



Financial
PROTECTION



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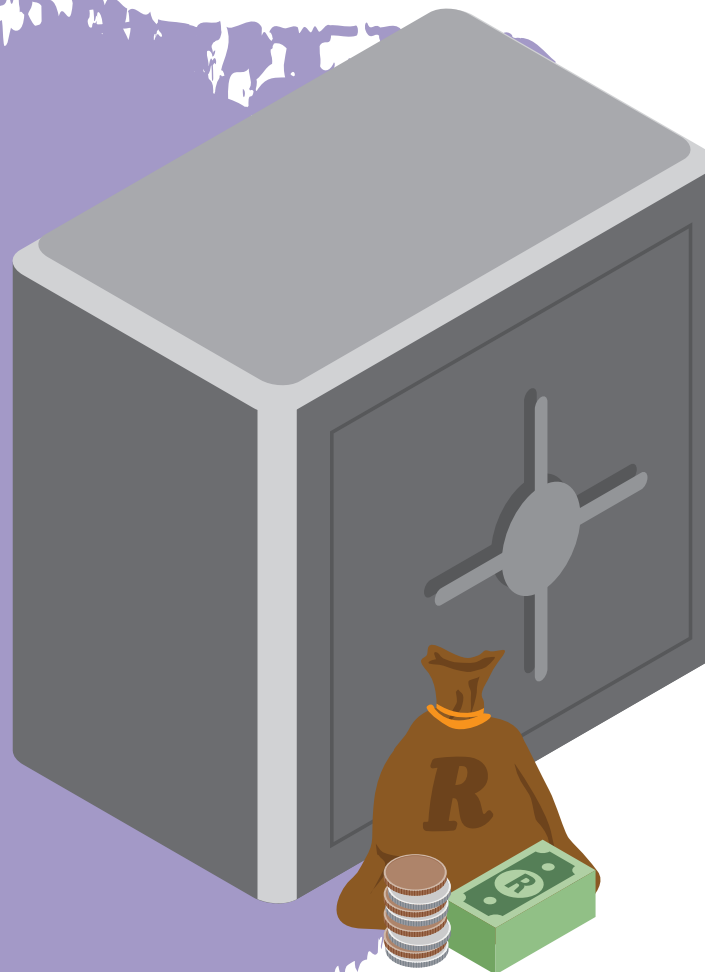


Safeguard your finances and information

Introduction

In today's world, where we so often use technology for banking, shopping, and communication, it is very important to keep our money and personal details safe from fraudsters and scammers.

Understanding how to safeguard your financial information and money can help you avoid falling victim to scams and losing both. When you're informed about your rights and responsibilities as a financial customer and the process to be followed if you need to complain, you can protect your personal finances and information.





1. Common rules for investing your money

1.1 Rule 1: Never gamble

- Do not follow hunches – that is called gambling.
- Do not put money into the “unknown”.
- Decide whether you want to invest for fun or for profit.
- Focus on “expected returns” – this is a requirement for financial security.

1.2 Rule 2: Do not follow blindly

Guard against making the media, including social media or celebrities, your only source of information when making your investment decisions. Trying to “outguess” the market by following the forecasts of the financial media may result in losses.

1.3 Rule 3: Do not invest blindly

Gaining an understanding will require work and time on your part. However, avoiding this research will cost you dearly in the long run.

Ask your Authorised Financial Advisor the following questions:

- How will this investment support my investment plan?
- How could I potentially lose money with this investment?
- Will I be able to exit from this investment?
- Will I need to pay tax to SARS?
- What is the time frame for me to increase my return on my investment?
- Does this investment make business sense? Is it too good to be true?
- What is the risk/reward ratio of this investment? Will it lower my portfolio risk and will it increase my returns?
- What are the investment fees?
- What is your Financial Service Provider (FSP) number and are you authorised with the Financial Sector Conduct Authority (FSCA)?

1.4 Rule 4: Compound your growth

To compound the growth of your investment you should:

- Start investing as soon as possible, the younger, the better.
- Invest only in instruments that have proven return expectancies.
- Consider reinvesting the profits generated from your investments.
- Keep adding to your savings and investment portfolio.

1.5 Rule 5: Diversify your investment portfolio

- Never put all your eggs in one basket. Diversify your investment.
- Do not randomly diversify your portfolio without thorough investigation.
- Always diversify with the intention of making a meaningful change to your portfolio, based on expert financial advice.

