



**ASIC**  
Australian Securities &  
Investments Commission

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Thursday 5 August 2021

## 21-203MR ASIC update: Compensation for financial advice related misconduct as at 30 June 2021

Six of Australia's largest banking and financial services institutions have paid or offered a total of \$1.86 billion in compensation, as at 30 June 2021, to customers who suffered loss or detriment because of *fees for no service* misconduct or *non-compliant advice*.

This includes \$620.9 million paid or offered by the institutions between 1 January to 30 June 2021 (refer [21-023MR](#)).

AMP, ANZ, CBA, Macquarie, NAB and Westpac (the institutions) undertook the review and remediation programs to compensate affected customers [i] as a result of two major ASIC reviews (refer [Background](#)). ASIC commenced the reviews to look into:

- the extent of failure by the institutions to deliver ongoing advice services to financial advice customers who were paying fees to receive those services. See Report 499 *Financial advice: Fees for no service* ([REP 499](#)); and
- how effectively the institutions supervised their financial advisers to identify and deal with 'non-compliant advice' – ie personal advice provided to a retail client by an adviser who did not comply with the relevant conduct obligations in the Corporations Act, such as the obligations to give appropriate advice or to act in the best interests of the clients, at the time the advice was given. See Report 515 *Financial advice: Review of how large institutions oversee their advisers* ([REP 515](#)).

The table [ii] below provides a breakdown of the compensation payments made or offered by the institution as at 30 June 2021.

| Institution | Fees for no service misconduct [iii] |                                               | Non-compliant advice [iv] |                                    |
|-------------|--------------------------------------|-----------------------------------------------|---------------------------|------------------------------------|
|             | Compensation paid or offered         | No. of customers paid or offered compensation | Compensation paid         | No. of customers paid compensation |

| Institution  | Fees for no service misconduct [iii] |                                               | Non-compliant advice [iv] |                                    |
|--------------|--------------------------------------|-----------------------------------------------|---------------------------|------------------------------------|
|              | Compensation paid or offered         | No. of customers paid or offered compensation | Compensation paid         | No. of customers paid compensation |
| AMP          | \$230,418,976                        | 225,513                                       | \$38,892,310              | 2961                               |
| ANZ          | \$96,969,608                         | 32,916                                        | \$44,700,475              | 2123                               |
| CBA          | \$169,311,920                        | 57,930                                        | \$9,354,027               | 626                                |
| Macquarie    | \$4,628,000                          | 1,105                                         | -                         | -                                  |
| NAB          | \$556,144,345                        | 677,531                                       | 80,002,139                | 2183                               |
| Westpac      | \$578,441,530                        | 71,498                                        | \$51,684,367              | 3001                               |
| <b>Total</b> | <b>\$1,635,914,379</b>               | <b>1,066,493</b>                              | <b>\$224,633,318</b>      | <b>10,894</b>                      |

## Background

### REP 499

ASIC released [REP 499](#) in October 2016 describing systemic failures in the advice divisions of AMP, ANZ, CBA and NAB, as well as some of their product issuers. These included the failure to ensure provision of ongoing advice services to customers who paid fees to receive those services (fees for no service), the failure of advisers to provide those services, and the failure of product issuers to switch off advice fees of customers who did not have a financial adviser.

### REP 515

ASIC released [REP 515](#) in March 2017 outlining findings from its review of:

- how AMP, ANZ, CBA, NAB and Westpac identified and dealt with non-compliant advice by their advisers between 1 January 2009 and 30 June 2015; and
- the development and implementation by these institutions of a framework for the large-scale review and remediation of customers who received non-compliant advice in the same period.

Since the publication of this report, ASIC has been monitoring the ongoing implementation of the institutions' customer review and remediation programs.

## ASIC updates on remediation

Refer [21-023MR](#), for ASIC's last update on remediation payments by financial institutions for fees for no service failures and non-compliant advice.

**Notes:**

[i] The institutions do not all hold consistent data for the number of individuals remediated. The term 'customers' broadly refers to individuals, couples or in the case of a self-managed superannuation fund, all trustees of the fund. In some cases, an institution may remediate a customer under more than one remediation program, so the institution may count the customer more than once.

[ii] The data in this table 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.

**[iii] For Fees for No Service**

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.

**Macquarie:** Macquarie has advised that it has substantially completed its FFNS remediation program.

**NAB:** The compensation amounts for NAB include remediation for failures in relation to the provision of general advice services to superannuation members who paid fees for general advice.

**[iv] For non-compliant advice:**

**CBA:** At 31 March 2020, CBA notified ASIC that all customers who have been identified as receiving inappropriate advice between 1 January 2009 to 30 June 2015 have been remediated in accordance with [RG 256](#) *Client review and remediation conducted by advice licensees*.

**ANZ:** at 30 June 2021, ANZ notified ASIC that all customers who have been identified as receiving inappropriate advice between 1 January 2009 to 30 June 2015 have been remediated in accordance with [RG 256](#) *Client review and remediation conducted by advice licensees*.

**Macquarie:** Macquarie has not been included in this review because ASIC accepted an enforceable undertaking (EU) in January 2013 from Macquarie Equities Limited (MEL), a subsidiary of Macquarie Group. The effect of the EU was for MEL to undertake work that was largely consistent with the aims of ASIC's review. Under the consequent remediation program, as at June 2017, MEL paid approximately \$24.7 million in compensation to 263 clients (Refer [17-177MR](#)).

**IOOF:** In October 2018, IOOF Holdings Limited (IOOF) took ownership of ANZ's Aligned Dealer Groups (ADGs) comprising Millennium3 Financial Services, RI Advice and Financial Services Partners. IOOF will continue customer review and remediation for non-compliant advice in relation to the ADGs using the same independently assured framework implemented by ANZ.