

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION
ANSWERS TO QUESTIONS ON NOTICE

Question No	ASIC04
Topic	Early release super
Committee Member	Dr Anne Aly
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Question

Dr ALY: In the document that you tabled with the committee you've got some examples of your role during COVID-19, one of which is warning against scams. You mention people offering to help access superannuation or high-return investment opportunities and you say there has been a 20 per cent increase in reports of misconduct. Do you have any further detail about how many reports have been made around misconduct or around people charging high fees for offering to access superannuation? Do you have more detail about what people are charging to help people access superannuation and the demographics of that? Who are they targeting with these scams?

Mr Shipton: We do follow a number of data points in relation to these scams in other reports. My colleague Warren Day, who is online, is in charge of the area responsible for monitoring these complaints and data. I will ask him to provide any further particulars that he has to hand.

Mr Day: Thank you, Dr Aly; that's a really good question. As the opening statement indicated, we are seeing a number of unsolicited contacts by certain parties offering to assist in accessing the early release scheme for a fee. Often that can come also through texts, emails and social media. We've seen reported to us some social media accounts impersonating government bodies. They are also seeking personal details such as bank accounts, superannuation funds and insurance. In relation to your question about the numbers, I don't have that information to hand broken down for that subgroup, but I can take that on notice and give you an answer in due course.

Dr ALY: Yes, could you please take it on notice to provide a number of points of information, including how many complaints you've had in that regard and, if you have any estimate of the extent to which people are being contacted and charged fees for accessing their early superannuation, the cost that they're being charged. Is it an exorbitant amount that people are being charged to access their superannuation? If you have any demographic information—whether they are targeting mostly women or mostly young people—that would be useful as well. Thank you.

Answer

ASIC has received reports of misconduct from members of the public, anecdotal information about members of the public and intelligence from other regulatory agencies regarding unsolicited offers of assistance to access the early release of superannuation scheme during the COVID-19 pandemic (**unsolicited offers**).

ASIC understands unsolicited offers were made to new contacts and some existing clients of financial advisers already seeking superannuation advice about accessing superannuation funds for hardship (or other reasons). ASIC does not have demographic information about people who have been contacted.

ASIC is aware that in some of those matters the fees charged varied based on the services offered, superannuation balances and financial affairs of the individual.

Further, ASIC has proactively undertaken reviews of website material and social media posts to identify offers of assistance in lodging early release of superannuation applications. We identified two businesses through this method and based on the information on their websites, the fees charged by these businesses varied from \$199 to \$299 for each transaction. In each case, ASIC spoke with authorised representatives of these businesses to express concerns over fees being charged for a free service offered to superannuation members and asked them to stop offering this service. On both occasions, the providers agreed to remove material from their websites and stop offering to assist with early release superannuation applications for a fee.

It may be that a person, who has paid fees to access superannuation, does not realise until much later that the payment of fees was not necessary. Therefore any approach to ASIC or the Australian Financial Complaints Authority (**AFCA**) by such a person is likely to be delayed. Accordingly, we expect it may take some time until this behaviour is reported.

ASIC understands that the Australian Taxation Office and the Australian Competition and Consumer Commission have specifically [warned](#) consumers about such conduct on their website and may have further information regarding this.

ASIC has also provided guidance and resources to assist the public with COVID-19 related financial issues, including early access to your superannuation <https://moneysmart.gov.au/covid-19>. The information provided highlighted that accessing your superannuation is free.

Circumstances in which a person is charged a fee in the mistaken belief that they need assistance to undertake an activity that is freely accessible can be distinguished from the provision of financial advice in relation to financial decisions, including whether to access early release of superannuation. In April 2020, ASIC [granted relief](#) to the financial services industry to provide affordable and timely financial advice during the COVID-19 pandemic, with the cost of early access to superannuation advice to be capped at \$300. However we understand consumers may have been charged more where additional services were provided, subject to the complexity of their individual financial circumstances.