

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

Commonwealth Bank of Australia

CBA55QON:

Mr MULINO: I will just follow on from—and I'm just going to say this to annoy him—Mr Falinski's question on remediation. I'd be curious. Obviously, there are a number of cases that have been under examination for years, and this is clearly a problem for a lot of people who are waiting upon that money. Every bank that comes before us talks about the fact that they've made provision and they want to get the money out the door. What kinds of concrete steps or changes in the process do you suggest to make this process faster?

...

Dr MULINO: I have one quick question to put on notice—and I'll ask this of all the banks. I'd appreciate it if you could give a bit of summary data on the average length of time and perhaps some distributional data on how long cases have been under examination.

Mr Comyn: Sure. Specifically within aligned advice or just more broadly around—

Dr MULINO: Whatever data you've got. Breaking it down into the key categories and summary data for each category would be useful.

Mr Comyn: Okay.

Answer:

CBA is committed to addressing past problems and remediating customers who have suffered loss where we have done the wrong thing.

Remediating ongoing service fees of aligned advisers (advisers who were not employees of CBA, being those of Financial Wisdom Limited, Pathways and, whilst under CBA ownership, Count) remains CBA's largest outstanding remediation program.

In relation to ongoing service failures in our advice businesses, CBA has completed the remediation of these failures in our employed financial advice businesses Commonwealth Financial Planning Limited and Commonwealth Private Limited.

Remediating ongoing service fees in the aligned advice context is complex and involves significant work to:

- re-construct data sets back to July 2008 to allow CBA to identify customers;
- locate historical customer files and information that was not stored centrally by CBA given the self-employed nature of the adviser network; and
- design an end-to-end business solution and operating model to be used in the assessment and refund process.

The events to which the ongoing remediation of fees associated with aligned advisors relate go back in some cases to 2008, but the majority of fees subject to remediation relate to years since 2014.

We acknowledge the time taken in completing this work and recognise the importance of refunding our customers as quickly as possible. CBA is engaging regularly with ASIC in relation to the remediation of this issue and provides reporting quarterly on the number of customers offered or paid compensation and the quantum of compensation offered or paid (which ASIC publishes on its website).