

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

Australia and New Zealand Banking Group Limited

ANZ57QW: ANZ Case Study - Dianne

Dianne (name changed) is a 27 year old who works full time and has a mortgage. She had saved around \$20,000 in her mortgage offset account. A member of Dianne's family obtained access to her debit card (which also functions as a credit card) and spent the entirety of Dianne's savings on a single online merchant's website.

The \$20,000 was spent over a 2 month period. Over 215 separate payments were made to the same online merchant during this period.

Dianne had never previously made a payment to this merchant.

ANZ did not raise these suspicious transactions with Dianne, and when Dianne told the bank about the transactions, the bank refused to help her, and told her she had to speak to the overseas merchant to get the money back.

The bank has an obligation under the ePayments Code to accept liability for unauthorised transactions.

(a) Why would the bank refer a customer to a merchant to negotiate directly about unauthorised transactions, when it is the bank's responsibility to safeguard customers' funds?

(b) Why doesn't the bank raise suspicious transactions with customers for debit card transactions in the same way as it does for credit card transactions?

Answer: ANZ is concerned about the case study provided and wishes to investigate it but is unable to identify the relevant matter. We would be pleased to respond if the committee were able to provide relevant details about the matter and request further information.

(a) The ePayments Code provides that a card holder is not liable for loss arising from an unauthorised transaction when it is clear that they did not contribute to the loss.

Whether a user has contributed is determined by various factors including whether a passcode was used in connection with the transaction and whether there was an unreasonable delay in reporting the misuse of the card.

Without further information about the manner in which the transactions were performed, and the timeframe in which they were reported to the bank, we cannot determine why the customer was referred back to the merchant.

(b) ANZ does raise suspicious transactions with customers for debit card transactions.

All transactions are monitored by our fraud detection tool FALCON. Any transaction that FALCON deems suspicious is flagged for a review by a fraud officer and, if it appears the transaction was not authorised, the customer is contacted.