1.6 Rule 6: Manage your risk actively

- Focus on the “risk of capital” before focusing on the “return on capital.”
- Be very aware that “what goes up, must come down” - this applies to your investment growth too.



1.7 Rule 7: Educate yourself

- Improve your financial intelligence.
- The best investment you can make is in yourself because nobody can ever take that away from you, and it will pay you dividends for the rest of your life.



Refer to the Financial Safeguard Theme, sub-topic Making Financial or Investment Decisions, for more on investing.

2. Investment legacy

Investments hold a number of intentions:

- Saving up for a particular event or purpose (for example, an educational investment)
- Building wealth
- Preparing for retirement
- Making provision for your family in the event of your death

It is vitally important that you sit down and consider what you want to do with your estate in the event that you pass away. These wishes must be documented in a “Last Will and Testament”.

If you die without a will (intestate), the Master of the High Court appoints an executor of your estate who will distribute your estate according to the law. This might include beneficiaries whom you may not have wished to benefit or may exclude persons whom you would have preferred to benefit.

It is important to have a person with the necessary knowledge and expertise to draw up your will. A law firm, your bank, or a trust company can help you with this. Once the will is fully completed, you must sign and date it in the presence of two witnesses in order for it to be valid.

Both witnesses must be at least 14 or older and be competent to give evidence in a court of law. A person must be of sound mind to be considered capable of giving evidence in court. A beneficiary in a will must not be involved in the drawing up of or attesting to a will as a witness. A person who attests and signs a will as a witness or is involved in the drafting of a will is disqualified from benefiting under the will.

Your Authorised Financial Advisor can assist you in drawing up your will or refer you to someone who specialises in this. It is not recommended that you do this yourself, as your will must be clear and concise and represent your true intentions. There are also certain legal requirements for your will to be valid and you need to be made aware of the government levies estate duty (a form of tax) which is payable on your estate after your death.

Make sure you revise your will from time to time, especially if life-changing events have taken place, like the birth of a child, for example.

Your will must be kept in a safe place. Most banks, accountants, trust companies, lawyers and Authorised Financial Advisors keep wills on behalf of their clients. It is advisable to make a copy of your will and advise your executor where it is kept. Also let them know where the original can be found.



Refer to the Financial Protection Theme, sub-topic Last Will and Testament, for more on wills.



3. Important Acts

3.1 The FAIS Act, 2002

The FAIS Act helps protect consumers by regulating how financial advice and services are provided. It also ensures that financial advisors meet strict standards and qualifications.

The law applies to all financial service providers (FSPs) who give advice or help clients with financial products, such as insurance, investments, or savings.

Key features of the FAIS Act:

- Financial service providers must be authorised by the Financial Sector Conduct Authority (FSCA).
- They must follow strict rules to ensure they are “fit and proper” to provide financial services.
- They must give clear and honest information about their products, including fees and terms.

What financial products does the FAIS Act govern?

The following products are regarded as financial products for the purposes of the FAIS Act:

- Any type of life insurance policy (e.g., life, disability, funeral cover and long-term savings plans)
- Any type of non-life insurance policy, including cover for personal and business purposes (e.g., house, household content, car insurance, cell phone, commercial, etc.)
- Bank deposits (e.g., call deposits, notice deposits and savings accounts)
- Retirement and pension fund benefits (retirement annuities, provident funds and pension funds)
- Collective investment schemes (unit trusts)
- Securities and instruments, including shares, equities, derivatives, bonds and money market instruments
- Health service benefits (hospital plans and medical aid plans)
- Foreign investment business
- Friendly society benefits (e.g., burial societies)



NOTE: There are also other pieces of legislation which “govern” the products, for example:

- Collective Investment Schemes Control Act 45 of 2002 (CISCA)
- Pension Funds Act 24 of 1956
- Insurance Act 18 of 2017
- Banks Act 94 of 1990
- Financial Markets Act 19 of 2012
- Financial Sector Regulation Act 9 of 2017

The FAIS Act governs financial services rendered in relation to the products and not the products themselves.

Who can give advice and/or render intermediary services (financial services)?

The FAIS Act requires that any person who gives advice and/or renders an intermediary service in respect of a financial product must be authorised as a Financial Service Provider (FSP) or must be appointed as a representative of an authorised FSP.



Persons rendering financial services on behalf of an FSP are called representatives. The FSP is authorised by the FSCA, and representatives are appointed by the FSP. An FSP can be a natural person (sole proprietor) or a legal entity.

