

Westpac admits to raiding piggy banks

Westpac has owned up to raiding the piggy banks of young customers by charging millions of dollars in fees that should have been waived.

The bank has refunded about \$9.2 million to customers after staff failed to manually remove monthly service and withdrawal fees from their accounts or failed to sign them up to no-fee accounts.

Westpac opened Choice and Reward Saver accounts for 133,045 customers aged under 21 between May 2007 and April 2013 without manually applying the monthly fee waiver, according to the Australian Securities and Investments Commission. Another 28,369 teenage customers were signed up to standard transaction accounts at Westpac subsidiary St George

Bank instead of student accounts, which do not have monthly service fees.

Westpac discovered and reported the breaches to ASIC, which acknowledged the bank's cooperation in resolving the matter.

"Financial institutions that offer products with benefits such as fee waivers must have effective and robust systems in place to deliver the promised benefits to consumers," ASIC deputy chairman Peter Kell said on Tuesday. "Businesses that rely on manual processes to apply waivers, discounts and other benefits should carefully consider how they manage the risks of processes not being followed."

Westpac said it was updating its systems so waivers were applied automatically.

Patrick Hatch

NR 1HERSA1 A003

SMH 14.9.16