



## Banking

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# Westpac lost files of hundreds of clients, whistleblowers say

**Exclusive: BT Financial Group, the bank's wealth management arm, reportedly discovered the loss while digitising its records**

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Westpac's wealth management arm lost the files of hundreds of customers it was supposedly providing with financial advice, whistleblowers have revealed.

BT Financial Group realised the customer files were missing in 2013 while conducting a massive operation to digitise its hard copy records.

The project involved scanning roughly 38m pages, and helped BT meet the demands of the 2013 [future of financial advice](#) laws, which put the onus on banks to prove they were acting in their clients' best interests.

One source with knowledge of the project, who requested anonymity, said about 10,000 customer files were thought missing, although 8,000 were later found in

branches across the country. He said the remaining 2,000 were re-created using information held by the business.

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“They were only doing it to cover their arses. It was a complete cover-your-arse exercise, rather than having to do anything with the actual client,” he said.

“It was clear from the first meeting I went to that they were on dodgy ground. They were just trying to make the best of a bad situation.”

BT Financial Group disputed the numbers. A spokeswoman said only 215 customer files were detected missing. [Evidence provided to the Senate in 2015](#) suggested a total of 89,000 advice files were digitised.

It is unclear how long the files were missing before BT’s 2013 digitisation project, or how much the customers had been charged in fees while their records were lost.

When BT realised the files were missing, they brought the customers in for a free consultation about their financial plans.

“At the conclusion of this digitisation process, BT proactively identified a small number of client files that were not retrieved,” the BT spokeswoman said.

“We contacted all affected clients and offered those clients a free consultation on their individual situation and financial plan.”

A second source, who spoke to Guardian Australia independently of the first, said the files had gone missing for a variety of reasons. In

a small number of cases, he said files went missing after questions were raised about the quality of financial advice.

“There used to be instances where an adviser would get a query on particular advice, and the file would go missing,” he said.

But there were often less nefarious reasons for their absence, he said.

“They’ve had planners where client files had been stolen,” he said.

“This was a broader activity to try and find all the files, so just because you couldn’t find a file it didn’t necessarily mean it had bad advice.”

He said the process of recreating files wasn't necessarily a bad one. Files were often re-created from information stored on financial planning software, which was reliable.

"it doesn't feel like you're actually rewriting history, you're just relying on another data source to get it," he said.

BT Financial Group has faced other scandals in recent years.

It was found through the royal commission to have charged at least 2,000 customers for fees without providing any financial advice, a scandal it expects will cost it \$21m. It was also found to have failed to warn rivals about [financial advisers it knew to be dodgy](#).

The corporate regulator took the company to the federal court last year for [cross-selling Westpac's superannuation products](#) when advising clients.

BT's [life insurance arm was also found to be](#) rejecting about 37% of total and permanent disability claims.

The company began a process of remediation in 2015 to detect instances where it had given bad advice or no advice while charging customers, and pay compensation. BT's executives [told a Senate inquiry in 2015](#) that it had found 11 planners who had given bad advice. Those planners had advised about 2,300 customers.

When it gave evidence to the Senate, BT believed its remediation program would last 12 months.

Its [recent evidence to the banking royal commission](#) suggested the remediation program was still going, three years later.

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