

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS (FIFTH REPORT)

#### Westpac Banking Corporation

**WBC13QW:** I refer to the news article on 12 March 2019, *Sydney Morning Herald*, Sydney, Author: Sarah Danckert.

Quote:

“The corporate regulator has slammed Australia’s biggest banks over the time they are taking to find and repay customers ripped off in the \$1 billion-plus fees-for-no service scandal, saying they had failed to ‘sufficiently prioritise and resource their reviews’.”

The Australian Securities and Investments Commission (ASIC), which started investigating the fees charged by the wealth management arms of the big four banks, AMP and Macquarie six years ago, said on Monday most were yet to complete the reviews they had started in 2013.

- a) Given the nature of the Fee’s for No Service scandal, why has this process taken so long when it should have been a priority for your organisation?
- b) Do you take this allegation from ASIC seriously?
- c) How many people from your bank have been affected?
- d) What is the total value your bank received wrongfully in fees for no service?
- e) Can you give me a date as to when this process will be complete?
- f) Why does your bank continue to treat its customers with such disdain that it has failed to adequately resource and plan providing compensation to customers that the bank has ripped off in a reasonable time?

**Answer:** We take this issue very seriously. It is unacceptable for customers to pay for a service they do not receive and we understand we need to be quicker

in remediating customers where this has occurred. We currently have over 70 full time equivalent employees dedicated to addressing this issue.

The remediation program for issues surrounding the ongoing advice fees that have been charged in relation to salaried financial planners when the relevant service may not have been provided is ongoing. In consultation with ASIC, we are remediating customers on a basis that involves us repaying fees unless we can satisfactorily establish that the advice was provided.

We are currently on track to complete our customer remediation programs in relation to ongoing advice fees to customers of salaried advisers by the fourth quarter of 2019.

Work is also underway to determine the extent of the services provided by authorised representatives who are no longer operating under BTFG's licences, including those who have left the industry. This remediation program is more challenging, including because many of the authorised representatives' files are difficult to locate and access.

Westpac is focused on identifying and making refunds to these customers as soon as possible and will commence remediation in the second half 2019 for customers of authorised representatives still operating under BT Financial Group's (BTFG) licences.

On 25 March 2019, we provided an update to the market on our progress in determining refunds for customers of authorised representatives in relation to ongoing advice services fees. We will be assessing provisioning requirements for authorised representatives as part of the Group's first half 2019 results. This will be based on information available at that time.

The total number of affected customers is not able to be confirmed until we have completed all the file reviews. We provide monthly reporting to ASIC on the status of our remediation.