



29 January 2018

By email: FSRCSolicitor@royalcommission.gov.au

The Hon. K.M. Hayne AC QC
Commissioner
Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry

Dear Commissioner,

Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry

I refer to your letter dated 15 December 2017.

Please find attached a **Schedule** (page 4) which sets out our submission to the questions you invited us to answer.

About ING

ING Bank (Australia) Limited ABN 24 000 893 292 (**IBAL**) provides banking and related financial services to approximately 1.9 million customers in Australia. As at 31 December 2017 IBAL employed 1,178 people in Australia. IBAL operates as a subsidiary of ING Bank N.V., an entity registered in the Netherlands. Its ultimate parent entity is ING Groep N.V.

IBAL offers everyday bank accounts and online banking services, savings products, credit cards and home loans. It also provides business products including business term deposits, commercial property finance and wholesale banking.

In addition, ING Living Super (which is part of the ING Superannuation Fund (**Fund**)) is issued by Diversa Trustees Limited (**Trustee**). IBAL is the Promoter, Sub-Administrator and Investment Manager of the Fund. Insurance cover for ING Living Super is issued by MetLife Insurance Limited to the Trustee. Since 2016, IBAL has also offered home and contents insurance issued by Auto & General Insurance Company Limited, to its customers.

Our key values and guiding business principles are reflected in IBAL's **Orange Code** and **Banker's Oath**.

Our Orange Code is the sum of two parts:

ING Values – the non-negotiable promises we make to the world. The principles we stick to – no matter what:

1. *We are honest*
2. *We are prudent*
3. *We are responsible*

ING Behaviours – our way of being that makes us different from the rest. The commitments we make to each other and the standards by which we measure each other's performance:

1. *You take it on and make it happen*
2. *You help others to be successful*
3. *You are always a step ahead*

Our ING Banker's Oath – IBAL's Executive Committee, directors and key officeholders have voluntarily subscribed to the ING Banker's Oath, as follows:

- *I will perform my duties with integrity and care*
- *I will carefully consider all the interests involved in the company, i.e. those of the clients, the shareholders, the employees and the society in which the company operates*
- *in this consideration, I will give paramount importance to the clients' interests*
- *I will comply with the laws, regulations and codes of conduct applicable to me*
- *I will observe confidentiality in respect of matters entrusted to me*
- *I will not abuse my knowledge*
- *I will act in an open and assessable manner and I know my responsibility towards society*
- *I will endeavour to maintain and promote trust in the financial sector*

IBAL has adopted the Code of Banking Practice (**Banking Code**) and has committed to signing up to the revised Banking Code once it is approved by the Australian Securities and Investments Commission (**ASIC**).

In addition to being regulated by the Australian Prudential Regulation Authority (**APRA**) and ASIC, as a subsidiary of ING Bank N.V., IBAL is also subject to prudential supervision by the European Central Bank (**ECB**) and the Dutch Central Bank.

Our approach to answering your questions

The approach we have adopted and the assumptions we have made in answering your questions is as follows:

1. We have had regard to the Orange Code and ING Banker's Oath in assessing whether any conduct, practice, behaviour or business activity has fallen below community standards and expectations for the purpose of your questions.
2. We reviewed our relevant corporate records for the period commencing 1 January 2008. The process involved reviewing:
 - IBAL Board and Committee papers
 - records of complaints, disputes and litigation
 - breach reporting
 - correspondence with regulators
 - incident registers
 - staff disciplinary files

We also communicated with current IBAL directors and key former executives of IBAL.

3. Where allegations relevant to the Commission's Terms of Reference have been made about the conduct or practices of IBAL in complaints, disputes or court proceedings, we have noted the underlying issue if it was established by a court, other tribunal, ombudsman, internal review or investigation, where it is possible to do so without breaching the terms of a confidential settlement or waiving legal professional privilege.

Nothing in this letter or our attached answers is intended to waive our right to assert legal professional privilege in respect of any legal advice about the matters in question.

IBAL is fully committed to supporting you in your conduct of the Royal Commission. If I can be of any further assistance please contact me or our secondary contact, Head of Legal, as follows:



Yours sincerely,

A handwritten signature in cursive script that reads "Uday Sareen".

Uday Sareen
CEO
ING Bank (Australia) Limited

Schedule

This Schedule provides our response to the questions asked in your letter dated 15 December 2017. The table below addresses Questions 1, 2 and 3. It includes, based on our review, all the matters that IBAL has identified as either misconduct, as defined in the Terms of Reference, or conduct that IBAL considers as falling below community standards and expectations. Please note that all identified misconduct constitutes a breach of the Banking Code. For each of the identified matters we have stated the response to Questions 3(a) through to 3(e). The response to question 4 is on page 32.