An FSP must have one or more key individuals who are responsible for the management or oversight of that part of the business of the FSP relating to the rendering of financial services. The key individual of an FSP is subject to the approval of FSCA to ensure that only persons who are fit and proper are appointed as such.

It is the responsibility of the FSP to ensure that its representatives are fit and proper. This, amongst other things, entails that the FSP must check that its representatives are persons who have character qualities of honesty and integrity and that they are competent to render financial services.

3.2 Who can administer investments?

The Collective Investment Schemes Control Act 45 of 2002 ("CISCA") was enacted to regulate and control the establishment and administration of collective investment schemes. CISCA requires anyone who wants to establish and administer a collective investment scheme to register and obtain a licence from the FSCA.

Collective investment scheme portfolios, whether local or foreign, can only be advertised as available for investment in South Africa if FSCA has approved them. A collective investment scheme is a way for people to pool their money or assets into one fund. Each person owns a share of the fund, and they share the risks and benefits of the investments based on the size of their share.

3.3 The Financial Sector Regulation (FSR) Act 9 of 2017

The FSR Act was implemented to stabilise the financial systems in South Africa. The focus of the FSR Act is to make sure the financial system works in the interest of the financial consumer.

Implementing the FSR Act supports balanced and sustainable economic growth in South Africa.

The FSR Act promotes:

- Financial system stability;
- The safety and soundness of financial institutions;
- The fair treatment and protection of financial customers;
- The efficiency and integrity of the financial system;
- The prevention of financial crime;
- Financial inclusion;
- Transformation of the financial sector; and
- Confidence in the financial system.

The objective of the FSR Act is to:

- Enhance and support the efficiency and integrity of financial markets; and
- Protect financial customers by:
 - Promoting fair treatment of financial customers by financial institutions;
 - Providing financial customers and potential financial customers with financial education programmes, and otherwise promoting financial literacy and the ability of financial customers and potential financial customers to make sound financial decisions; and
 - Assist in maintaining financial stability.



4. Rights and responsibilities of financial customers

4.1 Rights

4.1.1. Information

You have the right to:

- A written quotation
- A policy document within 30 days of signing the application

You also have a right to the following information:

- How to submit a claim
- Details of financial services and products to make informed decisions
- Related costs (e.g., monthly premiums and administration fees for an insurance policy)
- Commission paid to any intermediary
- Fees for services rendered in relation to a financial product
- Inclusions and exclusions of the policy, if applicable
- Physical address and telephone number of the FSP

4.1.2. Payment break

You have the right to take a payment break:

- A payment break is a legal authorisation to pause payments for an agreed period under specific circumstance.
- It must be stipulated in your policy.



NOTE: Always check whether a payment break is part of your financial product or service policy. This will vary across policies so discuss it with your Authorised Financial Services Provider.

4.1.3. Cancel

You have the right to cancel:

- You may decide not to take up the contract within 31 days of signing the application. This is called a “cooling off” period.



NOTE: Always check whether a cooling-off period is part of your financial product or service policy. It will vary across policies.

4.1.4. Complain

You have the right to fair treatment and the right to complain if you don't get it:

- The contract must also provide you with the telephone numbers, and physical and email addresses of the relevant Ombuds.

4.2 Responsibilities

You have the responsibility to:

- Choose a FSP that is authorised with FSCA.
- Ask to see their FSCA licence, and as well as a list of the products they are authorised to sell or advise on.
- Make sure the paperwork is complete before you sign it.
- Ask questions and ensure the FSP answers them in clear and simple language you can understand, so you have a clear understanding of what you are buying.
- Store the policy document in a safe place.



- Read through the entire contract document before you sign.
- Make sure you understand what you are going to be paying for.
- Provide accurate information about your employment, contact details and beneficiaries, and also to inform your Financial Services Provider (FSP) yearly if there are any updates to be made.

5. How to complain

5.1 Treating Customers Fairly (TCF)

As a customer, you have the right to be treated fairly by financial institutions. These institutions must align with the TCF framework to protect your rights, ensuring they deliver fair outcomes. If you feel that you have been treated unfairly, you can make a complaint at any time. There is no fixed list of reasons for complaints; you can speak up whenever you believe that a financial institution has not met the expected standards in how they deal with you.

