ARBITER FOR FINANCIAL SERVICES

NEWSLETTER

Issue 8 (August 2026)

Contents:

A WORD FROM THE ARBITER

Alfred Mifsud, Arbiter for Financial Services

Sector	2023	2024	2025	2026
Banking / Payments	17	20	97	114
Corporate Services	0	2	0	0
Insurance	16	15	24	20
Investments	33	21	23	44
Total	**66**	**58**	**144**	**178**

Table 1: Decisions delivered by the Arbiter for the first seven months of the year.

Decisions

During the first seven months of 2026 (up to July 2026) a record of 178 decisions were issued compared to 78 in the same period of 2025.

The huge spike in decisions issued was caused mostly by 79 cases that were closed by the Arbiter declaring non-competence to adjudicate, as reported in our April 26 Newsletter.

The remaining 99 decisions issued show an increase of 27% over the decisions issued in the same period of last year. Compared to 127 decisions issued in the whole of 2025 (excluding 65 cases closed involving a service provider in liquidation), it would appear that we are on the way to deciding a record number of complaints in 2026. Of the 99 decisions, 64 were not upheld, 31 were partially upheld and four were fully upheld.

Compensation for an approximate value of €190,000 was awarded across 30 cases where the decision was upheld or partially upheld and involved monetary compensation.

At the end of July 2026, we had only six cases registered in 2025 in the process of adjudication, and it is expected that these will be decided by the end of September 2026. We had 35 decisions issued relating to cases registered in 2026.

New complaints

Up to July 2026, 241 new complaints were registered. If this rate is maintained for the rest of 2026, we will again exceed the record number of 350 new complaints registered in 2025.

Sector	2023	2024	2025	2026
Banking / Payments	41	65	71	68
Insurance	41	48	62	109
Investments	24	37	51	64
Corporate Services	0	2	1	0
Total	**106**	**152**	**185**	**241**

Table 2: New complaints received between January and July.

Landmark decision on transfer of crypto-assets

The Arbiter issued, in April 2026, a landmark decision related to fraudulent transfers of crypto-assets which took place after the MICA Regulation and the Travel Rule Guidelines kicked into effect on 30 December 2024. Through this decision, the Arbiter gave partial compensation to a Complainant finding the Service Provider non-compliant with Travel Rule Guidelines regarding transfers of crypto-assets to self-hosted wallets.

This decision has not been appealed by the service provider and is leading to many similar complainants being settled through mediation.

This decision was acknowledged in international media as the first decision testing the new provisions of MICA and the Travel Rule. We are aware that other jurisdictions are taking this decision into consideration in their adjudications. It is a source of satisfaction that our decisions attract international recognition and attention.

Appeals

Since our April 2026 Newsletter, the Court of Appeal (Inferior) has decided appeals on four cases decided by the Arbiter. Three of these appeal decisions fully confirmed the decision of the Arbiter. Once case which the Arbiter had considered frivolous and vexations, was re-assessed by the Court of Appeal and the complaint was largely upheld.

Of the 178 decisions issued up to July 2026, 11 (6.25%) decisions have been appealed and currently await a hearing or judgment.

Going forward

We have noted that the introduction of Instant Payment Regulations in October 2025 have caught some licensed institutions unprepared for the new challenges to upgrade their pre-transactions monitoring obligations to the new reality of instant payments. We have co-operated with the Central Bank of Malta, the payments regulator, to define regulatory expectations in this regard.

We take the opportunity to urge payment institutions to come in line with these expectations not only to comply with their regulatory and fiduciary obligations, but equally to maintain the public's trust in the payments systems and infrastructure.

scamalert.mt

- **MFSA, Malta Police Force and Office of the Arbiter launch scamalert.mt to strengthen protection against financial scams.**
- **National platform provides practical information and guidance to help individuals and businesses recognise, avoid and report financial scams.**

The Malta Financial Services Authority (MFSA), the Malta Police Force and the Office of the Arbiter for Financial Services have launched scamalert.mt, a national platform providing practical information, alerts and guidance to help individuals and businesses recognise, avoid and report financial scams.

The platform is the result of collaboration between the MFSA, the Malta Police Force and the Office of the Arbiter for Financial Services, bringing together expertise in financial regulation, law enforcement and consumer protection.

The MFSA provides information on financial and investment-related scams, including warnings relating to unauthorised entities and activities. The Malta Police Force provides guidance on suspected criminal fraud, and the Office of the Arbiter for Financial Services contributes its consumer-focused perspective on financial services and disputes.

The platform covers a range of scams, including investment fraud, crypto scams, clone firms, impersonation scams, romance scams, smishing and spoofing. It provides practical guidance to help users recognise common warning signs and understand what steps they can take if they encounter a suspected scam.

scamalert.mt also directs users to the appropriate authority when a scam needs to be reported. The platform does not itself act as a reporting mechanism but provides guidance on where and how to seek assistance or report suspected fraud.

The three institutions encourage individuals and businesses to visit scamalert.mt regularly to stay informed about emerging scams and learn how to protect themselves.

ANNUAL REPORT 2025

A busy year across all areas of work

The Office of the Arbiter for Financial Services published its Annual Report for 2025 in June. The report sets out the Office's work in resolving disputes between consumers and financial services providers, showing 2025 was a busy year across all fronts.

The Arbiter decided 192 complaints, compared with 94 in the previous year. Registered complaints reached 350, up 39% (2024: 251). This was the highest figure on record for the Office. Enquiries and minor cases also rose to 918, up 16.1%.

