

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

Westpac

Westpac23QW: Please outline steps taken to ensure that credit card customers are not overcharged, in light of the foreign currency fees that were inappropriately charged to consumers.

Answer: In this case Westpac customers were refunded foreign transaction fees for Australian dollar transactions processed by overseas merchants.

We made the decision that our terms and conditions did not clearly state that foreign transaction fees would be charged for such Australian dollar transactions. As a result we notified ASIC and commenced a process to identify impacted customers and provide refunds (with interest).

Following the completion of this process, we refunded approximately \$20 million to around 820,000 customers.

In addition, we have made the necessary changes to our terms and conditions to ensure it is clearer for customers to understand the circumstances when these fees can arise.

While not direct responses to this matter, there are a number of broader steps we have been taking which will help prevent issues such as this arising, including:

- Ongoing review of customer documents, e.g. terms and conditions, to simplify them and remove unnecessary documents; and
- Introducing our Product and Services Lifecycle Policy in February 2016. The Policy covers key aspects of the end to end product and services lifecycle. This includes how our products and services are designed, developed, launched, distributed, disclosed, sold, changed and how we support the delivery of our products and services. It provides for regular review of products including ensuring customers are appropriately informed about the features of the product.