The six core outcomes of the TCF-based approach are:

- Culture and governance
- Product design
- Clear communication
- Suitable advice
- Performance and standards
- Claims, complaints and changes

Outcome	You should complain if:
Outcome 1: Culture and governance	You feel the financial institution did not treat you fairly or did not keep their promise to put customers first. This can happen if you received different information or services that confused you.
Outcome 2: Product design	You were sold a financial product that has unfair terms or features.
Outcome 3: Clear communication	The financial institution did not give you the information you need to make good decisions. This includes giving confusing information, telling you things at the wrong time, or not informing you about important details like fees. Misleading advertising is also a reason to complain.
Outcome 4: Suitable advice	You received financial advice that does not fit your situation or needs. This includes cases where the financial institution used unfair selling tactics to get you to buy a product. For these complaints, contact the FAIS Ombud
Outcome 5: Performance and standards	The product or service you received did not work as promised, or if the customer service was poor and did not meet your expectations.
Outcome 6: Claims, complaints, and changes	It is hard for you to claim benefits from your product (like insurance claims), access your money, make changes to your product when your situation changes, or move your investment to another institution.



NOTE: You can complain about anything that makes you feel you have been treated unfairly or not in terms of TCF principles. If your complaint has not been resolved with the financial institution to your satisfaction, you have a right to know how to access and use the Ombud system to address such complaints.



6. The Ombud system

The Ombud system is very important for helping people feel confident in financial services. It helps to solve complaints quickly and easily. You don't need a lawyer to use these services, and they are free of charge, which is especially useful for people who may not have a lot of money or support.

The Ombud system works with licensed and authorised financial companies to make sure everything is fair and clear in the financial world. It also helps ensure that customers are treated fairly by looking at complaints and spotting any new problems that may arise.

6.1 The current structure of the financial Ombud system in South Africa is made up of the following:

Two Ombud offices created by law:	
Office of the Pension Funds Adjudicator (OPFA):	This office helps solve problems with your pension, retirement annuity, and preservation funds. They can help if the fund rules weren't followed correctly, if the fund was managed poorly, if there's a disagreement about the facts or the law, or if your employer didn't do their job properly with respect to your pension fund.
Office of the Ombud for Financial Services Providers (FAIS Ombud):	This office deals with complaints against financial service providers (people who give you financial advice or act as a middleman). They can help if you were given bad advice or were misled under the FAIS Act. They also handle complaints that other Ombud offices can't cover or when it's not clear which office should handle the issue.
Two Ombud offices for specific industries:	
National Financial Ombud South Africa (NFOSA):	<p>This office helps with complaints about credit information, problems with banks or credit providers, and different types of insurance. For non-life insurance, they handle issues with car, home, cell phone, travel, disability, and credit protection insurance. For life insurance, they deal with claims that were turned down, bad service, policies that ended unfairly, funeral benefits, and credit life and health benefits.</p> <p>The NFOSA was created on 1 March 2024 by combining four other Ombud offices: The Credit Ombud The Ombud for Banking Services The Ombud for Long-term Insurance The Ombud for Short-term Insurance</p> <p>It has four parts, each handling the issues that the old offices used to handle.</p>
Johannesburg Stock Exchange Ombud (JSE Scheme):	This office handles complaints about investments listed on the JSE (the South African stock market). They deal with problems about trading and how the market is run, but only after you've tried to solve the issue through the JSE's Market Regulation Division.
Ombuds outside of the financial sector:	
Consumer Goods and Services Ombud (CGSO):	This office helps with complaints about products and services you buy, like problems with quality, unfair business practices, and disagreements between you and a business.
Motor Industry Ombuds of South Africa (MIOSA):	This office solves problems in the car industry, like disagreements with dealerships, manufacturers, and service providers about warranties, repairs, and sales.



Tax Ombud:	This office looks into complaints from taxpayers who believe SARS (the South African Revenue Service) treated them unfairly. This can include incorrect tax bills, problems with refunds, or bad service from SARS.
Community Schemes Ombud Service (CSOS):	This office helps resolve complaints in community schemes like complexes and homeowners' associations. They handle issues like how the scheme is run, levy payments, and disagreements with managing agents.

6.2 The Ombud Council

You have the comfort of knowing that the financial Ombud schemes are overseen by the Ombud Council.

The Council ensures you have access to fair, independent and affordable dispute resolution for complaints against financial institutions.

It does not handle individual financial customer complaints or act as an appeal/escalation forum if you are dissatisfied with an Ombud scheme's decision. However, it will consider if an Ombud scheme has failed to follow relevant laws or its own governing rules, or has followed a wrong process.