Of the 192 final decisions, 150 were not upheld. A further 37 were partially upheld and five were upheld in full. Only 11 decisions were appealed, a rate of 6%. This compares with 7% in 2024 and 12% in 2023. Five cases were decided by the Court of Appeal (Inferior Jurisdiction) during the year. The Arbiter's decisions were largely confirmed.

Total compensation awarded amounted to €253,000 across 39 decisions. The highest individual award reached €27,000 in 2025. Decisions were issued on average within 42 calendar days of the final hearing or date of final submissions.

Mediation continued to resolve many disputes before they reached adjudication. In total, 131 complaints were closed through mediation, settlement or withdrawal. Of these, 81 were resolved at the mediation stage itself.

The Annual Report 2025 is available from the Arbiter for Financial Services website, www.financialarbiter.org.mt.

DECISION SUMMARIES FOR LINKEDIN

In our weekly LinkedIn posts, we typically feature a decision of the Arbiter for Financial Services that focuses on a particular issue or area. We have selected a few summaries and adapted them for this newsletter. The publication of the Arbiter's summaries is in line with our strategy to maintain a constant presence on professional social media for the benefit of the financial services community, both national and international. These summaries provide an overview of the diversity of decisions issued by the Arbiter during this reporting period. Full decisions (redacted to protect the complainant's name and personal circumstances) are available on our website.

BANKING

Account closure and the right to a basic payment account

Case ASF 077/2026, decided on 8 May 2026, concerned two customers of many years whose bank had closed their accounts without giving a clear reason and later refused them a Basic Payment Account (BPA). After the accounts were closed on 23 February 2026, both complainants were left without an account at a licensed Maltese bank and sought a joint BPA for pension income and utility payments, together with €5,000 in damages.

The Complaint: The complainants said that they had used the bank for decades and wanted a BPA solely to receive pension income and pay ordinary bills. They said that neither had another account with a Maltese bank after the closure. They also claimed €5,000 for the harm they said the loss of banking access had caused.

The Provider's Response: The bank said that it had lawfully ended the ordinary relationship after notice and an internal assessment that had taken into account public court proceedings. It relied on concerns linked to anti-money laundering rules and said that the complainants already had access to another Maltese account. It also disputed the damages claim because no proof of loss had been given.

The Arbiter's Findings: The Arbiter accepted that the bank had been entitled to end the ordinary banking relationship. He found, however, that the request for a BPA had engaged a separate right under the applicable rules. The alternative account cited by the bank had been provided by an institution with a Financial Institution licence, not a banking licence, and it had not offered the full services required for a BPA. The Arbiter also found that any remaining anti-money laundering risk could have been controlled by limiting credits to pension payments sent directly from source. He considered the bank's reluctance to maintain a wider relationship separately from the statutory right to basic banking services. The €5,000 claim had not been proved.

Decision: The Arbiter ordered the bank to open a joint BPA, restricted to pension credits sent directly from the source, with the services listed in article 25(1) of S.L. 371.18. He dismissed the damages claim and referred the decision to the MFSA for possible regulatory review. Each party bore its own costs.

Read the full decision at this link: https://shorturl.at/xNx03.

A basic payment account after closure of a Maltese bank account

Case ASF 293/2025, decided on 15 June 2026, concerned the closure of a consumer's only Maltese bank account and his later request for a Basic Payment Account (BPA). The complainant, a Maltese citizen who lived in another EU state, wanted a Maltese account for rent and ordinary personal expenses.

The Complaint: The complainant first asked for his closed account to be restored and for an apology. During the proceedings, he restated his claim as a request for a BPA. He said that he had no other Maltese bank account and needed local banking facilities for rent and other personal living costs, including utilities. He estimated annual use at no more than €10,000.

The Provider's Response: The bank said that a periodic review had found that the complainant no longer had enough physical connection with Malta apart from citizenship and that the relationship fell outside its risk appetite. It also said that his former account had seen little use and that payments could be made directly from an overseas account. It therefore maintained that he had not shown a need for a BPA.

The Arbiter's Findings: The Arbiter found that the right to a BPA applied to eligible persons who were legally resident in Malta or another EU state, subject to the permitted grounds for refusal. He rejected the argument that access to an overseas account removed that right, since the other institution had no physical presence in Malta. He also found that a Maltese citizen who lived in another EU state could retain the right to a Maltese BPA for personal expenses in Malta. The complainant identified rent and ordinary local expenses, with an annual ceiling of €10,000, and the Arbiter found no reason linked to money laundering or terrorist financing risk to justify refusal. He distinguished those personal expenses from payments for consultancy or corporate services linked to the complainant's Maltese company, which were not living expenses and were not to pass through the BPA.

Decision: The Arbiter ordered the bank to provide a BPA for rent and ordinary personal living expenses, subject to a maximum annual turnover of €10,000. The account had to include the services listed in article 25(1) of S.L. 371.18. Each party bore its own costs.

The decision has been appealed.

Read the full decision at this link: https://shorturl.at/VmOaW.

Expired mortgage terms and a later change in pricing

Case ASF 016/2026, decided on 15 July 2026, concerned two mortgage applicants who had received an ESIS quotation in September 2024 and a second ESIS in July 2025 on less favourable terms. They asked for the conditions in the September 2024 document to be honoured.

