

# MEDIA RELEASE

## Update on advice fee refund program and comments on ASIC report

- Fee refunds for affected advice customers from as far back as 2007 have commenced; scheduled for completion by June 2017
- Customers to be refunded approximately \$105 million in fees plus interest
- Action to avoid issue occurring again already undertaken as part of long-term business transformation
- CFPL and BWFA self-identified and reported this issue to ASIC in 2014; worked with independent expert and ASIC to ensure remediation is fair and consistent

**Thursday, 27 October 2016:** In an update to previous statements and following ASIC's report today, Commonwealth Bank confirmed it has been working to identify and remediate customers since 2014 and has already commenced refunding customer fees. The refunds with interest will be completed by June 2017.

ASIC's financial industry report today noted that in 2014 Commonwealth Financial Planning Limited (CFPL) self-identified and reported to ASIC that some customers may not have received an annual review with their adviser, which was the key part of their ongoing service package. A similar issue was identified for some BW Financial Advice (BWFA) customers in the same year.

CFPL and BWFA have worked with an independent expert and ASIC to identify potentially affected customers and ensure the remediation approach is fair and consistent. It is expected approximately \$105 million plus interest will be refunded to customers. In line with CBA's conservative approach, this amount was fully provided for in prior years.

Extensive work has been undertaken to identify customers that did not receive an annual review and to prevent similar issues from occurring in the future. As part of CFPL's long-term business transformation, we have made significant improvements, including to our systems, processes, supervision and training. In addition, following the Future of Financial Advice reforms, customers also receive annual fee disclosure statements and new customers receive opt-in notices every two years to continue their ongoing service package.

Group Executive Wealth Management Annabel Spring said: "We apologise to our customers who did not receive their annual review. We are working hard to complete our review of customers and have commenced contacting customers to refund fees, wherever our records do not show that an annual review was provided.

"We will continue to look across our business for areas where we may have made mistakes and put things right for customers."

### ENDS

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## **Important information for financial planning customers of Commonwealth Financial Planning and BW Financial Advice about the ongoing service package**

Records are being checked for customers of Commonwealth Financial Planning Limited (CFPL) or BW Financial Advice Limited (BWFA) who paid for the Ongoing Service Package between 1 July 2007 and 30 June 2015 or 1 November 2010 and 30 June 2015, respectively, to identify whether the key part of the package, an annual review, was provided.

### **How do customers know if they will receive a refund of service fees?**

Customers do not need to take any action. Where our records do not show customers who paid for the ongoing service package during the relevant period received an annual review, we will contact them to apologise and refund their service fees plus interest. We will refund affected CFPL and BWFA customers by June 2017.

### **What action will be taken?**

Where, after a review of our records, we are unable to confirm that a customer did receive an annual review, we will refund the service fees paid during the relevant year(s) plus interest.

If you are a CFPL or BWFA customer and have questions or need more information, please call **1800 377 017**, 8:30am to 6pm (Sydney time), Monday to Friday.

### **What about customers who have registered for the Open Advice Review program?**

Customers who registered for the Open Advice Review program are advised in their assessment if they are affected by this issue and will also be refunded with other customers.

### **Note to editors:**

#### **Update on past and present remediation programs**

In total, approximately \$65 million has been paid to customers through past and present remediation programs, including the [Open Advice Review program](#).