6.3 Options to resolve financial disputes

You have a right to complain if you believe any of the six fairness outcomes are not being delivered, as well as if you are not satisfied with the service/financial product received from an insurance company or Financial Service Provider.

This is a basic guideline to follow when submitting a complaint. It is also recommended that you ask the Ombud's office you would like to submit the complaint to for the relevant complaint procedure to follow.

- You must submit a formal complaint to the institution you are experiencing the problem with.
- The institution should be given the opportunity to resolve the problem before it is referred to the Ombud/Adjudicator.
- As a suggestion, approach the internal complaints officer of the relevant institution, as this may help speed up the process.
- Ask the institution for details of their complaints process and time frames to rectify/resolve your complaint.
- Keep a copy of any letters or correspondence between you and the institution.
- If your complaint is not resolved, you are unhappy with the outcome, or you do not receive a response at all, you may approach the office of the relevant Ombud/Adjudicator.
- Ensure you provide the Ombud with copies of the supporting documents referred to in the complaint, including correspondence with the institution.
- When you write a letter of complaint, set out the facts as clearly as possible.
- Write down the facts in a logical order and stick to what is relevant. Include important details like your claim number or your policy number.

There are many different types of complaints, and depending on the complaint, you would need to contact the relevant Ombud or Regulator's office.



NOTE: Complaints to financial ombuds are **FREE OF CHARGE** for financial customers.



Complaints to the FSCA

The FSCA strictly handles complaints related to contraventions of financial sector laws. Complaints can be lodged with FSCA either in writing or in person. A formal written complaint should always be submitted, accompanied by any supporting documents. Complainants can be assisted in lodging a complaint with FSCA, or a complaint can be referred to FSCA on their behalf by an Ombudsman or a broker, for example.

The complaint should include:

- The complainant's contact details
- Details of the actual complaint
- Information on any steps taken by the complainant to report the complaint to other regulators, include reference numbers and details of the regulators
- Details of any steps taken to resolve the complaint
- Copies of documents, screen shots, text messages etc. relating to the complaint
- Any information relating to the perpetrators

7. Safekeeping of your financial records

It is important that you keep records of all your personal financial documents. You will need them for tax reasons, as well as for keeping track of your personal financial plan.

Suze Orman, an internationally recognised personal finance expert, lists the following documents that must be kept safe and for how long:

1 Month

- ATM receipts (until you have verified the transactions against your bank statement)

1 year

- Quarterly investment statements

3 years

- Income tax returns
- Medical bills and cancelled insurance policies
- Records of selling a house (documentation for capital gains tax)
- Records of selling a stock (documentation for capital gains tax)
- Annual investment statements

7 years

- Records of satisfied loans

While active

- Contracts
- Insurance documentation
- Shares and stock certificate
- Title deeds
- Records of pension fund membership and retirement funds



Forever

- Marriage certificates
- Divorce decrees
- Death certificates
- Wills
- Adoption papers
- Birth certificates

Store these in a different location to the original, either electronically or in a safe. Some places have files with ready-made dividers for you to store your documents.

8. Safeguarding your information on accounts

The Protection of Personal Information Act (POPI Act) aims to safeguard personal information processed by public and private entities and to protect individuals from unsolicited communications and automated decision-making. However, despite its intentions, many people still fall victim to the misuse of their personal information by companies and scammers, particularly on social media.

Safeguarding your information is important for many reasons, for example, the risk of:

- Fraud
- Identity theft
- Cyber threats

There are a number of ways you can safeguard your information online and offline. Let's explore these:

- Use strong, unique passwords.
- Change passwords regularly.
- Enable two-factor authentication.
- Avoid sharing personal information on public platforms.
- Keep software and devices updated.
- Do not click on links or respond to emails, SMSs, or WhatsApp messages asking for personal information, OTPs, or PINs for your accounts.
- Regularly review privacy settings on social media.
- Use secure, encrypted networks (avoid public Wi-Fi).
- Shred documents with personal information before throwing them away.
- Monitor bank and credit statements for suspicious activity.
- Back up important data regularly.
- Only download apps or files from trusted sources.
- Lock devices with passwords or biometric authentication.
- Report suspicious or fraudulent activities to the South African Police Service (SAPS).
- Setting up regular virus and malware scans helps find hidden threats that might have slipped past your security. You can set your computer to do this automatically.
- Choose a 5 or 6-digit password over a 4-digit password.
- Use trusted payment methods and platforms.



NOTE: This is not an exhaustive list.



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