Our submission does not include matters that are currently being assessed by IBAL in respect of which no finding has been made to date.

Below is the key for the table:

No.	Item number.
Date	The month and year the matter was identified.
Description	Brief description of the nature, extent and effect.
M/C	M: Misconduct; and/or C: Conduct that IBAL considers below community standards and expectations.
3(a) to 3(d)	In line with the numbered questions 3(a) to 3(d) in your letter dated 15 December 2017.
3(e)	Brief description of how the matter was remediated and steps taken to prevent recurrence.

Table

No.	Date	Description	M/C	3(a) to 3(d)	3(e)	
					(i) Remediation	(ii) Prevention of recurrence
1.	4/2008	<p>Application of GST and reduced income tax credits The amount of legal enforcement expenses debited to customers' accounts was the amount of the invoice for the enforcement expense including GST, without taking into consideration the reduced income tax credit amount that IBAL could claim and therefore should not have been charged to the customer.</p>	M	<p>(a) No. However, this was the subject of a Financial Ombudsman Service (FOS) determination against IBAL.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation IBAL reviewed its processes to ensure that any enforcement costs incurred by the customer would not include reduced income tax credits.</p> <p>Prevention of Recurrence Processes were updated and notification to the relevant departments involved.</p>	
2.	4/2008	<p>Financial hardship FOS raised an issue that our financial hardship processes did not reflect the issues raised in FOS Bulletin 53 and were not adequate for dealing with customers with financial difficulty in accordance with Clause 25.2 of the Banking Code.</p>	M	<p>(a) No. However, this was the subject of a FOS determination against IBAL.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation Policy and procedures for financial hardship were revised and provided to FOS.</p> <p>Prevention of Recurrence Notification and training to the relevant departments involved.</p>	

3.	4/2008	<p>Error in interest rate when term deposits rollover For 996 term deposits rolling over to a new term, from 20/3/08 to 10/4/08, the interest rate that applied to the old term had been applied to the new term. The interest rate had not been increased and the system did not record the transaction correctly and it was still showing a maturity date of the old term (effectively showing that the maturity date had already passed).</p>	M	(a) No. (b) No. (c) No. (d) No.	<p>Remediation The interest for all impacted term deposits was re-calculated and the letters, welcome packs and corrected statements were reproduced and sent to customers.</p> <p>Prevention of Recurrence The system was updated.</p>
4.	5/2008	<p>Mortgage fraud IBAL received information that it may have funded twelve retail loans that were supported by potentially fraudulent documents and the third parties selling the properties were engaged in fraudulent and corrupt practices.</p>	M	(a) No. However, this was the subject of an ASIC query. (b) No. (c) No. (d) No.	<p>Remediation A police report was submitted and the mortgage brokers were terminated from IBAL's accreditation program. The impacted customers were contacted and payment arrangements agreed.</p> <p>Prevention of Recurrence The relevant departments notified and staff counselled to follow procedures in all circumstances to detect indicators of fraudulent documents and behaviour.</p>
5.	5/2008	<p>Incomplete information on chargeback rights Information regarding customers' rights to claim a charge back on transactions was not comprehensively detailed on customer's statements.</p>	M	(a) No. (b) No. (c) No. (d) No.	<p>Remediation The statement message was updated.</p> <p>Prevention of Recurrence The requirement to produce annually was diarised.</p>

6.	5/2008	Unauthorised transactions messaging incomplete EFT Code statement message did not sufficiently cover clause 5 of the Banking Code which dealt with unauthorised transactions.	M	(a) No. (b) No. (c) No. (d) No.	Remediation The statement message was updated. Prevention of Recurrence Notification to the relevant departments involved.
7.	5/2008	Family Law information not available The Family Law clause of the Banking Code stated that our guidelines should be published regarding the handling of Family Law matters. These guidelines were available to staff but not customers.	M	(a) No. (b) No. (c) No. (d) No.	Remediation The guidelines were published on IBAL's website. Prevention of Recurrence Notification to the relevant departments involved.
8.	8/ 2008	Incorrect Term Deposit Interest Rate on website and on 2GB Radio Incorrect 90 day, 180 day, 1 year and 2 year term deposit interest rates advertised on radio and website.	C	(a) No. (b) No. (c) No. (d) No.	Remediation The interest rates were corrected. Prevention of Recurrence The system that promotes interest rate changes updated.
9.	9/2008	Savings Maximiser Promotion Inadequate time allowed for customer to take advantage of promotional interest rate as advertised.	C	(a) No. (b) No. (c) No. (d) No.	Remediation The time period was extended and advertising was ceased one month prior to expiry of promotional period. Prevention of Recurrence The process was updated.