The Complaint: The complainants said that the process of opening accounts and completing the loan application had taken several months. Although the first ESIS stated that its information remained valid until 25 October 2024, the bank had not issued another ESIS during the intervening period. They therefore believed that the original terms would continue to apply once their application was complete.

The Provider's Response: The bank said that the September 2024 ESIS had expressly remained valid for only one month and had expired in October 2024. The final document needed for the loan application had not been supplied until 18 June 2025, after which a new ESIS was issued on 1 July 2025. It maintained that it had been entitled to use the conditions then in force and was not bound by an expired quotation.

The Arbiter's Findings: The Arbiter accepted that the first ESIS had not fixed the final loan terms indefinitely. The application had taken about nine months to reach a complete stage, and the complainants had not attributed that delay to the bank. He therefore found no regulatory basis for requiring the bank to use terms that had expired about eight months earlier, nor for requiring a separate warning that those terms had expired. He nevertheless examined the statement that the ESIS could change in line with market conditions. The official euro refinancing rate had fallen from 3.65% in September 2024 to 2.15% by June 2025, yet the later ESIS had been less favourable. The bank remained free to set its mortgage pricing, but the Arbiter found that the wording of the earlier ESIS, read against falling official rates, gave the complainants a legitimate expectation that the July 2025 terms would be at least comparable to the earlier quotation.

Decision: The Arbiter refused to order the bank to honour the expired September 2024 ESIS. He nevertheless awarded €500 because the complainants' legitimate expectation had not been met. Each party bore its own costs.

The decision has been appealed.

Read the full decision at this link: https://shorturl.at/OZdbl.

Bank impersonation fraud and shared responsibility for the loss

Case ASF 043/2026, decided on 15 July 2026, concerned two fraudulent account transfers totalling €2,450.90 after a caller had impersonated bank staff. The bank had offered to refund 70% of the loss, while the complainant sought at least €2,250.90.

The Complaint: The complainant said that the caller had used a number resembling one used by the bank and had claimed that suspicious payments required urgent action. He shared an OTP and an activation code but denied disclosing his user ID or authorising the transfers. He argued that the bank's controls had failed and that the recall process had started too late.

The Provider's Response: The bank said that both transfers had passed Strong Customer Authentication and had appeared valid. It argued that the complainant had disclosed confidential codes despite direct fraud warnings and had thereby enabled a new token to be registered. It said the payments raised no monitoring alerts and that recall requests followed the report.

The Arbiter's Findings: The Arbiter applied his published allocation model and then adjusted it for the facts. He found that the user ID was not a secret element of Strong Customer Authentication, so suspicion about how the fraudster obtained it did not determine whether the payments had been authenticated. He accepted that the complainant had shown gross negligence by disclosing security codes and taking account of recent warnings sent directly to him. However, the deception had occurred during a live call from a number resembling the bank's, with the caller presenting the steps as protection against fraud. The Arbiter treated that setting as less blameworthy than a case in which a customer followed a fraudulent link. He also found that the bank's controls had stopped two of four attempted payments, but the recall instruction had taken about five and a half hours to reach the unit that handled recalls. By then, that unit had closed for the weekend, and the delay had reduced the chance of recovery. He therefore increased the bank's share of the loss.

Decision: The Arbiter allocated 80% of the loss to the bank and 20% to the complainant. He ordered payment of €1,960.72 within five working days, with interest of 2.40% per year if payment was late. Each party bore its own costs. Any later recovery of the stolen funds had to be divided in the same 80:20 proportions.

Read the full decision at this link: https://shorturl.at/FaFY3.

CRYPTO ASSETS

Disputed e-wallet payments and strong customer authentication

Case ASF 330/2025, decided on 15 July 2026, concerned e-wallet transactions totalling €12,000 which the complainant said had been made without her authority. She argued that the payments and a password change had occurred through unauthorised access and had not been properly protected by strong customer authentication.

The Complaint: The complainant said that the disputed payments had been made from her e-wallet on 27 October 2025 without her consent. She relied on PSD2 requirements for strong customer authentication and sought reimbursement of the full €12,000 loss. She said that she normally received an authentication code on her phone for each transaction.

The Provider's Response: The service provider denied liability. It said that strong customer authentication had been applied to each login and payment and that no exemption had been used. It stated that the transactions, password change and later logins had used IP addresses previously associated with the complainant. Its records had shown no compromise of its platform.

The Arbiter's Findings: The Arbiter examined the payment records, login activity and evidence about the authentication process. It first identified one gaming brand, but later evidence showed that the relevant account was with another casino brand operated by the same licence holder. Records showed that the complainant's email address had been linked to that account, although she denied opening it. The provider also produced evidence that authentication had used its mobile application and facial recognition. The Arbiter considered this sufficient to show that the transfers had been subject to proper strong customer authentication and were either authorised by the complainant or by someone with access to her device and credentials. The latter was considered improbable because facial recognition had formed part of the process. No evidence had shown any compromise of either platform. The Arbiter noted that activity on 27 October 2025 had differed from earlier activity, but accepted that such spikes could occur through 'chasing losses'. He also held that the payment service provider had not been responsible for affordability checks or responsible gambling duties applicable to casino operators.

Decision: The Arbiter dismissed the complaint. He found sufficient evidence of proper strong customer authentication and no evidence of a security compromise attributable to the service provider. Each party was ordered to bear its own costs.

Read the full decision at this link: https://shorturl.at/Ptxs8.

