

1.6 QON: Hansard, p9-10

Mr THISTLETHWAITE: The chairman referred earlier to the case of the 43 planners who had been dismissed for misconduct. Again, have you reviewed all of the client files in respect of those cases?

Mr Thorburn: On the 43, yes, we wrote to all the customers.

Mr THISTLETHWAITE: Okay. And you reviewed the files as well with respect to their conduct?

Mr Thorburn: I would have to take the specific bit on notice. I think the whole customer response initiative of us finding the 43 and compensating over five years leading up to 2014—\$15 million—we were doing that actively and willingly, and we have subsequently made a number of other commitments. All I say, Mr Thistlethwaite, is to assure you and to show by action that we want to get this right.

ANSWER: NAB has not written to all customers of planners dismissed for misconduct. As indicated in our response to 1.5 above, our communication to clients is determined by the nature and circumstances of the case.

As outlined to the Committee, since 2015, NAB has been working on a program of initiatives to enhance and improve the risk and compliance framework for NAB's Wealth advice business. A major component of this is NAB's Customer Response Initiative (CRI). The CRI involves NAB writing to groups of customers where there is a concern they may have received inappropriate advice dating back to 2009 and reviewing the advice those customers received.

The CRI has had significant external third party oversight – including:

- KPMG through its role in the development of the CRI program design;*
- Deloitte who provide independent assurance over the CRI program; and*
- ASIC through its continuous engagement with NAB about the scope and approach that is followed in undertaking a review of the advice received by these customers.*

On 28 September 2016, NAB provided a public update which outlined that since February 2015, NAB has made \$6.5 million in payments to 251 customers after resolving their claims for compensation. This follows a significant investment by NAB to enhance the capacity to investigate and resolve customer complaints.

In consultation with ASIC, NAB is applying and expanding a risk-based approach to identify the clients of advisers between 1 January 2009 to 31 December 2015 where NAB should review advice that they received.