10.	9/2008	Term deposit interest rates incorrect on Google Adwords Interest rates were incorrect from 29/08/2008 to 02/09/2008.	M	(a) No. (b) No. (c) No. (d) No.	Remediation Customers who viewed the incorrect higher rate had the higher interest rate honoured. Prevention of Recurrence The interest rates were corrected and a re-direct from the incorrect webpage to the correct webpage was completed.
11.	10/2008	During a customer call employee noted customer's mobile number The mobile number was later used to contact the customer personally.	M	(a) No. (b) No. (c) No. (d) No.	Remediation Customer was contacted and informed that an investigation was conducted into incident. Prevention of Recurrence The staff member's employment was terminated.
12.	2/2009	Future dated Bpay failed to process Approximately 3,000 Bpay transactions (dated 31/01/2009 to 05/02/2009) were not processed from customers' mortgage accounts to pay their bills. Only Bpay transactions performed when the system was in night mode were affected.	C	(a) No. (b) No. (c) No. (d) No.	Remediation All transactions that failed were reprocessed and customers notified. Prevention of Recurrence The system code was corrected.

13.	5/2009	<p>Break cost disclaimers not proximate FOS found IBAL failed to clearly communicate break cost disclaimers in mortgage documentation.</p>	M	<p>(a) No. However, this was the subject of a FOS determination against IBAL.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation IBAL reviewed its documents and communications to customers and inserted clear break cost disclaimers throughout.</p> <p>Prevention of Recurrence The disclosures were updated and notification to the relevant departments involved.</p>
14.	5/2009	<p>Break cost calculator errors The first month in the break cost calculator was charged in full and not pro-rated. The calculator has been corrected for all calculations from February 2009.</p>	M	<p>(a) No.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation All customers remediated.</p> <p>Prevention of Recurrence The calculator was corrected for all calculations from February 2009.</p>
15.	6/2009	<p>ATO tax file reporting issue Incorrect interest information submitted to the ATO in the annual investment income report return for customers' savings accounts.</p>	C	<p>(a) No.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation The correct interest information was submitted to the ATO.</p> <p>Prevention of Recurrence A review of the information for the report was conducted.</p>

16.	11/2009	<p>Loan discounts During an internal audit, a report was produced to show the discount increment applied on all loans. The report revealed that some loans within this portfolio had incorrect rates applied to them and the source of these errors was an ability to override the applicable discount within the system due to manual process errors.</p>	C	<p>(a) No. (b) No. (c) No. (d) No.</p>	<p>Remediation Customers that were overcharged interest were reimbursed. For customers that were undercharged no recourse was undertaken and the amounts were written off.</p> <p>Prevention of Recurrence An exception report was produced to highlight any changes to the field.</p>
17.	12/2009	<p>Personal term deposit - Incorrect interest rate advertised for 180 day and 1 year terms Rates were displayed incorrectly on one webpage for one day due to a concurrent change to the webpage. All other references to the interest rates were correct.</p>	M	<p>(a) No. (b) No. (c) No. (d) No.</p>	<p>Remediation The rates were corrected the following day.</p> <p>Prevention of Recurrence Limitations were placed on the number of concurrent changes to reduce the likelihood of errors.</p>
18.	2/2010	<p>Term deposit maturity issue Upon maturity of any term deposit, a transaction referred to as a "Type 40" was processed. This transaction permits the completion of the rollover and triggers the commencement of a new term on current rate. From September 2007 to February 2010, there were 29 instances of failed Type 40 transactions where, an automatic Type 40 transaction did not fully complete in relation to a personal term deposit.</p>	C	<p>(a) No. (b) No. (c) No. (d) No.</p>	<p>Remediation Customers that were underpaid interest were reimbursed. For customers who had been overpaid no recourse was undertaken and the amounts written off.</p> <p>Prevention of Recurrence The system code was updated.</p>