Crypto fraud, wallet ownership checks and the Travel Rule

Case ASF 254/2025, decided on 29 May 2026, concerned crypto assets sent to external wallets after a consumer had been drawn into a fraudulent investment scheme. He sought €96,000, while the Arbiter assessed the 2025 transfers separately under the MiCA and Travel Rule regime.

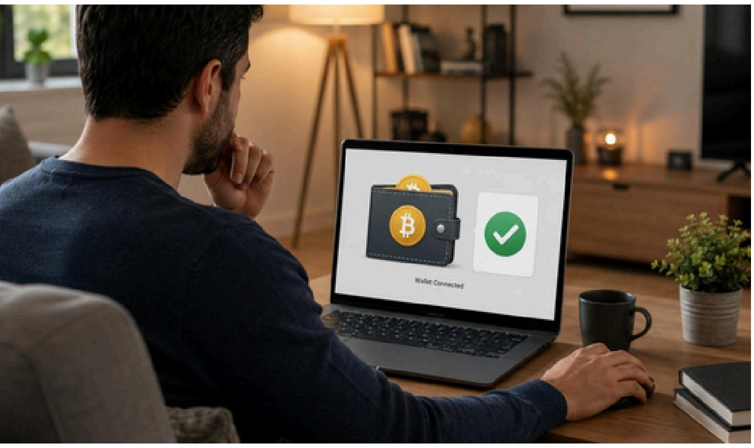
The Complaint: The complainant said that people linked to an online investment scheme had instructed him to route funds through his crypto account to external wallets. He maintained that the provider should have detected the activity and protected him from the fraud. He denied fault and sought reimbursement for losses from transfers made before and after 30 December 2024.

The Provider's Response: The provider said that the complainant had authorised every transfer and had chosen the external wallets. It relied on its terms and scam warnings. Its monitoring had not flagged the wallets. For the 2025 transfers, it said the complainant had completed Travel Rule forms and declared that the destination wallet was hosted by him and under his ownership or control.

The Arbiter's Findings: The Arbiter awarded no compensation for the transfers made before 30 December 2024. For the three transfers made in 2025, he calculated the relevant loss at €36,916. He found that the Travel Rule duties for transfers above €1,000 had required the provider to assess whether the customer actually owned or controlled the destination address. A ticked declaration had not met that duty. The EBA guidance had required at least one verification method, and no evidence showed that such a check had occurred. Proper verification would probably have shown that the complainant did not control the wallet and would have led to suspension or further enquiries before the transfers. The Arbiter also found contributory negligence. The complainant had carried out limited checks and had declared ownership incorrectly. He had also continued to follow the fraudsters' instructions. The provider had failed in its duties towards its client, but the complainant had to bear the larger share of the loss.

Decision: The Arbiter partly upheld the complaint and awarded €14,766, equal to 40% of the €36,916 loss linked to the 2025 transfers. Interest of 2.15% per year applied from the decision date until payment, and each party bore its own costs. The decision was referred to the MFSA and FIAU and noted as one of the first rulings after the Travel Rule took effect.

Crypto fraud and verification of external wallet ownership



Case ASF 206/2025, decided on 5 June 2026, concerned a French farmer with no prior investment or crypto experience who lost money after a fraudulent online scheme directed him to route funds through a crypto account to external wallets. The complaint referred to €105,500 in losses, while the Arbiter assessed compensation on €73,490 transferred during 2025 under the MiCA and Travel Rule regime.

The Complaint: The complainant said the provider should have detected the irregular pattern of transactions and stopped assets from reaching wallets controlled by the fraudsters. He maintained that the provider owed him a duty of care. He denied gross negligence and said that he had disclosed no personal data to third parties.

The Provider's Response: The provider said that every withdrawal had been authorised and had followed the complainant's instructions. It relied on repeated scam warnings shown when wallets were added and when withdrawals were made, together with terms that placed responsibility on the customer. It also said that the complainant had declared that he owned and controlled the destination wallets.

The Arbiter's Findings: The Arbiter excluded transfers made before 30 December 2024 from the compensation calculation. For the 2025 transfers above €1,000, he found that the provider had not met the wallet ownership checks required under the Travel Rule. A ticked declaration was not enough, and no supporting policies were produced. Proper verification would probably have shown that the complainant did not control the destination wallets and would have led to suspension or further enquiries before the assets left the account. The Arbiter therefore found a link between the provider's failure and the loss. He also found a failure of its fiduciary and duty of care obligations. The complainant had contributed heavily because he had trusted the fraudsters and made false ownership declarations. His checks before he followed their instructions had also been limited.

Decision: The Arbiter partly upheld the complaint and awarded €29,296, equal to 40% of the €73,490 loss for the 2025 transfers. Interest of 2.15% per year applied from the decision date until payment, and each party bore its own costs. The decision was referred to the MFSA and FIAU as one of the first of its type and for possible issues linked to the limited KYC documentation.

Read the full decision at this link: https://shorturl.at/Ukdtb.

Misdirected crypto assets and manual recovery

Case ASF 318/2025, decided on 30 June 2026, concerned 95.19276534 Bitcoin Cash (BCH) that the complainant had mistakenly sent to a Bitcoin (BTC) deposit address. He argued that manual recovery remained possible and asked the provider either to recover the assets or compensate him for their value.

The Complaint: The complainant said he had opened several support tickets and completed the provider's complaints process, but was repeatedly told the assets could not be retrieved. He alleged weak justification and inconsistent explanations. He also alleged unfair treatment and a lack of transparency. He said that other regulated exchanges recovered comparable transfers for a fee.

