



Committee	Parliamentary Joint Committee on Corporations and Financial Services
Inquiry	Oversight of ASIC, the Takeovers Panel and the Corporations Legislation No.1 of the 46th Parliament
Question No.	013
Date	26 November 2021
Topic	Financial compensation and fees for no service
Reference	Spoken, 26 November 2021, Hansard page 24
Committee member	Senator O'Neill

Question

Senator O'NEILL: Thank you very much. I will look forward to getting a sense of the 64 remediation areas by sector. Perhaps we can go to the fees for no service, which are absolutely egregious behaviour. There'll be no contest on that amongst anybody who's sitting here or any decent-minded Australian who thinks, if you pay for something, you should get it. With regard to the fees for no service, there was much fanfare about \$5.3 billion going to be remediated. At this point of time, if I heard you correctly, there's only \$1.6 billion that's gone back. Is that correct?

Ms Chester: That's at 30 June 2021. We'll see if we can get you updated number on that one, and I'll take that on notice.

Answer

ASIC data on remediations by sector

ASIC is currently monitoring 64 remediations that should see the return of approximately \$5.4 billion to over 5.6 million consumers upon finalisation. For these remediations, **Table 1** outlines the total value of estimated compensation expected to be paid upon completion in each financial sector. This is based on information available to ASIC as at November 2021.

Table 1 – Estimated total compensation by sector as at November 2021

Sector	Number of remediation monitoring activities	Value of total expected compensation (est.)
Financial advice	18	\$4,115 million
Insurance	21	\$951.4 million
Superannuation	14	\$170 million
Credit & Banking	8	\$144.2 million
Managed investment schemes	3	\$19 million
Total	64	~\$5,400 million

Fees for no service

ASIC publishes bi-annual updates on compensation paid or offered by the large financial institutions for financial advice related misconduct (specifically, fees for no service and non-complaint advice remediation programs).

On 5 August 2021, ASIC published data on the compensation payments paid or offered as at 30 June 2021: see <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2021-releases/21-203mr-asic-update-compensation-for-financial-advice-related-misconduct-as-at-30-june-2021/> .

The data has been compiled by ASIC from information received from AMP, ANZ, CBA, NAB, Macquarie and Westpac, and their current and/or former Australian financial services (AFS) licensees.

In summary, as at 30 June 2021 **\$1,635,914,379** has been paid or offered to **1,066,493** customers for fees for no service misconduct. The compensation paid or offered for FFNS misconduct includes some payments to unclaimed money and charities, for example in respect of customers who the institutions could not contact.

To avoid any doubt, ASIC references to total remediation estimated upon finalisation (i.e. \$5.4 billion) extends beyond fees for no service and covers all current 64 remediations across multiple sectors as indicated in Table 1.

ASIC is expecting to publish the next update on fees for no service and non-compliant advice remediations in February 2022.