NAB CEO WANTED - Fails To Appear At Senate Inquiry

Summary:
NAB denies systemic crimes in its Wealth division. No-one believes the bank. The case for a Royal Commission is now rock solid.

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NAB Not Deserving Of Trust On Financial Planners

National Australia Bank's decision to adopt a "trust me" approach to its handling of misconduct in its financial advice division
will strengthen calls for a royal commission.

With a crisis of confidence sweeping the financial planning industry following scandals in

Commonwealth Bank and Macquarie Private Wealth, NAB needed to get on the front foot.

Instead it asked the Senate and the public to trust the bank, despite refusing to reveal the names of the planners it had reported to ASIC so customers can come forward, and refusing to launch an independent review of client files.

> The senators were not in the mood for NAB's spin or hyperbole. The Senate hearing in Melbourne earlier in the day had heard from whistleblower Jeff Morris and NAB financial planning victim Veronica Coulston, including her battle with the bank for two years before receiving compensation for inappropriate advice and being forced to sign a gag order.

Morris made the point that neither the CBA scandal nor the NAB expose would have come to light without two whistleblowers, the NAB whistleblower who leaked a trove of documents to Fairfax Media which highlighted problems of risk in its wealth division and the termination or removal of more than 40 financial planners.

"Missing from this equation is the corporate regulator ASIC whose job it actually is to catch and punish these crooks. This is the biggest scandal of all," Morris told the Senate. "The NAB whistleblower obviously benefited from my experience and didn't waste any time at all on ASIC, he just went straight to the media." (Morris was referring to ASIC taking 16 months before it acted on bombshell information relating to CBA).

Senator Sam Dastyari, who chaired the Senate estimates hearing, repeatedly asked the bank's head of wealth, Andrew Hagger, to launch an independent review, similar to the Commonwealth Bank's. He refused. "If we need to pay more compensation then we are very happy to do so," Hagger said.

While Hagger apologised to Coulston, he was adamant that NAB's problems were not systemic and that it was nothing like the CBA.

Time will tell. For NAB conducted its own review of files, a process that lacks transparency and consistency.

Take the case of star NAB financial planner Graeme Cowper, who was "terminated" by the bank due to file reconstruction (a polite term for the doctoring of customer files) in 2009. Hagger said Cowper had 430 active clients and $2.4 million in compensation had been paid to 53 of those customers. The other 377 customers received nothing. Their files had been reviewed by the bank, without their knowledge, and the bank had concluded they didn't require compensation. Given a leaked internal NAB document written in June 2014 says Cowper's files had been doctored, it raises questions about the integrity of the review.

At a doorstop before the Senate estimates hearing, Senator Matthew Canavan, said "We do need a royal commission to make sure we get to all of these issues so I fully support Senator [John] Williams' call for it."

> But the last word should go to Senator Peter Whish-Wilson, who said: "We know there may be more financial scandals lurking out there under the surface waiting to be uncovered."

Websites For More Information: NAB Not Deserving Of Trust On Financial Planners
http://www.smh.com.au/business/banking-and-finance/nab-not-deserving-of-trust-on-financial-planners-20150306-13xgtz.html

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