


# **Senate Select Committee on Superannuation and Financial Services**

## **Main Inquiry Reference (a)**

**Submission No. 36**

**Submittor:** Ms Kaylene Spencer  
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26<sup>th</sup> April 2000

Ms S Morton  
Committee Secretary  
Select Committee on Superannuation and  
Financial Services  
Parliament House  
CANBERRA ACT 2600

Dear Ms Morton

I refer to your letter dated 11 April which requests a response to Mr Fracchia's submission regarding the Bank's service. Thank you for providing the Bank with the opportunity to respond to the concerns that Mr Fracchia has raised. I would like to respond to each of Mr Fracchia's concerns individually to ensure that each point is addressed.

- **Customer's redress**

Mr Fracchia has requested that the Bank pay him a fee in lieu of administration costs that he says he incurred in the process of resolving this matter. It is not the Bank's policy to pay fees to a customer in these circumstances in lieu of administration costs. The Bank has acknowledged the inconvenience its errors have caused Mr Fracchia and has apologised to him. He has also been offered movie tickets as a gesture of good will on the part of the Bank and as an indication of the Bank's sincerity in its apology to him. In this instance the Bank does not consider that financial compensation is appropriate. The Bank's view is supported by the Australian Banking Ombudsman who advised Mr Fracchia that *"the information provided by you indicates that the circumstances of your complaint would not qualify for non financial loss..."*.

- **Conditions of settlement**

My letter to Mr Fracchia included the statement *"Please bear in mind that it is not usual Bank practice to compensate for these situations and any further request for reimbursement will be declined"*. I have informed Mr Fracchia several times that the Bank does not ordinarily compensate customers by paying a fee for time spent in resolving an issue between a customer and the Bank. The Bank does, however, consider any actual costs the customer has incurred in having the matter dealt with, for example, solicitor and accountant costs and telephone expenses. The intention behind my statement was to ensure that Mr Fracchia understood that I was not promising to pay him a \$15 fee *"in lieu of administration costs"* because of his anticipation of further errors occurring. I also made this clear to him during our telephone conversations.

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- **Non-crediting of interest to account**

Mr Fracchia has concerns that no credit interest was paid to his account upon closure. Following an investigation by another office of the Bank it was confirmed that the account was closed using a certain close code on the Bank's computer system which waived accumulated fees but also, incidentally, waived credit interest. The Customer Service Representative who closed Mr Fracchia's account did so to prevent a further Bank fee of \$4 being charged to the account. A nominal amount of interest of \$0.34 was also waived as a result of the use of this close code. The Bank has acknowledged to Mr Fracchia that perhaps an alternative code could have been used wherein credit interest could have been paid. The Bank has apologised to Mr Fracchia in this regard. The Bank officer who applied the close code says that she believed she was acting in Mr Fracchia's best interests in doing so. Please note that since this incident the Bank has circulated instructions to its branch staff in NSW to direct that this close code not be used in the future.

- **Unequivocal apology**

I have had several conversations with Mr Fracchia regarding his belief that he had a fee waiver in place for his transaction accounts. I understand from my discussions with Mr Fracchia that he is referring to the waiver of a fee when the minimum monthly balance is maintained by him. I have declined to provide Mr Fracchia with an unequivocal apology as I believe that he is asking for an apology for a facility that there is no evidence of the Bank having provided to him.

- **Failure to inform customer of account details**

Mr Fracchia refers to a letter from our Customer Service Centre, dated 2 November 1999. The letter was written to Mr Fracchia to confirm that an interest recalculation was completed for one of his accounts, with no reference to the account in question. They have apologised for the omission of the account number. I have pointed out to Mr Fracchia that a credit to his account 034167 146402 for \$0.34 could be crossed referenced to his statement which indicates the credit dated to 2 November 1999 and described as "*interest adjustment for 10089 4167 178586*".

- **79 page document provided to the customer**

Mr Fracchia was sent the interest recalculation document by a Bank officer in Queensland. I have told Mr Fracchia that the recalculation exercise is complex. The officer who sent this document to Mr Fracchia says that she believed that in sending the complete document to him she would allay his concerns about how the interest was recalculated. The Bank regrets that this caused Mr Fracchia to stress.

In an effort to resolve Mr Fracchia's concerns, I have agreed to pay him \$15 as requested. Mr Fracchia has nevertheless referred the matter to the Banking Ombudsman. I have in fact had no further contact with Mr Fracchia nor have I received a Dispute Notification from the Banking Ombudsman. I believe that I have acted appropriately in all the circumstances.

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In relation to any future complaints that you may receive concerning the retail service provided to customers, please note that they should be directed to Ms Jennifer Heffernan, National Manager Banking Services, Level 24, 60 Martin Place, Sydney 2000.

Please do not hesitate to contact me on the above telephone number if further information is required.

Yours sincerely



Kaylene Spencer  
**Customer Relations Manager**