19.	6/2010	<p>Overstated redraw amounts A theoretical balance is used to determine the amount of redraw available to customers and their repayments. The theoretical balance was either higher or lower than it should be. As a result of these errors approximately 1500 affected customers had their available redraw overstated (online or via IBAL's contact centre) or their loan repayments understated.</p>	C	<p>(a) No. (b) No. (c) No. (d) No.</p>	<p>Remediation A stop was placed on all affected accounts and the redraw amount was no longer available online or via the contact centre. All customers were remediated. An external expert was engaged to review the remediation.</p> <p>Prevention of Recurrence The system and processes were updated.</p>
20.	7/2010	<p>2, 3, 4 year term deposit interest payment issue When 2, 3 or 4 year term deposits were opened on a weekend or public holiday they exceeded the standard term and had an additional interest amount credited at maturity, covering interest accrued for each day the account remained open past the standard term. This additional amount should have been calculated at the rate at the time the account was established.</p>	C	<p>(a) No. (b) No. (c) No. (d) No.</p>	<p>Remediation Customers who had been underpaid interest were reimbursed. For customers that were overpaid no recourse was undertaken and the amounts were written off.</p> <p>Prevention of Recurrence The system code was updated.</p>

21.	3/2011	Incomplete documentation Miscommunication with a customer regarding refixing a fixed rate loan term, however no formal documentation or loan agreement was signed.	M & C	(a) No. However, this was the subject of a FOS determination against IBAL. (b) No. (c) No. (d) No.	Remediation FOS found in favour of the applicant awarding compensation and a waiver of the break costs. Prevention of Recurrence Notification to the relevant departments involved.
22.	5/2011	Incorrect break cost details Customer suffered financial hardship due to a reduction in the property market and incurred break costs due to the change in interest rates. The customer asked for compensation for break costs being quoted at 4 years fixed instead of 2 years.	M & C	(a) No. However, this was the subject of a FOS determination against IBAL. (b) No. (c) No. (d) No.	Remediation FOS found in favour of the applicant awarding \$5,000 compensation due to misleading information. Prevention of Recurrence Notification to the relevant departments involved.
23.	6/2011	Decline of financial hardship request A customer's financial hardship claim was denied.	M & C	(a) No. However, this was the subject of a FOS determination against IBAL. (b) No. (c) No. (d) No.	Remediation FOS found in favour of the applicant as IBAL did not give genuine consideration to the hardship request. Enforcement costs, default interest and fees refunded and non-financial loss of \$8,154.78 paid to the customer. Prevention of Recurrence Notification to the relevant departments involved.

24.	6/2011	No disclosure of indicative interest rates in term deposit pre-maturity letters	C	(a) Yes - Subject to ASIC review. (b) No. (c) No. (d) No.	Remediation ASIC recommended to disclose indicative interest rates in pre-maturity letter and to include a grace period of at least 5 days after the term deposit has rolled over to allow the customer to advise of alternative instructions without penalty. All actions were addressed. Prevention of Recurrence The indicative interest rates and the grace period were included.
25.	2/2012	Decline of financial hardship A customer was in a car accident and as a result suffered reduced income and applied for financial hardship. IBAL declined the application. A subsequent application was submitted and was also declined as the Statement of Financial Position indicated the customer had a surplus in income. IBAL subsequently entered into a payment arrangement with the customer.	C	(a) No. However, this was the subject of a FOS determination against IBAL. (b) No. (c) No. (d) No.	Remediation FOS found in favour of the applicant as the declared income in the application was inflated and IBAL and the broker should have identified the incorrect income stated at assessment. The customer was awarded \$8,789.77 after the property was sold. Prevention of Recurrence Notification to the relevant departments involved.
26.	2/2012	Remediation of historical break costs Some fixed rate loans had an incorrect match rate applied which could positively or negatively impact the customer depending on the difference in rate at the day the fixed term was broken. The customer impact of incorrect match rates was only realised if the fixed rate term was broken.	M & C	(a) No. (b) No. (c) No. (d) No.	Remediation All affected loans were corrected and the impacted customers remediated. Prevention of Recurrence The match rates in the system were corrected.

27.	7/2012	<p>Loan approval issue A customer alleged there was incorrect information recorded in the loan application which he did not complete and the loan should never have been granted. Granting of the loan did not amount to maladministration in lending due to the true position of the applicant at the time the loan was granted.</p>	C	<p>(a) No. However, this was the subject of a FOS determination against IBAL.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation FOS found in favour of the applicant and awarded \$100 for accrued interest on incorrectly charged legal fees and \$2,000 for nonfinancial loss.</p> <p>Prevention of Recurrence Notification to the relevant departments involved.</p>
28.	8/2012	<p>Loan approval issue A customer alleged that the loan should never have been granted and alleged information within her application had been forged.</p>	M & C	<p>(a) No. However, this was the subject of a FOS determination against IBAL.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation FOS found in favour of the applicant as IBAL exceeded the requirement cash-out component of a loan above 70% as required by our credit policy. The customer was awarded \$48,774.24.</p> <p>Prevention of Recurrence Notification to the relevant departments involved.</p>
29.	8/2012	<p>Declined ATM and EFTPOS transactions Due to an outage for 91 minutes between 5.57pm and 7.28pm IBAL was unable to provide card management and card authorisation services for IBAL cardholders and 7,141 transactions were declined. The outage occurred when disks containing a key database were accidentally detached from the production system due to human error.</p>	C	<p>(a) No.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation The application that caused the outage was redesigned to add more checks to the process</p> <p>Prevention of Recurrence System Operation training conducted and cross checking of all critical tasks.</p>

