

News Release

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ASIC proceeding over Breakfree package and offset calculations finalised

Further to a release of 9 December 2021¹, ANZ today announced that the Federal Court of Australia has approved its agreement with the Australian Securities Investments Commission (ASIC) to resolve court action 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.

In a statement of agreed facts and admissions filed with the Court, ANZ acknowledged contraventions which related to:

- 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 car loan establishment fee waivers; 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 also 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 early 2023. ANZ is targeting completing the remediation for the optional additional benefits over 2022-2023.

In accordance with our 14 February 2022 announcement², ANZ removed the Breakfree package from sale from 19 March 2022 and the product was discontinued on 10 September 2022.

While the Court accepted that ANZ's conduct was not deliberate, and acknowledged ANZ's cooperation during the ASIC investigation, ANZ accepts that its conduct fell short of expectations and apologises to its customers who have been impacted.

As part of the resolution ANZ has agreed to a \$25 million civil penalty and to pay ASIC's costs.

The financial impact of the remediations and the civil penalty and costs orders are covered by existing provisions.

¹ <https://media.anz.com/posts/2021/december/asic-civil-penalty-proceeding-relating-to-anzs-breakfree-package>

² <https://media.anz.com/posts/2022/02/simpler-home-loans-give-customers-choice-and-a-discounted-rate>

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