The Provider's Response: The provider relied on terms which stated that a transfer to an incorrect or unsupported address would cause irreversible loss. It said that the BTC and BCH networks were incompatible and that manual recovery was not a normal service at regulated exchanges. It explained that an attempt could expose other client assets to security risk. It also confirmed that it had not recovered or benefited from the lost BCH.

The Arbiter's Findings: The Arbiter said that the issue was highly technical but found the provider's explanation persuasive. The complainant had been asked to produce evidence that regulated exchanges normally performed this type of recovery for a fee, but he had not established that claim. The Arbiter also accepted the provider's declaration that it had not moved, used or benefited from the lost BCH, and no contrary evidence had been produced. The fact that recovery had not been absolutely impossible did not create a contractual or fiduciary duty to attempt it.

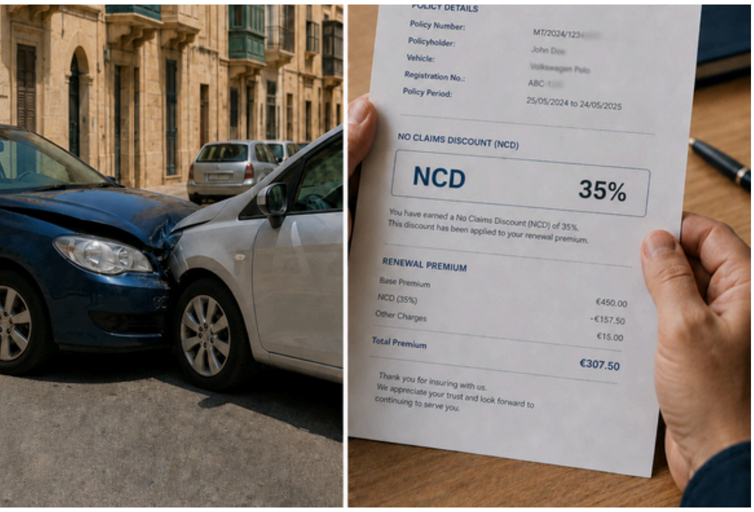
The provider had explained that recovery could require master keys to be imported into a wallet compatible with BCH. An error in that process could expose other client funds to severe risk. The Arbiter found that the provider could not reasonably be required to expose other customers' assets to that risk to correct one customer's error. He also noted that the provider had supplied information that the complainant could use if he chose to engage a specialist miner.

Decision: The Arbiter found that the provider had not refused assistance without good reason and dismissed the complaint. He ordered no compensation or manual recovery, and each party bore its own costs.

Read the full decision at this link: https://shorturl.at/uw6Fu.

INSURANCE

No Claim Discount and the meaning of a claim-free year



Case ASF 051/2026, decided on 8 May 2026, concerned a motor insurance No Claim Discount (NCD) that fell from 60% to 35% after a fault claim. The complainant argued that his record should instead have produced a 50% discount, with a €344 difference in the price of full motor cover.

The Complaint: The complainant had held insurance from January 2019 until October 2024, when he sold his car. A new policy began in February 2025 and a fault claim followed in August 2025. At renewal in February 2026, he accepted that the published scale had been applied correctly from a technical standpoint but argued that his wider record should have counted as five years without claims rather than four.

The Provider's Response: The insurer said that only a complete 12-month policy period counted towards NCD progression and that a fault claim caused the discount to move down the published scale. It also said that the NCD was not cumulative across insurers.

The insurer accepted that its published wording had not expressly stated the complete-year rule and said it would correct the documents. An earlier €344 offer was later withdrawn after the complainant renewed with third-party cover.

The Arbiter's Findings: The Arbiter accepted that the insurer had applied the NCD scale in line with the Rules of Practice Agreement used across the motor insurance sector. The complainant had previously received no credit for short parts of years and had not challenged those earlier calculations, which showed that the complete year criterion had already affected his NCD history. The Arbiter therefore found no fault in the technical application of the scale. He then examined the wording supplied to policyholders. It referred to 'claim free years' without stating clearly that only fully completed policy years qualified. The insurer admitted the wording lacked clarity and confirmed it would change the documents. The Arbiter would not alter the sector NCD framework, but he found that the wording could reasonably have led the complainant to expect a 50% discount at that renewal.

Decision: The Arbiter ordered the insurer to refund the difference between the 35% and 50% NCD rates and allowed the complainant to upgrade to full motor cover until the next renewal. He ordered no adjustment for later renewals because the wording issue would not have applied.

Rad the full decision at this link: https://shorturl.at/lG5a0.

PAYMENT SERVICES

Card entries, reversals and an apparent duplicate charge

Case ASF 201/2025, decided on 5 June 2026, concerned a €488.34 flight booking charge that appeared three times in a card transaction history. The complainant sought €976.68 because he said that two entries were duplicate debits, so the issue was whether three displayed entries represented three actual charges.

The Complaint: The complainant relied on his card transaction history and the application view, both of which displayed three entries of €488.34. He said that the entries showed three debits and asked for reimbursement of two.

When the Arbiter asked for evidence that showed the account balance after each entry, the further extracts still showed the entries but not the resulting balance.

The Provider's Response: The provider said that the valid charge had been followed by an erroneous duplicate, which a later entry had reversed. Its statement showed that the account balance returned to the same level after the reversal. The provider also admitted that its interface had a design flaw because charges and refunds were not shown clearly enough, and it said that changes to the display were under review.