30.	11/2012	<p>Unclaimed monies processing error Unclaimed money that had already been in customer's Savings Maximiser accounts for 7 years without transactions was held in the general ledger unclaimed monies account for an additional 7 years rather than being sent to ASIC.</p>	M	<p>(a) No. However, breach was reported to ASIC on 5 December 2012.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation ASIC was notified and unclaimed monies sent.</p> <p>Prevention of Recurrence The process was updated and the relevant departments trained on the correct process.</p>
31.	12/2012	<p>Incorrect interest paid on initial cheque deposit of savings accounts When customers activated their savings account via an initial cheque deposit, the customer did not earn bonus interest for the period of approximately 3-5 days. Regular interest accrued correctly during this time.</p>	M	<p>(a) No.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation All affected customers were remediated.</p> <p>Prevention of Recurrence The system code was updated.</p>
32.	1/2013	<p>Loan approval issue Approval of a loan at 100% Loan Value Ratio which the borrower claimed was not affordable at the time of application.</p>	M & C	<p>(a) No. However, this was the subject of a FOS determination against IBAL.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation FOS found in favour of the applicant and IBAL compensated the applicant \$22,903.45 for repayments made to the loan, costs incurred by the customer for purchase and ownership expenses. The customer was required to surrender the property. FOS found IBAL had participated in maladministration in lending as the loan term was not appropriate for the customer's age at the time of application and a lesser loan term was unaffordable.</p> <p>Prevention of Recurrence Notification to the relevant departments involved.</p>

33.	1/2013	<p>Inappropriate employee conduct Three employees exercised poor judgement in relation to alcohol consumption during certain client functions during working hours and visiting an inappropriate venue with customers.</p>	M & C	<p>(a) No. (b) No. (c) No. (d) No.</p>	<p>Remediation After an investigation by ING Head Office it was found that the behaviour was inappropriate and had put the reputation of ING at risk. Formal warnings were given to the staff involved.</p> <p>Prevention of Recurrence Copies of the Orange Code and relevant policies were provided to the staff involved. In addition, clear expectations were set in relation to the behaviour expected.</p>
34.	2/2013	<p>Decline of financial hardship request Decline of the customer's application to increase their loan to consolidate other debts. The customer sold the property and incurred break costs to reduce the debt. IBAL fairly declined the increase application however, IBAL did not meet its financial difficulty obligation as collections activity was continued while a hardship arrangement was in place.</p>	M & C	<p>(a) No. However, this was the subject of a FOS determination against IBAL. (b) No. (c) No. (d) No.</p>	<p>Remediation FOS found in favour of the applicant and ordered IBAL to refund \$60 and compensate \$250 to the customer.</p> <p>Prevention of Recurrence Notification to the relevant departments involved.</p>
35.	3/2013	<p>Financial hardship issues Financial difficulty due to delay in sale of overseas shares. A Statement of Claim was filed the day the funds were paid to clear the arrears incurring substantial legal costs.</p>	C	<p>(a) No. However, this was the subject of a FOS determination against IBAL. (b) No. (c) No. (d) No.</p>	<p>Remediation FOS found in favour of the applicant and to reduce the loan principal by \$408.87, pay \$500 non-financial loss to the loan and capitalise the arrears.</p> <p>Prevention of Recurrence Notification to the relevant departments involved.</p>

