Breaking News

‘Highly offensive and illogical’: AIOFP blasts ASIC executive

Independent Financial Adviser (www.ifa.com.au)

Keith Ford

An ASIC senior executive leader has made a “spurious attempt to smear the advice community” in front of the Financial Services Minister, according to the AIOFP.

Following an industry stakeholder roundtable on Tuesday, Association of Independently Owned Financial Professionals (AIOFP) executive director Peter Johnston has called for a written apology over the alleged conduct of Australian Securities and Investments Commission (ASIC) senior executive leader – superannuation and life insurance, Jane Eccleston.

In a letter to ASIC chair Joe Longo, seen by ifa, Johnston expressed disappointment and anger at the “erroneous” commentary from Eccleston during the roundtable on the Delivering Better Financial Outcomes legislation that is before Parliament.

“We are writing out of concern for the future of lowering the cost of financial advice for consumers and recruiting new adviser graduates into the advice industry,” he said.

“It is unfortunate that ASIC’s senior executive leader – superannuation and life insurance Ms Jane Eccleston’s rather jaundice and misguided view of the advice community was communicated to all participants.”

According to Johnston, Eccleston began the group discussion with the opening remarks that, “'We are here because financial advisers had been taking money out of clients’ accounts'”.

“We were flabbergasted by such erroneous commentary,” Johnston said.

“When I challenged Ms Eccleston on the accuracy of her comments, the only retort was ‘they [the advisers] eventually got some of it’ … Considering bank advisers were on fixed incomes, I question that assertion.

“This is not only highly offensive and illogical but appears to be a spurious attempt to smear the advice community in front of all other stakeholders. In addition, we point out that this behaviour is in breach of the Australian Public Service (APS) Values guidelines under Impartiality, Respectful and Ethical standards."

Johnston added that given the supposed goal of the government's legislation is to rebuild the advice profession for the benefit of consumers, "having senior public servants making such comments is unhelpful and quite frankly appalling".

"We pointed out to the meeting that it was the 'faceless' banking executives who allowed the sweeping of fees from client's accounts (including the dead) to take money for a service that was never delivered," he said.

"It was not the internal bank advisers and certainly not independent advisers who do not have access to client's bank accounts or any other account. It should also be noted that not one banking executive was charged over these incidents."

He added that the "devious activity" discovered during the royal commission led to commissioner Kenneth Hayne recommending that consent forms be used where the trustees of superannuation funds must approve any deductions from a client's account to pay for advice services.

"This seemed fair under the circumstances at the time, but the banks have now left the advice sector, leaving behind consumers and advisers to deal with an expensive and unnecessary compliance impost," Johnston said.

"These consent forms do not exist in any other jurisdiction on earth and should not exist in Australia. It seems to be the Canberra-based bureaucrats pushing this agenda but they do not conceptualise that advisers have no choice but to pass these unnecessary expenses directly back to their clients to pay.

"Why should consumers be paying for the banking sector misdeeds?"

Johnston concluded with a request that Eccleston provides a written apology "within 14 days which will be circulated to the industry and media".

Editor's note:

ASIC has refuted the claims.

"This is not accurate and personal attacks are inappropriate and unconstructive," an ASIC spokesperson told ifa in an email.

"ASIC's number one focus is on ensuring the best outcomes for Australians."

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