

MEDIA RELEASE

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Older Australians left vulnerable to conflicted financial advice

Many older Australians will be left vulnerable to poor or conflicted financial advice with the wind back of the Future of Financial Advice reforms said COTA Australia, the peak group for older Australians, today.

Chief Executive Ian Yates said the reversal of key financial advice reforms will weaken protections for older people and other Australians relying on sound, independent advice from financial advisors.

He said the Federal Government and Palmer United Party had ignored advice from all major consumer organisations about the impact of the changes on the community, particularly those most vulnerable such as retirees and those approaching retirement.

"This is an extremely disappointing outcome.

"Reducing red tape is one thing but winding back of sound and sensible protections for everyday consumers is unacceptable.

"The commitments the government has given to Palmer United Party do nothing to change the fact that the government's regulations remove from the FoFA Act key consumer protections including an overarching best interest test, banning of conflicted remuneration, and the requirement to be accountable for advice and fees once every two years.

"Many Palmer United Party supporters are older Australians and their best interests have been compromised by this deal.

"We'll now be advising every older Australian to be extremely cautious about any financial advice they receive from the big four banks and other large financial institutions – they simply can't be trusted to act in your best interests when they are paying their staff commissions for the volume of sales they make," Mr Yates said.

"The current Commonwealth Bank's financial planning scandal highlights just how vulnerable sections of our community are to poor quality financial advice offered to them by self-interested industry professionals.

"Surely in this climate we should be strengthening consumer protections, not weakening them.

"No Australian should suffer the indignity and hardship of losing the proceeds from a lifetime of hard work due to conflicted loyalties as their advisor benefits financially.

"Older people have little opportunity to make up any shortfall once they have retired. No one should suffer the loss of a lifetime's scrimping and saving to feather the nest of others.

"And it's not just about the high profile failures - every day poor advice costs consumers money while their advisors and the organisations they work for benefit.

"The reversal of key Future of Financial Advice reforms has seen the Federal Government and Palmer United Party on the side of bank profits, instead of consumers. Older Australians, indeed all Australians, deserve better," Mr Yates said.

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COTA Australia is the peak policy development, advocacy and representation organisation for older Australians, representing COTAs in every State and Territory and through them over 500,000 older Australians.