36.	3/2013	<p>Loan term setup in system exceeds loan agreement term The procedure for express increases was not followed correctly which resulted in some accounts over a 2 year period that extended past the term of the loan agreement.</p>	M & C	<p>(a) No. (b) No. (c) No. (d) No.</p>	<p>Remediation All affected customers were contacted to discuss the new maturity date/repayment arrangements and confirmation was sent.</p> <p>Prevention of Recurrence Processes were updated.</p>
37.	4/2013	<p>Decline of financial hardship request Hardship request declined due to serviceability concerns and over commitment. Legal proceedings were commenced.</p>	M & C	<p>(a) No. However, this was the subject of a FOS determination against IBAL. (b) No. (c) No. (d) No.</p>	<p>Remediation FOS found in favour of the applicant as legal proceedings were incorrectly initiated following the hardship application and awarded a refund of legal costs and non-financial loss, totalling \$5,161.31.</p> <p>Prevention of Recurrence Notification to the relevant departments involved.</p>
38.	4/2013	<p>Financial hardship issues The customer requested hardship assistance due to cash flow issues with his self-employed business. The property was for investment purposes and was declined on the basis of long term servicing concerns.</p>	M & C	<p>(a) No. However, this was the subject of a FOS determination against IBAL. (b) No. (c) No. (d) No.</p>	<p>Remediation FOS found in favour of the applicant as IBAL met its financial difficulty obligation in July 2013 but did not meet its obligation in February 2013. Enforcement expenses of \$4,661.31 plus interest were refunded to the customer. The customer was required to maintain repayments in full.</p> <p>Prevention of Recurrence Notification to the relevant departments involved.</p>

39.	4/2013	Living Super calculators and incentives issues ASIC raised concerns about the Living Super product fees calculator as the interest rate assumptions were not investment option specific (rather one interest rate used for all customers) and various issues around disclosure and disclaimers for insurance and investment risk calculators. ASIC concerns raised around offering \$50 for opening a super account.	M	(a) No. However, breach was reported to ASIC on 24 June 2013. (b) No. (c) No. (d) No.	Remediation The affected calculators were remediated or their use discontinued. Prevention of Recurrence Process updated to reflect correct signoff on calculators and incentives.
40.	10/2013	Loan remained in interest only after the term expired 43 interest only loan accounts failed to switch to principal and interest repayments after the expiry date of the interest only loan term.	M & C	(a) No. (b) No. (c) No. (d) No.	Remediation A serviceability review was conducted on all affected customer accounts and affected customers were contacted to discuss solutions. Confirmation was sent as per the agreed action with the customers. Prevention of Recurrence The interest only term extension procedure was revised.
41.	12/2013	Erroneous duplicate Orange Advantage annual fee issue Some customers with multiple Orange Advantage accounts were incorrectly being charged the annual fee for each Orange Advantage account.	C	(a) No. (b) No. (c) No. (d) No.	Remediation All affected customers remediated. Prevention of Recurrence Identified impacted processes were updated to prevent the fee being incorrectly charged in future.

42.	1/2014	<p>Communication on savings product interest rate A customer lodged a dispute against IBAL with FOS in relation to IBAL not meeting their obligation to inform the customer about interest rate changes, including advertisements in <i>The Australian</i> newspaper.</p>	C	<p>(a) No. However, this was the subject of a FOS determination against IBAL.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation FOS dispute with customer resolved by offering an amount of funds to compensate for their poor customer service experience and notification of interest rates placed in another national newspaper (i.e. <i>The Australian Financial Review</i>) rather than commencing in <i>The Australian</i> newspaper.</p> <p>Prevention of Recurrence Procedures, process maps and checklists updated to include requirement to advertise reduction in savings interest rates in a national newspaper.</p>
43.	3/2014	<p>Unauthorised transactions A customer's card was captured by an ATM after the PIN was entered incorrectly 3 times. At a later date the card was used to complete unauthorised transactions which were declined as the customer delayed reporting the card as being out of his possession.</p>	M & C	<p>(a) No. However, this was the subject of a FOS determination against IBAL.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation FOS found in favour of the applicant as it was reasonable for the customer to expect the card to be secure once captured by an ATM and the customer was reimbursed the transactions and interest of \$4,981.14.</p> <p>Prevention of Recurrence Notification to the relevant departments involved.</p>
44.	3/2014	<p>Misleading product/service information Advance of loan comprised maladministration in lending because IBAL failed to make enquires about the applicant's stated self-employment.</p>	M & C	<p>(a) No. However, this was the subject of a FOS determination against IBAL.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation FOS found in favour of the applicant.</p> <p>Prevention of Recurrence Notification to the relevant departments involved.</p>

