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## Compensation scheme for financial victims will restore trust: Ian Ramsay



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A new compensation scheme for victims of financial misconduct would help restore trust in the sector, the head of a financial review panel says.

Professor Ian Ramsay, who is chairing an independent review of the country's external dispute resolution scheme, says the number of consumers left suffering losses at the hands of Australia's financial firms is a sign the current system is not working.

"There's a strong element of unfairness here. These are people who have lost money, gone through the process of going through [the ombudsman], and getting a decision in their favour, and not being paid," he said.

"It's a double loss in a sense. You suffer the loss ... and then you don't get paid."



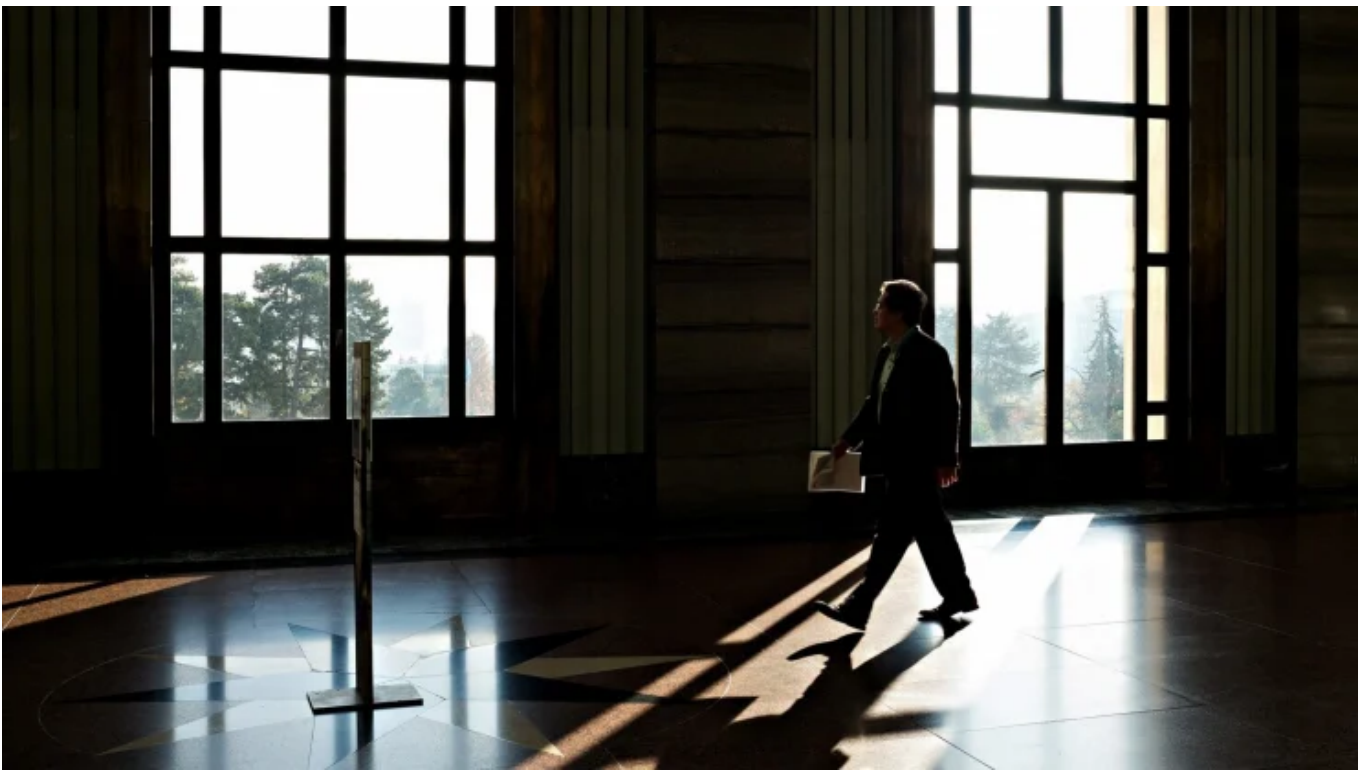
Professor Ian Ramsay is chairing the review into external resolution schemes. JOSH ROBENSTONE

Almost \$14 million in unpaid compensation is owed to victims of financial advice and misconduct, according to the panel's latest issues paper, released on Thursday.

This includes consumers who have been deemed eligible for compensation by the ombudsman due to fraud, misconduct or bad advice but because of issues such as insolvency, have never been paid.

"Most of these determinations are in the financial planning area, and a common reason for non-payment is bankruptcy or insolvency," Professor Ramsay said.

The Ramsay review has been tasked with examining the need for a compensation scheme of last resort to step in when all other mechanisms fail.



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BLOOMBERG

It is part of a broadened terms of reference for the panel that will also examine the need for redress for victims of past disputes.

Under consideration are compensation schemes such as ex-gratia payments and schemes similar to those set up for asbestos and sexual abuse victims.



Treasurer Scott Morrison announced plans for a "one stop shop" for consumer complaints. ALEX  
ELLINGHAUSEN

The panel is also considering whether the compensation scheme should be retrospective.

The Consumer Action Law Centre said any scheme should also apply to victims of dodgy credit providers as well as financial planners.

"Fourteen million is a huge amount for those people but for the sector as a whole it's a small price to pay to rebuild trust," policy officer Cat Newton said.

The panel will consider whether the scheme can be used in situations where a court or tribunal has ordered that a consumer or small business be compensated and this has not occurred.

As part of the federal budget, [Treasurer Scott Morrison announced plans for a "one stop shop" for consumer complaints in response to the Ramsay review's initial recommendations.](#)



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