds for Financial Services for help. Bam's intervention has now brought back a smile on the face of Germishuys.

● Pensioner Ann Scott Bujok of Westdene in Johannesburg wanted to invest her money in a wealth-generating product for 10 years.

She met Risk of D Risk Insurance Consultants CC in September 2008 and told him that she was not an experienced investor because she had only invested with Stanlib and Momentum before.

On Risk's advice, Bujok



NO NONSENSE: Noluntu Bam told financial advisers to return three pensioners' money.

invested R815 000 into a Sharemax property syndication scheme.

She said Risk had promised that she would get good returns in 2010, but this did not happen.

Bujok said alarm bells rang in August 2010 when Sharemax failed to pay her her monthly interest. "Not only did the income

stop, but Risk was unable to give me a plausible explanation about what was happening", she said.

The FAIS Ombuds found among other things, that Risk had failed to act with care and diligence in the interest of his client and the integrity of the financial services industry.

Bujok will also get her money back.

Bam also ordered Risk to refund Lillian Posgate, 86, of Parkhurst in Johannesburg her R170 000.

Posgate invested the money in a public property syndicate, Sharemax scheme, known as Zambezi Retail Park, on Risk's advice.

She wanted the investment to provide her with a monthly income on which she could live.

She said by September 30 2010, her monthly income stopped suddenly without explanation.

In January 2011, a distressed Posgate wrote to Risk and told him what had happened and how this had impacted on her standard of living.

Posgate was shocked when she found out that Risk had placed

her into an investment that was riskier than the 8% level she had indicated on her risk profile.

She then approached the Ombuds office when she realised that she had not been warned about the risk associated with the Sharemax investment and that the investment was not suitable for her as an elderly person who needed a guaranteed income over the term of her investment.

The Ombuds found, among other things, that Risk had failed to disclose the risk inherent in the Sharemax Zambezi investment. She also found that he did not comply with Section 9 of the General Code of conduct, which states that he has to maintain a record of advice as stipulated by the code.

● FAIS Ombud resolves disputes between financial services providers and clients in a procedurally fair, informal, economical and expeditious manner.

The Ombud can only handle violations which occurred on or after September 30 2004 and for claims valued at not more than R800 000.

The Ombud is independent and impartial and performs its functions without fear, favour or prejudice. Services are free.