45.	9/2014	IBAL advertising - ATMs ASIC concerned that the TV advertising may have been in breach of section 12DA of the ASIC Act. Explanation was provided to ASIC that all ATM fees are eligible for a rebate, including balance enquiries.	C	(a) No. However, this was the subject of an ASIC query. (b) No. (c) No. (d) No.	Remediation ASIC was concerned that the TV advertising may be in breach of section 12DA of the ASIC Act. Explanation provided to ASIC that all the ATM fees are eligible for a rebate, including balance enquiries and that the Orange Everyday terms and conditions were updated to remove the ATM fee rebate exclusion on balance enquiries. ASIC confirmed that they were satisfied with the response and proposed approach for updating the terms and conditions. Prevention of Recurrence Notification to the relevant departments involved.
46.	9/2014	Duplicate Transactions Multiple events resulted in duplicate ATM transactions, an information technology file was inadvertently run twice which led to the transactions contained on that file being duplicated on accounts and direct debits were processed twice which resulted in transactions being duplicated.	C	(a) No. (b) No. (c) No. (d) No.	Remediation All customers were remediated and the system code updated. Prevention of Recurrence System code was updated so that transactions are not duplicated.
47.	10/2014	Interpretation of product terms and conditions Customer was approved for a loan and based on discussions with IBAL at the time, intended to renovate property. They later submitted a variation application for an increase to demolish and rebuild property but was not approved for the amount required.	M & C	(a) No. However, this was the subject of a FOS determination against IBAL. (b) No. (c) No. (d) No.	Remediation FOS found in favour of the applicant as the customer was misled at the time of original application that they would be approved for the amount required to complete either a renovation or knock down rebuild and awarded a refund of all costs associated with establishing and closing the loan and refinancing, totalling \$26,459.17. Prevention of Recurrence Notification to the relevant departments involved.

48.	1/2015	<p>Accommodation of transgender customers on systems Systems did not accommodate for transgender customers wanting to be acknowledged as neither Mr nor Mrs nor male/female.</p>	C	<p>(a) No. However, this was the subject of a FOS determination against IBAL.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation FOS found in favour of the applicant and a workaround was completed to accommodate the customer's request.</p> <p>Prevention of Recurrence A request to enhance the system was raised.</p>
49.	3/2015	<p>ASIC Interest Only Home Loan Review As part of their review, ASIC identified that it appeared that IBAL only used a Household Expenditure Measure benchmark as a proxy for expenses rather than making enquiries about the borrowers' living expenses when assessing the suitability of the loan and was concerned that IBAL was not complying with its obligation to carry out reasonable enquiries into a borrower's financial situation.</p>	M	<p>(a) No. However, this was the subject of an ASIC query.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation</p> <ul style="list-style-type: none"> Internal review process undertaken on loans settled between 2011-2015 to identify loans in arrears or hardship within 12 months of funding date. Assessment undertaken with regard to responsible lending/suitability/living expenses and 6 files referred to General Counsel who determined no further remediation required. Problem Loan Management policy updated to include new processes regarding responsible lending review where early delinquency has occurred. <p>Prevention of Recurrence Process updated.</p>
50.	4/2015	<p>Card duplication processing error Due to an error in a system upgrade customers that performed a transaction using their Visa Debit Card or Visa Credit Card had the transaction duplicated. Approximately 9,995 transactions were duplicated across approximately 6,874 cardholders.</p>	C	<p>(a) No.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation All customers were remediated and the system code updated.</p> <p>Prevention of Recurrence System code updated so that transactions are not duplicated.</p>

51.	5/2015	<p>Inappropriate repair works IBAL took possession of customer's property (as a mortgagee in possession) and undertook repair work that was not recommended by the valuer or property manager.</p>	M & C	<p>(a) No. However, this was the subject of a FOS determination against IBAL.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation FOS found in favour of the applicant as the cost spent on work did not result in a relative increase in the sale price of property. The customer was awarded reimbursement for part of repair costs totalling \$15,708.37.</p> <p>Prevention of Recurrence Notification to the relevant departments involved.</p>
52.	7/2015	<p>Failure to follow instructions/agreement Customer submitted an application to switch to a fixed rate loan and requested a telephone call prior to processing to confirm the fixed rate applicable. No telephone call was made and the customer claimed she would not have agreed to the switch had she known the rate. Although the requested call was not made, customer was informed of the fixed rate applied to the account at a later date and prior to the dispute being lodged. The customer was satisfied with the rate when informed.</p>	M & C	<p>(a) No. However, this was the subject of a FOS determination against IBAL.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation FOS found in favour of the applicant and \$300 compensation was awarded.</p> <p>Prevention of Recurrence Notification to the relevant departments involved.</p>

