

**House of Representatives Standing Committee on Economics  
Review of the Four Major Banks (Second Report)  
National Australia Bank (NAB)**

**NAB27QW:** The bank's General Standard Terms claim that its customers are bound by the Code of Banking Practice. This is part of the contractual arrangement between the bank and the signatory. Therefore, customers are bound by the Code. The code states the bank appoint the Code Compliance Monitoring Committee (CCMC), which will investigate any allegation from any person that the bank breached the code. From 2004 to 2014, the CCMC was governed by the CCMC Association (CCMCA), of which each banks' Chief Executive was a member. When your Chief Executive adopted the CCMCA's Constitution it allowed you to transfer complaints to another 'forum' (like courts). In effect when this approach was taken the CCMC could no longer investigate an alleged code breach at no cost. The Constitution was not included in the 2004 Code of Banking Practice you provided to customers. In fact, it was not available to mortgage holders despite being used by you to vary provisions in the Code, without notice to contract holders.

- a) Can you confirm why your bank chose not to provide this information to customers?
- b) Why didn't you provide, between 2004 and 2014, a copy of:
  - i. the Code of Banking Practice when customers signed loan contracts, and
  - ii. the Code of Compliance Monitoring Committee Association's Constitution when customers signed home mortgages with your bank.
- c) What steps have you taken to investigate and compensate customers that they suffered damages when you failed to investigate alleged code breaches since 2004.

**Answer**

a) During this period, the Code itself required copies of the Code to be displayed in bank branches and websites, and for copies to be made available to customers on request (via mail or email). The Code was also promoted by the ABA and copies were available from the ABA and the CCMC. There was no specified requirement in the Code for banks to provide copies of the Code to customers, without request, at the time that banking services were provided.

The CCMC was a separate body which was referred to in the Code and for which further information was available from both the banks and other sources including the ABA and the CCMC itself. In those circumstances, there would have been no conscious decision not to provide the Code or the CCMC's constitution to customers without request at the time that banking services were being provided to them. Consistent with the terms of the Code, information was provided when requested.

- b)
  - i. Refer to previous answer
  - ii. Refer to previous answer

c) When NAB has become aware of an allegation, it will have been investigated. Where it is determined that a breach of the Code by NAB has caused damage, NAB will have sought to reach agreement with the customer to remedy the damage or have the matter resolved in accordance with the determination of a relevant authority.