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Abbott Government to give big banks the right to rip off punters

Anti-consumer laws that remove protections for those seeking financial advice will see working people ripped off by the big banks who will no longer be required to act in the best interests of their clients, unions said today.

ACTU Assistant Secretary Tim Lyons said according to estimates the removal of consumer protections could result in a staggering \$7.5 billion cost to consumers over the next 14 years.

“The big banks have lobbied hard for the removal of consumer protections and transparency around fees and commissions and the Abbott Government has given in,” Mr Lyons said.

“The Abbott Government’s commitment to water down the Future of Financial Advice Act (FoFA) will lead to working Australians losing hard-earned savings to greedy and unethical financial institutions.”

‘Australians are still reeling from the collapse of financial institutions that cost millions in lost savings and investments. That is why Labor introduced FoFA – to make sure financial advisors acted in their client’s best interests.’

“The policy of the Abbott Government is anti-consumer, anti-workers but pro big bank profits. It’s a transparent attempt by the government to gift the big banks with an increase to their already extraordinary profit margins at the expense of their customers.”

“There are many examples of families losing their life savings because of financial products they didn’t understand or that they were pressured into buying.

“The FoFA laws are sensible, well thought out protections for consumers – usually hard-working people who have spent a lifetime accumulating their nest eggs.

“We all know big business is there to make profits and the banks are very good at that.

“But Australians rely on government to protect them against the worst predatory behaviour of business – not give them open slather.

“By removing consumer protections in the financial advice industry, Tony Abbott is paving the way for ordinary Australians to get ripped off and his Government will need to answer for that.”

The Government controlled Senate Economics Committee has tabled its report into the Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014 recommending it go ahead with only superficial change thus paving the way to water down Future of Financial Advice (FoFA) consumer protection laws. This is despite serious concerns raised by consumer and senior groups, academics and industry super funds.

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