

News Release

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ANZ and ASIC reach settlement on suspected third party frauds affecting a small number of Esanda customers

ANZ today announced it is filing joint court submissions with the Australian Securities and Investments Commission (ASIC) on an agreed settlement for a number of cases where car finance brokers or dealers engaged in suspected fraud when submitting loan applications on behalf of customers to Esanda between 2013 and 2015.

In a statement of agreed facts, ANZ acknowledged it did not take reasonable steps to verify customers' financial situation in relation to 12 loan contracts in circumstances where there was reason to doubt the information being provided by third party intermediaries.

The third party intermediaries involved in these cases were: United Financial Services Pty Ltd trading out of the Best Buys Auto car dealerships; Motorcycle Finance and Insurance Pty Ltd; and Combined Motor Traders Pty Ltd.

ANZ detected and reported the suspected fraudulent conduct by these third party intermediaries. ANZ has discredited the individuals responsible for submitting the 12 loan contracts and no longer accepts loan applications from them.

Commenting on the agreed settlement, ANZ Group Executive Australia Fred Ohlsson said: "ANZ has worked closely with ASIC on its investigation of this matter. We take our responsible lending obligations seriously and we have since taken steps to strengthen our ability to prevent and detect fraud by third parties."

Since reporting the issue, ANZ has significantly increased both the supervision and training of asset finance brokers.

ANZ has agreed to pay a \$5 million fine as part of the settlement and \$390,000 of ASIC's costs. This is subject to court approval. ASIC acknowledged ANZ's cooperation throughout the investigation.

ASIC has also reviewed ANZ's proposed approach to remediating approximately 320 customers who took out car loans through these three intermediaries (between 2013 and 2015), with the total remediation amount expected to be around \$5m.

For media enquiries contact:

Stephen Ries, +61 409 655 551