

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS FINANCIAL ADVICE SECTOR

AMP

AMPF06QW:

In regards to the sale and valuation of client books:

- (a) In the current class action that AMP financial planners have filed against AMP, it's reported that AMP sold "books" to independent financial planners at four times the annual revenue of the clients contained within them. Is this correct?
- (b) Is there an industry standard valuation for such client books? If so, is it 2.5 times the annual revenue?
- (c) If the industry standard is 2.5 times annual revenue, why did AMP value the books at 4 times the annual revenue?
- (d) What percentage of the financial planners whose client books have been devalued funded the purchase of that client book with financing or credit provided by AMP?
- (e) Were there AMP financial planners who funded the purchase through finance or credit provided by lenders other than AMP?
- (f) When did AMP first consider reducing the Buyer of Last Resort clause?
- (g) For financial planners who sought finance from AMP bank to fund their business after AMP had first considered reducing the 'book' value from 4 times to 2.5 times the annual revenue, what rate of recurring revenue was their business valued at for lending purposes?
- (h) After AMP first considered reducing the Buyer of Last Resort rate, did AMP provide planners who were seeking to obtain finance with advice that the book value was being re evaluated?

Answer:

The subject matter of the questions relate to a Class Action. It is inappropriate for us to respond to matters that are subject to court proceedings.

On request and if it would assist, we can provide to the Committee a copy of the Statement of Claim filed on 28 July 2020 and AMP Financial Planning's Defence (once filed).