Important! Change this to help explain this subject.

Summary:
Don't forget to add a nice little summary about this page! Just a 2-3 sentences to whet the appetite.

Article Information**Category:** Banking News
Banking Company: NAB
Bank Malpractice Type: Predatory Lending
Unconscionable Conduct
Author: Matt Peacock
Source: 7:30 ABC TV
Date First Published: 25 Feb 2015

Posted ByPeter Brandson
28 Feb 2015 - 12:23am

Consumer Rip-Off Stories Spark New Calls For Financial Advice Royal Commission

> NAB Bank Staff faking documents and signatures led to more than 30 of them being sacked and has added to calls for a Royal Commission into the financial advice industry.

Transcript:

© Bank Reform Now™ - Australian Non Profit Organsiation - campaigning to put a stop to predatory, unconscionable banking practices.

LEIGH SALES, PRESENTER: Australians are no strangers to news stories about people losing their life savings, fleeced by dubious financial advisors, often with a conflict of interest and the goal of lining their own pockets.

Another of Australia's major financial institutions has now been caught up in such a disgrace, the National Australia Bank.

Today a federal parliamentary hearing learned that Australia's corporate regulator, ASIC, didn't even known that the NAB had sacked more than 30 financial advisors until it read about it in the newspaper.

On the weekend, leaked NAB material revealed the bank had discovered some of its staff had falsified documents and even forged signatures.

It adds weight to calls for a Royal commission into the financial industry after last year's revelations of massive non-compliance by Commonwealth Bank advisors and a spate of other scandals robbing Australians of nest eggs they've spent a lifetime acquiring.

Matt Peacock reports.

MATT PEACOCK, REPORTER: First it was the Commonwealth Bank, exposed for fraud, forgery and cover-up in a scandal that rocked the banking industry. Dodgy advice had risked the life savings of thousands of Australians.

MERV BLANCH (Four Corners, 2014): We had been self-funded for 22 years. It seemed incredible that you could put over a quarter of a million dollars away and in a few months' time, it had been eroded by two-thirds. It just didn't seem possible.

MATT PEACOCK: It was former Commonwealth Bank employee Jeff Morris who blew whistle.

Now, he's back with National Australia Bank in his sights and leaked bank documents revealing forgeries and fraud by its staff.

JEFF MORRIS, FMR COMM. BANK FINANCIAL ADVISOR: Those instances should have been reported to ASIC in breach reports, and if it was, ASIC should have taken action about it.

MATT PEACOCK: Reconstructing a document. That's ...

JEFF MORRIS: Yes, that's forging a document to put it in your file to make your file stand up.

MATT PEACOCK: Jeff Morris is battling on behalf of NAB victims like his friend Veronica Coulston, who was nearly destroyed by the financial advice she received.

JEFF MORRIS: She was a single mother on a low income and she'd seen a financial planner who'd loaded her up with a lot of debt for investment purposes, as well as a home loan and she couldn't service the loan. She was drawing down on credit cards. She'd maxed these out. She couldn't sleep, she couldn't eat. She was in a terrible way.

SAM DASTYARI, LABOR SENATOR: Look, it's financial crime and it's financial crime of the worst kind, because you're dealing with Mum and Dad investors that have been ripped off.

JOHN WILLIAMS, NATIONALS SENATOR: When you have a system where people may get bonuses for carrying out work and we saw that in the other institutions, then there's an incentive to just create the money, do the job, fill your own pocket, with no consideration of your client.

MATT PEACOCK: New revelations in NAB documents leaked this week provide shocking details of law-breaking by the bank's financial advisors.

JOHN WILLIAMS: They reveal wrongdoings in the National Australia Bank, in our institutions, planners

cheating files, even forging signatures to have their files be made compliant.

MATT PEACOCK: In August last year, the bank's chief risk officer wrote, "We have suspended, terminated or ensured resignations of 31 NAB financial planners and aligned advisers over the past two years due to conflicts of interest, inappropriate advice, inappropriate practices or serious or repeat compliance breaches."

