

Notice of Sanction – Bendigo and Adelaide Bank Limited

This is a Notice of Sanction issued by the Banking Code Compliance Committee (BCCC) to Bendigo and Adelaide Bank Limited (BEN).¹

Background

In March 2017, the Code Compliance Monitoring Committee (the BCCC's predecessor) commenced an investigation into BEN. The investigation focussed, in particular, on its Great Southern Loans (GSL) business unit's compliance with the 2013 Code of Banking Practice (2013 Code).

As part of this investigation, BEN was required by the Committee to engage an external and independent party to conduct an investigatory Audit into the GSL business unit's compliance with the 2013 Code between February 2015 and February 2019.²

The Audit found that the GSL business unit was largely segregated from broader BEN operations and had an inadequate framework (systems, processes and resources) to cope with a large influx of collections activity in 2015. The BCCC concluded that the bank's lack of oversight led to a failure to build a strong compliance structure and framework that could robustly identify, investigate, record and report instances of non-compliance with the 2013 Code within GSL.

BCCC Finding

Following the outcomes of the Audit, the BCCC issued a Finding which concluded that BEN breached the following provisions of the 2013 Code:

- a) Clause 32.1 (debt collection)
- b) Clause 28.2 (financial difficulty)
- c) Clause 37 (complaints handling)
- d) Clause 24 (privacy and confidentiality)
- e) Clause 9 (training and competency)
- f) Clause 36(g) (complying with CCMC/BCCC requests), and
- g) Clause 3.2 (acting fairly and reasonably)

The BCCC found BEN's breaches of all obligations listed above to be systemic (except clause 36(g)) and serious.

¹ In accordance with clause 7.2(e) of the BCCC Charter.

² Namely, clauses 32.1 (debt collection) and 28 (financial difficulty) of the 2013 Code.

Decision to sanction

Section 7.1 of the BCCC Charter empowers the BCCC to apply sanctions to a bank for a breach of the Code and under section 7.2 of the Charter the BCCC has the discretion to determine which sanctions to apply after considering the seriousness of the breach.

Having considered the seriousness of the breaches and the likely impact on GSL customers, the BCCC imposes a sanction to name BEN in its Annual Report and on its website for breaches of the 2013 Code.

Remediation

The BCCC acknowledges the work BEN has undertaken since the completion of the Audit to address shortfalls and root causes identified by the Audit to ensure its ongoing compliance with the Code.

BEN is also working to remediate any applicable GSL customers who were adversely impacted by BEN's non-compliance with the 2013 Code.