NAB Financial Planner Targets And Takes Down Single Mum

Summary:
Jeff Morris helps NAB victim Veronica Coulston get justice - eventually. How can other victims hope for success without an expert helping them? The only way is for the government to take bank crimes seriously.

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Sydney single mother Veronica Coulston had just received an inheritance from her father's estate, and she knew exactly what she planned to do with it – pay down her mortgage.

But National Australia Bank had other ideas. Days after Coulston discussed the relatively modest inheritance with a NAB bank manager in 2005, an email arrived for her confirming an appointment with the bank's star financial planner, Graeme Cowper.

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Three years later, with bills piling up, her credit card maxed out and fearing she would lose her home, Coulston started to get anxiety attacks.

She had ended up with $150,000 of debt through investing in high-fee managed funds. At the time she had a mortgage and was earning $45,000 a year as a secretary.

In May, 2009, Coulston turned to her friend, Jeff Morris, a senior financial planner at Commonwealth Bank who had tipped off ASIC to a scandal inside CBA's financial planning division involving forgery, fraud and a cover-up.

> And Morris was concerned by what he saw. It turned out that a key document that had cleared her for excessive loans contained numerous errors and crucially, overstated her asset position. "The trouble was that [Coulston] didn't even have the cashflow to support the strategy and was living on credit cards," he says. "She had been advised to take out a further $20,000 draw-down to clear her credit cards but this was just kicking the can down the road."

In April, 2009, as the global financial crisis gathered steam and the Australian sharemarket plunged to six-year lows, Coulston was trying to contact Cowper to discuss her plight. The bank was saying he was on a "special project".

On July 7, the bank was writing to customers to inform them Cowper had "resigned" and "as such is no longer associated with NAB financial planning or the NAB Group."

Morris and Coulston would spend nine months picking up the pieces – patiently calling and writing to NAB to retrieve vital information and files. Morris says the bank tried to delay, saying key documents had been lost.

Finally, in February 2010, Morris drafted a blistering six-page letter on Coulston's behalf to NAB chairman Michael Chaney asking him to investigate "predatory lending" and "financial planning practices by bonus incentivised employees of NAB."

The bank responded in August 2010. It denied most of Coulston's claims but offered "full compensation" for her loss, which the bank calculated at $60,000.

Morris drafted another letter pointing out numerous errors in the bank's calculations, which they eventually accepted. It would take until April 2011 for Coulston to receive $80,000, a third more than the bank's initial calculation of her total loss. The price of the settlement was confidentiality. However, Morris agreed to speak to Fairfax Media on Coulston's behalf.

Fast forward another four years to August 2014. Cowper's name, along with a series of other financial planners, would appear on an internal document discussing a review of the bank's advice business.

The other names included Emmanuel Cassimatis, who later set up Storm Financial, which collapsed in 2009 owing thousands of investors $3 billion.

The memo, sent to high-level boards and committees within NAB, revealed the bank had reviewed its advice business following a senate inquiry into the corporate regulator and CBA.

The document said Coulston's adviser had been "terminated" for file reconstruction and compliance breaches.

Morris says her dealings with NAB took a "terrible toll" on Coulston. "It was a fluke that she knew somebody who had the expertise to help her obtain compensation and I warned her from the outset to dig in for a long fight," he says. "What about the people who weren't so lucky? Who didn't have someone to help them and gave up?"

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When Fairfax Media contacted Cowper, he responded with a legal letter, and followed up with a statement. "I strongly refute any allegations of inappropriate advice," he said. "I want to make it clear that it was my decision to leave NAB. A confidentiality agreement signed with NAB at the time prevents me from discussing this further. I've never been contacted or sanctioned by [the Australian Securities and Investments Commission]."

Fairfax Media has documentation relating to two more former clients of Cowper, who now works for financial planners IPAC, owned by AMP.

NAB Wealth group executive Andrew Hagger declined to discuss specific cases. But he urged people who felt they had been given poor advice in the past to contact NAB. "If there are any customers ... who have outstanding issues and concerns, then I want them to feel welcome to come to us," he said. He said NAB had improved its compensation practices, and had paid 750 customers between $10 million and $15 million since 2009.

Websites For More Information: NAB Takes Years To Pay Compensation After Investment Nightmare
http://www.smh.com.au/business/nab-takes-years-to-pay-compensation-after-investment-nightmare-20150220-13kb34.html

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