

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS

#### NAB

**NAB11QW:** How many class actions are you currently facing, and can you please provide a summary of each case brought against the bank?

**Answer:**

The NAB Group is currently defending four class actions: the Consumer Credit Insurance (CCI) class action; the Bank Bill Swap (BBSW) class action in the US; a group action in the UK against NAB and Clydesdale and Yorkshire Bank (CYB) in relation to Tailored Business Loans; and a class action against NULIS in relation to grandfathered commissions. A summary of each cases is below.

- a) Consumer Credit Insurance (CCI) class action – the class action was commenced in the Federal Court of Australia against NAB and MLC Limited in September 2018 by Slater & Gordon. It is alleged that NAB and MLCL engaged in unconscionable conduct and/or misleading and deceptive conduct in connection with the sale of two CCI products: NAB Credit Card Cover and NAB Personal Loan Cover.
- b) BBSW class action – The action filed in the United States is against NAB and various other Australian and international banks who are alleged to have conspired to manipulate the BBSW in a manner that was favourable to their respective positions on BBSW related derivatives. The matter has been running since August 2016.
- c) Tailored Business Loans class action – The action was commenced in May 2019 against CYB and NAB. It is alleged that customers were misled about: the cost of breaking fixed interest rate periods; and the composition of fixed interest rates under tailored business loans.
- d) NULIS class action – Proceedings have been commenced against NULIS in relation to the maintenance of grandfathered commission arrangements for former members of the Universal Super after it transferred into the MLC Super Fund. NAB is yet to file its defence which due in late February 2020. NAB management learned of this class action since NAB's appearance before the Committee.

Since NAB's appearance before the Committee, NAB announced on 20 November that it had settled the CCI class action. The settlement involves a payment of \$49.5 million and is subject to approval of the Federal Court of Australia. NAB no longer sells CCI through any of its banking channels, and has implemented a remediation program for CCI customers.