Good morning.
My wife and I came to Australia on a 410 retirement visa in 2003, a condition of which is No work therefore no further income
We went to lisenced Financial Planner (Brannelly Financial Services of Brisbane) to seek help in finding a safe and secure place for our capital, we told him that shares were too risky,we forwarded a plan of cash,bonds and other safe products before our meeting.He knew we could not afford to lose any of our capital and we could not work in Australia.
He **RECOMMENDED** that 72% of our savings be invested with Westpoint in four different products,they were safe and guarranteed he said, **WE LOST $405,000.** He failed in his duty,care and due dilligence.He was an agent for a larger company(Deakin) and relied on their due dilligence I presume and of course needed to meet his sales target to boost both his and their commissions.
Deakin had insurance but for only one of the products sold to us,not all four, we have only recovered, through the adimistators of Deakin , 27c in the dollar.
At no time by voice or in writing did he say that he had doubts with Westpoint and thought it was too risky for us tp proceed.Our lawyer has won seven other Westpoint litigation cases against his insurers, we are next in line but they may not have enough money in the kitty to pay us.

I believe the Howard goverment was recommended by a standing committee to set a minimum insurance cover for ALL lisenced Financial Planners,it didn't happen...WHY. and why didn't ASIC insist it happen.
Why did ASIC ignore all the warnings from other commentators about Westpoint when it knew that it was an illegal Managed Investment Scheme.

It is wrong that FP's should be commision based.If they were all Pay As You Play then that would surely allow the FPs to pay for increased insurance cover.If they then have too many insurance claims then their insuarance premium goes up and eventually they go out of business and the insurance companies and the regulators should say " three strikes and you're out"

Pay "commission" to the client not the FP
To offset the fees paid to FP's by the client, the commission paid to the FP should be paid direct to the client.The FP can then use a totally transparent model that shows how much the client is going to get from each company that he may recommend,that then puts all or most of the risk onto the client for the final decision.Of course this could lead to greed and the wrong decision by the client,but it is at least their decision.
At least the FP can say I recommend products A or B, A is slightly better for your circumstances than B but the "thank you commission" for product A is $250 but $350 for product B
Maybe the client "commision" should be totally hidden from both the client and the FP and whatever comes through the post is a nice surprise ??

There should be independent due diligence that FP's can call on,maybe ASIC should do the due diligence.

I believe ASIC is underfunded and under resorced and does not do enough to help the smaller investors.

Regards
Andrew Player (ATF Player Superfund)