

News Release

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ASIC civil penalty proceeding relating to ANZ's Breakfree package and offset calculations

ANZ today acknowledged the Australian Securities and Investments Commission (ASIC) has commenced a civil penalty proceeding relating to benefits including fee waivers and discounts not being applied under ANZ's Breakfree package, as well as system errors impacting offset account calculations.

The proceeding primarily relates to issues raised during an ANZ case study at the 2018 Royal Commission into Misconduct in the Banking Superannuation and Financial Services Industry.

ASIC is alleging contraventions of certain misleading or deceptive conduct provisions of the ASIC Act and breaches of the general obligations owed by financial services licensees under the Corporations Act, including as a result of:

- not all applicable benefits being applied under the Breakfree package, including home loan, transaction account and credit card fee waivers, home loan interest rate discounts, and optional additional benefits such as discounts on insurance premiums; and
- system errors affecting the calculation of offset benefits in certain circumstances, including where customers made payments into their offset accounts on weekends or non-business days.

ANZ has enhanced its systems and processes to address these issues and is undertaking remediation programs. The remediation program for these offset account issues is complete. ANZ has completed the majority of payments to customers impacted by the Breakfree package issues relating to home loans, transaction accounts and credit cards, with remaining payments expected to be made in 2022 and remediation for the optional additional benefits being completed over 2022-2023.

ANZ and ASIC have filed a statement of agreed facts and admissions with the Court. ANZ has admitted the contraventions and apologises to its customers who have been impacted. ANZ does not intend to contest the proceeding and will join ASIC in submitting a proposed penalty of \$25 million to the Court.

The remediation and the proposed penalty are covered by existing provisions.

While ASIC has not alleged deliberate conduct, ANZ acknowledges its conduct fell short of expectations and has co-operated fully with ASIC during its investigation.

Given that these issues are now the subject of Court proceedings, we will not be making any further comment.

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Approved for distribution by ANZ's Continuous Disclosure Committee