

FPA welcomes CBA compensation commitment but calls for more

Sydney, 3 July 2014: The Financial Planning Association of Australia (FPA) welcomes today's unreserved apology and announcement by Commonwealth Bank of Australia (CBA) chief executive, Ian Narev, to appropriately compensate clients of the bank who have received poor advice.

The FPA has also welcomed the option for clients to seek further review by an independent panel, in line with the FPA's recommendation.

Mark Rantall, CEO of the FPA, said: "Recent events at CBA have sadly overshadowed the thousands of financial planners who do a great job for their clients every single day. While the specifics are yet to be confirmed, CBA's adoption of our recommendation of an independent review panel as an escalation point is a positive step in the right direction.

"We will be watching as events unfold and are calling for the panel's terms of reference to establish a truly independent authority, with unreserved power to make decisions in favour of the client. Anything less than this and the panel will simply not deliver the outcomes needed."

The FPA has also announced that it will be looking closely at the detail behind CBA's pledge to increase education standards and training of CBA financial planners.

"The FPA will make it a priority to review the action to be taken by CBA to increase education standards. We have proposed that CBA introduces a mandate that each and every one of their financial planners must undertake ethics training, commit to no less than 30 hours of professional development per year and sign up to membership of an approved professional association. These are some of the measures required to put things right and start rebuilding trust between planners and consumers."

More broadly, the FPA calls for proactive action from the Government.

"We call on the Government to establish a summit of industry leaders, to address the 61 recommendations of the ASIC Senate Inquiry and put in place joint actions that will prevent such distressing events from happening again. Consumers should never be subject to such a large and systemic advice failure by any institution and we will do everything in our power to see that this is the case."

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