Jig's up for Narev and his dodgy compo scheme

Summary:
After running the program for 14 months, the bank has only compensated 19 customers less than half a million dollars – despite receiving over 8000 requests for file reviews from clients. Financial planning scandal will lead to bankers leaving the industry. Trust has been destroyed. Lack of trust in banks and governments will lead to economic stagnation. Too much - has been stolen from too many - for too long. This will contribute to the next financial crisis.

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CBA's Victims Compensation Scheme Is Unfair To Clients

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A former Commonwealth Bank employee has blown the whistle on massive failings within the bank's advice review program, saying the program was unfair to clients and designed to minimise the compensation paid out to customers.

Russell Phillips, a former assessor within the bank's Open Advice Review Program, gave explosive evidence at a Senate hearing in Melbourne about the CBA's advice program that left senators shaking their head, saying they were flabbergasted with the testimony.
NSW Labor Senator Sam Dastyari: "At some point it has to stop being about the bank and needs to be about the victims."

"What the bank is trying to do is to lower the cost of its compensation," Mr Phillips said.

"I feel very strongly that the scheme is not fair, it lacks integrity and apart from that it's very opaque to outsiders," he added.

A spokeswoman for CBA said in a statement it rejected the allegations and stood by its review program. She said the bank had invited the committee members to view the workings of the program.

The Commonwealth Bank set up the program following a Senate Inquiry which called for a royal commission into the bank's financial planning scandal following revelations the bank had tried to cover up the illegal behaviour of its rogue financial advisers who engaged in forgery, fraud and cheating customers.

After running the program for 14 months, the bank has only compensated 19 customers less than half a million dollars – despite receiving over 8000 requests for file reviews from clients.

Mr Phillips, who described the program as a "joke" said at no point were assessors allowed to meet with clients of Commonwealth Bank's authorised financial planners to aid in their reviews of customer files.

Speaking after the hearing, Senator Sam Dastyari said **Mr Phillips evidence had been extraordinary. "It is unbelievable that 15 months after being given assurances by the Commonwealth Bank we are here hearing explosive evidence about a culture of cover-up and complacency,"** Senator Dastyari said.

"The Australian Senate was given assurances that this programme was about putting the victims first and providing justice. Well today's evidence, if found to be true, blows that out of the water."

"At some point it has to stop being about the bank and needs to be about the victims."

During the hearing, Senator Dastyari said Mr Phillips' revelation that CBA had not allowed assessors to talk to clients had left him "flabbergasted."

"We know as a matter of fact there was fraudulent behaviour... How could you know which files were real and which were forged?" he said.

Mr Phillips said that unless the signatures on the files were wildly different, they were told to assume they were the same.

Mr Phillips said CBA was using an incentive structure that tied 40 per cent of remuneration to timeliness, where each assessor had to complete a file assessment a day.

"If we were assessing a claim that was inappropriate that would take longer, that was not accounted for in our KPIs. If we took longer because the advice was inappropriate, we would not meet our KPIs," Mr Phillips said.

Senator Dastyari said the remuneration structure used by the bank on its review problem

was "extraordinary" and built in a way that rewarded staff for assessing files quickly by rejecting the claims.

"That's a fairly extraordinary incentive structure considering so much of the reason we're here is built around this idea of improper incentive structures?"

Mr Phillips gave his evidence under Parliamentary privilege because he is subject to a "gag order" by the bank.

The former assessor was sacked from the bank after "blowing his lid" at the bank over how it was running the compensation scheme. He said at least 10 people from the Melbourne office alone had left in the past few months. There are 80 assessors across the country.

Mark Bishop, who was the chairman of the senate inquiry that recommended a royal commission into CBA in June last year, said the latest revelations confirm the wisdom of an initial call for a root and branch review of the financial practices of CBA, among others. "It is a continuing scandal of thousands of bank customers who continue to lose access to justice," he said.

Commonwealth Bank financial planning whistleblower Jeff Morris said the CBA had gone back to its old tricks.

Mr Morris said he had met with Senator Mathias Cormann and said "don't trust CBA."

"CBA has made a monkey out of ASIC," he said. "If you trust CBA, they will do the same to you and that is what happened."

Websites For More Information: CBA's Victims Compensation Scheme Is Unfair To Clients
http://www.smh.com.au/business/banking-and-finance/cbas-victims-compensation-scheme-is-unfair-to-clients-whistleblower-says-20151027-gkk7xr.html

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