The Arbiter's Findings: The Arbiter treated the account balance after each entry as the decisive evidence. The provider later supplied a fuller explanation and a spreadsheet that showed the sequence from the initial block of funds to the charge, then the reversal. The original charge and the duplicate had first reduced the available balance at the authorisation stage. They later appeared as charges without another reduction, while the duplicate was reversed and the balance was restored by €488.34. The Arbiter therefore accepted that the complainant had paid only once. He nevertheless found that the admitted interface flaw could cause a reversal to be mistaken for a third charge. That defect had contributed to the complainant's misunderstanding and to the extra work required to pursue the complaint.

Decision: The Arbiter dismissed the reimbursement claim because no duplicate charge had remained. He nevertheless ordered a token payment of €250 for the stress and extra work caused by the confusing display. Each party bore its own costs.

Read the full decision at this link: https://shorturl.at/4odYF.

PENSIONS

Pension investments, diversification and trustee responsibility

Case ASF 212/2024 and ASF 213/2024, decided on 8 May 2026, concerned two investments held within the same personal retirement scheme: £196,000 in Escher Marwick and £246,000 in Lombard 82.

The complainant said they were unsuitable for his retail investor status and medium-risk profile, and that their scale was inconsistent with a prudent pension portfolio.

The Complaint: The complainant said the trustee and retirement scheme administrator failed in their duties by allowing the two investments, which together represented about 36% of his portfolio. He argued that they created excessive risk and undermined diversification. He sought repayment of the amounts invested.

The Provider's Response: The provider said that the scheme had been member-directed, that the complainant had appointed his own adviser and signed the dealing instructions. It relied on his medium risk profile and said that the investments had met the rules then in force. It also argued that the complaints were out of time and that responsibility had passed to another trustee after the 2020 transfer.

The Arbiter's Findings: The Arbiter rejected the preliminary objections and found that the complaint had been formally raised by September 2024. He held that the provider had retained ultimate responsibility as trustee and scheme administrator for prudent investment and the scheme's retirement purpose. About 75% of the portfolio consisted of structured notes, loan notes, and medium-term notes, and more than half was placed in three investments with targeted returns of 8% or more. The combined 36% exposure did not provide adequate diversification for a medium-risk pension portfolio. Lombard 82 had expressly been described as speculative and high risk, and alone represented almost 20% of the portfolio. Escher Marwick was treated differently because it retained value, remained open and could not conclusively be regarded as outside the complainant's eligibility or risk profile. It was excluded from the loss calculation. After allowing for gains and income elsewhere, the Arbiter calculated the loss at £53,530.76. He also considered the complainant's education and medium risk profile when allocating responsibility.

Decision. The Arbiter held the provider responsible for 70% of the calculated loss and ordered payment of £37,472. Interest of 3.75% per year was applied from the decision date until payment, and each party bore its legal costs.

Read the full decision at this link: https://shorturl.at/QbTLU.

LESSONS LEARNED: LEVERAGING THE ARBITER'S DECISIONS FROM A CONSUMER PERSPECTIVE

Each week, in our Facebook post, we regularly feature lessons learned from decisions of the Arbiter for Financial Services and give advice in specific situations related to financial products. These are five typical posts related to life insurance, ATM withdrawals, motor insurance no-claims discount and two banking scams. In addition to posting in English, we also post in Maltese.

Did your long-term life insurance policy fall short of expectations?

Are you planning to take out a life policy or a similar long-term policy, such as a retirement plan?

Have you been provided with estimates of the likely returns that may accrue over the term of your policy?

Two very important lessons learned from a decision issued by the Arbiter for Financial Services in Malta:

1️⃣ Estimates aren't promises.
"Estimated" figures depend on market performance and bonus rates, which can fluctuate significantly over decades. Always distinguish between guaranteed amounts and potential outcomes. Never treat a projected quote as a fixed, guaranteed amount. If an amount is labelled an estimate, prepare for the possibility of a much lower outcome.

2️⃣ Read beyond the sales conversation.
Written documents, estimates, quotations, annual statements and policy documents are important. They explain risks, bonuses and guarantees in black and white – and these will outweigh memories of verbal assurances years later.

What happened?

A consumer complained after paying into a life insurance policy for 30 years. The final payout (€29,664) was far below the quoted estimate (around €78,000). The provider argued the figures were only estimates, not guarantees.

The Arbiter found that, while the policy terms were technically followed, the consumer's expectations were not fully met.

The Arbiter noted that a single quotation can mislead consumers. A range of projections at different rates gives you a clearer picture of realistic outcomes, but they are not guaranteed.

The Arbiter awarded partial compensation of €4,450, over the maturity value declared by the provider.

Is your life policy approaching maturity? Does the maturity value match the projections you received at time of purchase?

Take a moment to read the full decision at this link: https://shorturl.at/MD2rb and understand your rights.

Will you be travelling this summer? Here are a few lessons from a recent decision issued by the Arbiter for Financial Services.

ATM withdrawals made with the correct PIN are very hard to dispute. Banks treat them as authorised, so proving otherwise becomes your responsibility.

Never keep your PIN with your debit or credit card.
Even if it feels convenient, storing your PIN in the same wallet or phone case as your card can seriously affect your ability to recover losses from your travel insurance or your bank. Be aware that insurance often excludes cash stolen via an ATM.

The Arbiter's reasoning
In the eyes of the Arbiter, it is considered nearly impossible for a thief to guess a PIN by chance. If money is successfully withdrawn from an ATM immediately after a theft, the conclusion is almost always that the cardholder's negligence facilitated the crime.