SAM DASTYARI: It used to just be - these are no longer isolated incidences. It's not just the National Australia Bank that we're talking about today. We've seen this behaviour at ANZ, we've seen this behaviour at CommBank, we've seen this behaviour at Macquarie, we've seen this behaviour across the board and there is repeated unconscionable behaviour by major banks and financial institutions. It's gone on far too long. And frankly, what I'm really concerned about is that no-one seems to be getting punished. In fact those that are responsible for some of this behaviour, who are responsible for some of the cover-ups, we've seem time and time again get promoted. ... ASIC has completely failed.

JEFF MORRIS: Oh, there's a systemic problem and there has been for a long time. It stems from ASIC's misregulation of the industry for decades. And everybody in the industry knows that ASIC is a joke.

MATT PEACOCK: Jeff Morris believes the corporate regulator ASIC has been missing in action - a view that's shared by lawyer James Wheeldon who once worked there before quitting in disgust.

JAMES WHEELDON, LAWYER: I complained about the fact that there was this conflict of interest in having a NAB lobbyist helping draft ASIC's changes to the law that affects all Australians. That went nowhere. I was basically told, "Shut up, get back to work." And eventually I said, "Look, I'm just not willing to be a part of this," and I packed up my - packed up my desk and left the building.

MATT PEACOCK: In Canberra, Nationals Senator John Williams is concerned the leaked NAB documents show that neither ASIC nor NAB are doing their jobs.

JOHN WILLIAMS: As soon as those breach reports were discovered, the planners were not compliant, they were not putting their clients first, they were putting them into risky and geared investments, then NAB should've reported that straightaway to ASIC.

MATT PEACOCK: At a Senate committee hearing today, ASIC chairman Greg Medcraft admitted he'd not been made aware of the advisors whom NAB had ceased to employ before this week's leak.

SAM DASTYARI: It sounds like your evidence is - has been you weren't aware from NAB about what was going on in NAB, other people may have contacted you or no. Can you explain to me, prior to Saturday, what it is you were actually aware of in terms of the termination of their planners? It sounds like they had an internal review, a report, they chose to sack 37 people and none of us seemed to know anything about it until it was in the paper.

PETER KELL, ASIC DEPUTY CHAIR: Ah, I think as I said earlier, Senator, much of the information that was raised on Saturday was new to us and that's why we're seeking further information about, ah, many of these planners. Um, and that's the focus of the immediate investigation we have commenced.

MATT PEACOCK: At least some financial planners identified in the leaked NAB report are still giving advice. One is Graeme Cowper, who now works for AMP's advisory firm IPAC. ASIC told the Senate committee Mr Cowper had been subject to a compliance breach report as long ago as four years.

Graeme Cowper's currently on leave, but earlier today in a statement he denied he'd ever been breached. "I strongly refute any allegations of inappropriate advice or compliance breaches during my time with NAB. I want to make it clear," he said, "that it was my decision to leave NAB. I've never been contacted or sanctioned by ASIC."

As support grows in Canberra across party lines for a Royal commission into the financial sector,

next week it will be NAB's turn before the Senate committee to answer questions.

JOHN WILLIAMS: Why were they so quiet about it? They didn't come out and put the white flag up and say, "Hey, we're having a cleanout in our operation. People are doing the wrong thing."

SAM DASTYARI: We're gonna put their feet to the fire and we're going to ask them some pretty tough questions. And the questions are this: how on Earth, as a major financial institution, did you think covering this up was going to be acceptable?

LEIGH SALES: Matt Peacock reporting.

Websites For More Information: Consumer Rip-Off Stories Spark New Calls For Financial Advice Royal Commission
http://www.abc.net.au/7.30/content/2015/s4226316.htm

Source URL (modified on 13 Nov 2016 - 5:31pm): https://bankreformnow.com.au/node/205