NAB Revelations Add To Calls For A Royal Commission Into White-collar Crime

Summary:
It wasn't only in the UK that NAB was ripping off clients. 100s of Million of Dollars compensation could be required to compensate Aussie victims of NAB planners

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Forgery, Sackings And Millions In Compensation - NAB Under Fire Over Financial Planners

The National Australia Bank has quietly paid millions of dollars in compensation to hundreds of clients given what it considers inappropriate financial planning advice since 2009.

The bank is the latest institution to face disturbing revelations of misconduct in its financial planning division, with a Fairfax Media investigation uncovering instances of forgery, "rogue advisers" and multiple sackings inside its financial advice arm.

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A cache of confidential internal documents obtained by Fairfax Media reveals that, according to NAB, 31 of its financial planners were terminated, suspended or had their resignations "ensured" due to conflicts of interest, inappropriate advice, inappropriate practices or repeated compliance breaches.

That figure does not include sackings from the NAB-owned Meritum advice operation, which, according to NAB, has terminated six financial advisers in two years.

One August 2014 "advice review" document, authored by NAB's head of wealth, Andrew Hagger, says "we have highlighted a number of other major incidents from over the past five years (some completed and some ongoing) including those related to replacement insurance advice, gearing advice, and the adequacy of resources devoted to clients complaints handling."

The document was circulated as **NAB was being criticised and forced to pay hundreds of millions of dollars in compensation to customers in its UK arm for mis-selling of insurance products.**

> It confirms that "rogue advisers" operated within NAB Wealth, and speaks of "other major incidents" from the past five years in which some advisers forged their clients' signatures and manipulated documents in attempts to cover up misconduct.

Investigations into three of these cases were "continuing" at the time the document was written.

Disturbingly, the document states that these instances were not detected by the bank's internal controls, but through client complaints or queries by authorities.

The revelations, which follow the fraud and forgery scandal inside the Commonwealth Bank's financial planning operation, will add to calls for a royal commission into the financial advice sector – a move that the Abbott government has so far refused to consider, despite a royal commission into CBA being recommended by a high-profile bipartisan Senate inquiry last year.

"One of the worst 'captain's calls' of the Abbott government was to dismiss this recommendation out of hand, despite readily calling royal commissions into unions and pink batts when it suited them," said Jeff Morris, the whistleblower who exposed the planning scandal at CBA.

He said the NAB revelations added to the case for an even more wide-ranging royal commission into financial services and white-collar crime.

Alan Kirkland, the boss of consumer advocacy group Choice, said on Friday that **Australia's financial planning industry was "dangerous" and read like a scandal rap sheet. "CBA, Storm Financial, Great Southern, Westpoint, Fincorp, Trio, Timbercorp – which makes it even more alarming that less than 2 per cent of financial advice licensees will be subject to proactive surveillance by ASIC,"** he said. He called on the government to boost the spending of the Australian Securities and Investments Commission to better monitor dangerous industries.

The NAB documents were provided to Fairfax Media by a concerned internal bank whistleblower, who was not willing to trust NAB's whistleblower protection policies.

The whistleblower has told Fairfax Media of a volatile, toxic and Machiavellian culture within NAB Wealth. **"I'm providing this information because a lot of us are frustrated with the 'motherhood' statements and lack of commitment by management to take these issues seriously," the whistleblower said.**

Mr Hagger told Fairfax Media that the bank had paid between $10 million and $15 million in compensation to 750 customers for inappropriate advice since 2009.

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When asked whether every client of advisers NAB had sacked, suspended or forced to "resign" had been offered a review of their files, and compensation if warranted, Mr Hagger said clients were contacted on a case-by-case basis.

"Where we believe it's appropriate to advise customers we have done so," he said. "In many cases we've written to customers and have offered them an advice review ... in some cases that has also led to compensation."

He said NAB Wealth did not have "systemic issues" but "we do have individual cases" of poor advice within its network of 1700 advisers. He said NAB Wealth had a "proud track record" and had "very high industry standing."

ASIC declined to comment on the specific issues raised in the NAB documents.

But it said it had a project under way focusing on the advice conduct of the four big banks, AMP and Macquarie Group. "We have significant work under way targeting those entities," a spokesman said. "This includes work that covers NAB Wealth's business. We cannot comment further on this work at this point in time.

"ASIC will expand its regulatory work on NAB's financial planning and wealth management businesses to consider any additional issues that are brought to its attention and we urge Fairfax Media to share with ASIC any material it has, which might be relevant to our work involving NAB Wealth."

Websites For More Information: Forgery, sackings and millions in compensation: NAB under fire over financial planners
http://www.smh.com.au/business/banking-and-finance/forgery-sackings-and-millions-in-compensation-nab-under-fire-over-financial-planners-20150220-13kdjk.html

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