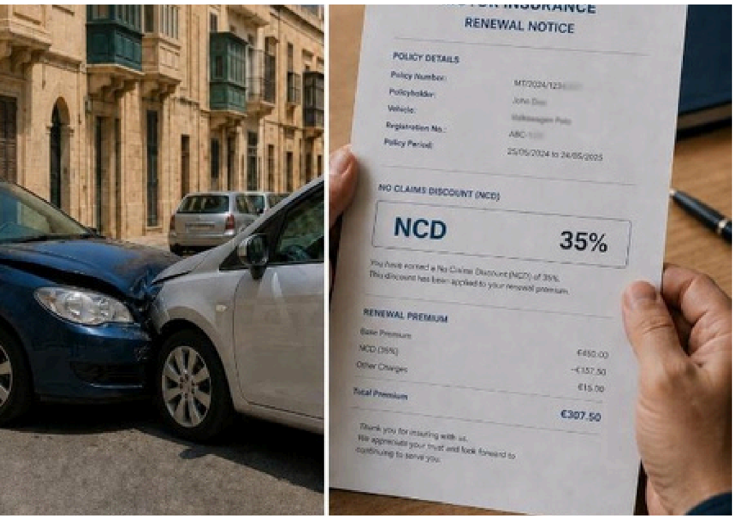
What was the case all about?

A traveller's wallet was stolen in Bologna after attending a concert. Two withdrawals of €500 each were taken from ATMs (Automated Teller Machines) using the stolen cards. The travel insurers paid for the cash, the wallet and identification costs. They refused the ATM portion, arguing the PIN (Personal Identification Number) must have been disclosed or kept with the cards.

In a recent decision (ASF 347/2025), the Arbiter for Financial Services rejected the complaint because the consumer failed to take the reasonable precautions required to protect their financial assets.

You can read the full decision at this link: https://shorturl.at/NIdZy.

Confused about how the No Claim Discount works on your car insurance?



If you drive, you must have a valid motor insurance policy.

- Do you know how your Non-Claims Discount (NCD) is treated when you switch motor insurers?
- Have you checked if your policy wording clearly explains how discounts are earned or lost?
- Are you making decisions (like reducing cover) based on a premium that might be disputed?

In Case ASF 051/2026, decided by the Arbiter for Financial Services on 8 May 2026, a motorist challenged his insurance renewal terms. His insurer reduced the NCD from 60% to 35% after one claim for repairs. The deduction was worked out from a base of four years. He argued for a base of five years instead, giving an NCD of 50% and saving €344.

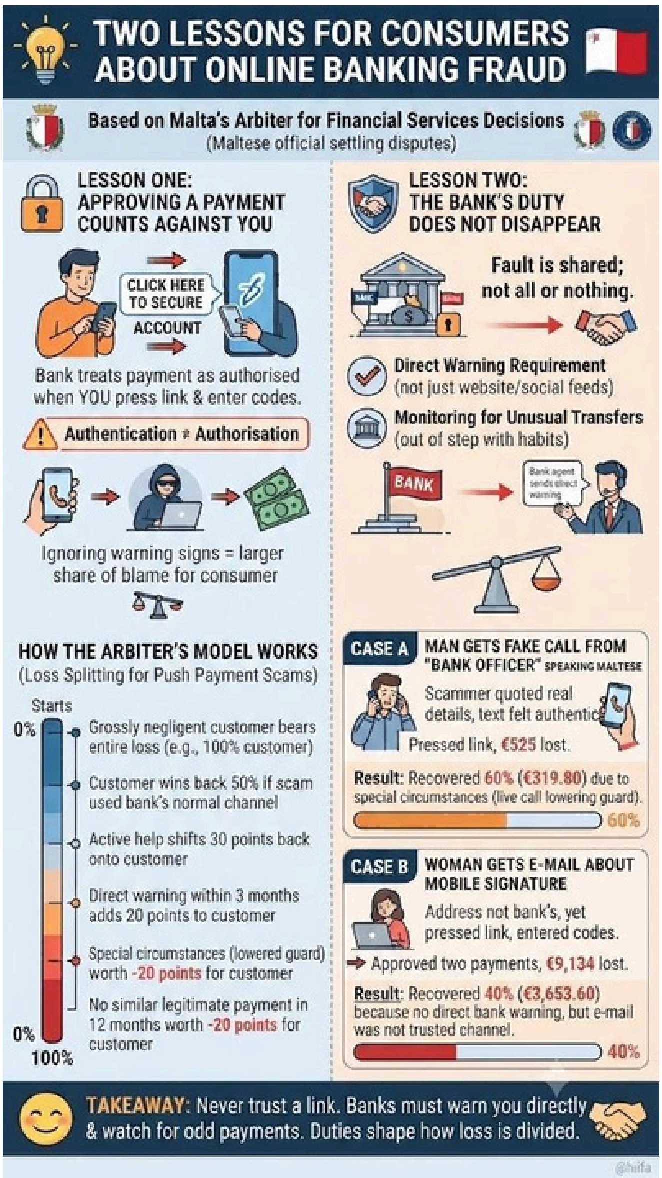
The insurer maintained it correctly applied its published NCD rules: only completed years of claim-free insurance count and, after a fault claim, the discount is reduced according to a standard scale. It admitted, however, that its wording did not clearly explain the “full year” requirement.

