

# Prohibited Conduct

The Bank Act requires federal credit unions to inform customers in plain language that it is illegal for the credit union to do the following:

- The credit union cannot impose undue pressure or coerce you, for any reason, including to obtain a product or service from the credit union and any of its affiliates as a condition of obtaining another product or service from the credit union. This means that you cannot be unduly pressured to buy a product or service that you do not want in order to obtain another desired product or service. The following examples help explain what we mean by imposing pressure or coercing you to purchase another product:

**Example 1:** An Innovation representative tells you that you qualify for a home mortgage. However, you are also told that we will approve your mortgage only if you transfer your investments to Innovation or one of our affiliates. You want the mortgage, but you don't want to move your investments.

**Example 2:** An Innovation credit officer tells you that you qualify for a Registered Retirement Savings Plan (RRSP) loan. However, you are also told that we will approve the loan only if you redeposit the money in Innovation's term deposit products. You want the loan, but you want to invest the money somewhere else.

- The credit union will not knowingly take advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of facts or any other unfair dealing or unethical activity.

## Conduct that is not illegal

The above-mentioned conducts are illegal. However, the credit union may show its interest in your business or appreciation of your loyalty by offering preferential pricing or bundling of products and services with more favorable terms. These practices should not be confused with coercive tied selling. A common practice would be to offer bundled financial services or products so that you can take advantage of packaged pricing. For example, you could be offered preferential pricing if after approving your application of a home mortgage the credit union tells you that it could offer you a lower interest rate for the mortgage if you transferred your investments to the credit union or its affiliates.

This practice is acceptable because the approval of your mortgage is not conditional on taking another bank product or service. Rather, you are being offered a better price on one product to encourage you to give the credit union more business.

The law allows the credit union to impose reasonable requirements on consumers as a condition for granting a loan or to provide a specific service, but only to the extent necessary for the credit union to manage its risk or its cost or to comply with the law. The credit union's requirements will be reasonable and consistent with its level of risk. For example, if you apply for a business loan, we can manage our risks associated with the loan by requiring your business to have an operating account with the credit union as a condition of the granting of the loan.

## **Our commitment to you**

The credit union will act fairly and reasonably towards you in an ethical manner; in doing so, it will consider your conduct, its conduct, and the contract between us.

In meeting the credit union's key commitments to you, it will have regard to its prudential obligations.