Although the Arbiter confirmed that the insurer applied industry-wide rules correctly, he noted that the policy wording referred to “claim-free years” without clearly stating that only completed years qualify. This created ambiguity.

The Arbiter thus ordered a refund of the difference between 35% and 50% NCD. The motorist may also upgrade to full cover until the next renewal.

Download the full decision at this link https://shorturl.at/5C824 to read the Arbiter’s reasoning.

Two lessons for consumers about online banking fraud



These lessons come from two recent decisions by Malta’s Arbiter for Financial Services. This official settles disputes between customers and licensed financial firms in Malta. Both cases involved spoofing scams against a local bank and its online customers. In each instance the customer recovered part of the loss.

Lesson one: approving a payment yourself counts heavily against you

When you press a link and enter your codes, the bank treats the payment as authorised. Warnings telling you never to click such links carry real weight here. The Arbiter stresses that authentication is not the same as authorisation. Even so, ignoring plain warning signs usually leaves you with the larger share of blame.

Lesson two: the bank's duty does not disappear
The model rejects the idea that fault is simply nothing or everything. Between an ordinary slip and gross negligence lie many shades of shared blame. The bank must warn you directly, not only through its website or social feeds. It must also watch for transfers that fall out of step with your habits. Where the bank falls short, or the scam seems unusually real, you recover more.

How the Arbiter's model works
The Arbiter issued this model in 2023 for splitting push payment scam losses. The Court of Appeal later upheld both a decision and the model itself. The grid starts with a grossly negligent customer bearing the entire loss.

The customer wins back half when the scam used the bank's normal channel. Active help beyond sharing credentials shifts 30 points back onto the customer. A direct warning within three months adds a further 20 points against them.

Two reliefs then follow, each worth 20 points, in the customer's favour. One covers special circumstances that made the fraud look less suspicious. The other applies when no similar legitimate payment appears within 12 months.

What happened, and how the model decided it
In the first case a man received a call from a fake bank officer. The caller quoted real account details, so the following text felt completely authentic. He pressed the link inside it and €525 left for a foreign account. The live call counted as a special circumstance that lowered his guard. He recovered 60% of his loss, which amounted to €319.80.

In the second case a woman received an e-mail about limiting her mobile signature. Its address was clearly not the bank's, yet she pressed the link anyway. She entered her token codes and approved two payments worth €9,134. The e-mail used no trusted channel, so the half reduction did not apply. The bank, though, had sent her no direct warning in the prior months. An authentic request to reset her password arrived just then. She recovered 40% of her loss, which came to €3,653.60.

Takeaway: never trust a link in a bank message, however convincing it looks. Yet banks must warn you directly and watch for payments that seem odd. Both duties shape how the Arbiter divides the loss between you and them.

You can read the two decisions at these links: https://shorturl.at/1hsQu and https://shorturl.at/Dt1eS.

Two lessons learnt for consumers about bank impersonation scams

A recent decision by the Arbiter for Financial Services looked at a case where a consumer lost money after being targeted by a sophisticated scam involving both SMS messages and a phone call that appeared to come from her bank. The decision highlights some important lessons about online banking security and how responsibility may be shared when fraud occurs.

Lesson 1: A convincing scam can still catch careful people
- In this case, the scam involved an SMS arriving on the bank's usual message thread and a convincing phone call in Maltese from someone claiming to be a bank representative.
- The Arbiter accepted that these circumstances made the scam appear more genuine and reduced the consumer's share of responsibility.

Lesson 2: Never share activation codes or security credentials
- The consumer entered her User ID, One-Time Password (OTP) and activation code after following instructions from the fraudster.
- The Arbiter noted that providing these credentials enabled the fraudster to register a new device and authorise payments.
- Consumers should remember that security codes are personal and should never be shared or entered through links received by SMS or e-mail.

What was the issue about?
A customer's account was hit by five fraudulent payments in 23 minutes, worth €4,892. She sought 70% back; the bank had offered 50%. The Arbiter found that the consumer had co-operated with the fraudster by providing information needed to authorise the payments. However, the Arbiter also recognised that the scam was unusually convincing because it combined a fake SMS with a credible phone call that appeared to come from the bank.

Takeaway: Even when a scam looks genuine, never click links or share banking security codes.

ARBITER FOR FINANCIAL SERVICES

OUR OFFICES

GET IN TOUCH

The Office of the Arbiter for Financial Services is located in New Street in Regional Road, Msida MSD 1920. You can contact the Office of the Arbiter by calling 80072366 (local landlines only) or +356 21249245. Alternatively call or text on WhatsApp on +356 7921 9961.

Further information is available at www.financialarbiter.org.mt.

Don’t miss out on valuable insights and updates!

Like our pages on Facebook, LinkedIn and Instagram to stay connected and receive our weekly posts every Friday!

HAVE YOU BEEN THE VICTIM OF A SCAM?

As of 1 October 2025, the remit of the Arbiter for Financial Services has been 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 can now lodge a complaint with the Arbiter for Financial Services for review. Certain limitations may apply for transactions that occurred before this date. In any case, get in touch with us if you have been the victim of a scam and you need further information.

ARBITER FOR FINANCIAL SERVICES

Editorial note

The above summaries have been compiled from various AI outputs, using the Arbiter’s decisions as the sole source. They have been edited for clarity and are therefore not intended as a complete overview of the Arbiter’s decision, which are available from the Office of the Arbiter’s website, https://financialarbiter.org.mt/. The images accompanying the attached summaries are also AI-generated and are intended to enhance the visual presentation of each case.