53.	8/2015	<p>Unauthorised transactions Disputed ATM transactions. IBAL declined as large deposit prior to withdrawals and ATM location close to place of residence for customer. During negotiation FOS suggested IBAL did not evidence to suggest the customer had authorised the transactions.</p>	M & C	<p>(a) No. However, this was the subject of a FOS determination against IBAL.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation FOS found in favour of the applicant and IBAL offered to reimburse \$4790 which was accepted by the customer.</p> <p>Prevention of Recurrence Notification to the relevant departments involved.</p>
54.	8/2015	<p>Delay in settlement Delay in refinance settlement caused client to incur penalties. IBAL was partially liable for the delay.</p>	C	<p>(a) No. However, this was the subject of a FOS determination against IBAL.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation FOS found in favour of the applicant for full penalties incurred as no evidence of timely correspondence. The penalties were refunded to the customer.</p> <p>Prevention of Recurrence Notification to the relevant departments involved.</p>
55.	11/2015	<p>Loan approval issue Customer claimed maladministration due to lack of serviceability on funding of mortgage.</p>	M & C	<p>(a) No. However, this was the subject of a FOS determination against IBAL.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation FOS found in favour of the applicant for \$145,500 as loan was not considered to be prudent lending and due diligence was not completed on income and all debt was not included in assessment.</p> <p>Prevention of Recurrence Notification to the relevant departments involved.</p>

56.	11/2015	Investor loan data migration error Errors when migrating investor loan accounts to new investor loan products. The offset interest was accruing incorrectly, the direct debit payments did not increase to cover the increased minimum loan repayment and the Orange Advantage anniversary date was incorrectly updated which impacted on when the annual fee was charged.	C	(a) No. (b) No. (c) No. (d) No.	Remediation All customers were remediated so that the correct offset interest was applied, direct debit payments updated and anniversary dates corrected. Prevention of Recurrence Reiterated that engagement of all relevant departments and better communication is required for system changes.
57.	4/2016	Living Super - Alignment policy in respect of matching the interest rates paid by IBAL and the agreed disclosure when advertised as low or no fee Interest rates paid to Living Super members may have been different to the interest rates paid by IBAL to its direct banking customers.	C	(a) No. However, breach was reported to ASIC on 1 September 2016. (b) No. (c) No. (d) No.	Remediation The difference between the interest rate that applied to the Living Super cash option and the interest rate that applied to the Savings Maximiser plus additional variable rate was paid to members invested in the Living Super cash option, balanced option and growth option. Prevention of Recurrence Decisions made by the investment committee and marketing include confirmation that the decisions are in line with regulatory agreements and policies.
58.	6/2016	Incorrect comparison rates shown on visitor and client site for nine hours	M	(a) No. (b) No. (c) No. (d) No.	Remediation All rates were corrected. Checklist developed for structural changes to interest rates to confirm all parties are communicated to. Visitor site landing page added to rate pack checklist. Prevention of Recurrence Procedures reinforced with relevant staff members.

59.	6/2016	Mortgage operating authority was incorrect on system Impacted approximately 423 accounts (showing 'Any' to operate when customers requested 'All' to operate) when accessing an older version of client online banking.	C	(a) No. (b) No. (c) No. (d) No.	Remediation All affected customers were contacted to confirm the operating authority and the system was updated to reflect the correct authority. Prevention of Recurrence The configuration rules in relation to authority were corrected.
60.	7/2016	Incorrect Savings Maximiser Rates showing on the Website	M	(a) No. (b) No. (c) No. (d) No.	Remediation All rates corrected and the rate change pack updated to include extra checks for future changes. Prevention of Recurrence A review was conducted to ensure all interest rates are correct.
61.	10/2016	Unauthorised transactions A customer raised a dispute for unauthorised transactions which exceeded 120 days. IBAL declined to reimburse the customer as the terms and conditions required customers to review statements and report disputed transactions within a timely manner.	M & C	(a) No. However, this was the subject of a FOS determination against IBAL. (b) No. (c) No. (d) No.	Remediation FOS found in favour of the applicant. IBAL was held liable to reimburse the customer under the ePayments Code as there was no time limitation, the customer was not required to review their statements by law and the customer had not contributed to the loss. The customer was reimbursed \$800.38 by IBAL. Prevention of Recurrence Notification to the relevant departments involved.
62.	11/2016	Orange Everyday ATM rebate issue On the first day of the month for the first 12-15 hours in some instances the ATM fee was not being rebated immediately.	C	(a) No. (b) No. (c) No. (d) No.	Remediation All customers were remediated and the system code updated to prevent the issue recurring. Prevention of Recurrence Transactions were monitored after the system code was corrected to ensure no repeat instances.

63.	1/2017	<p>Liability for mortgage disputed</p> <p>Customer on title had only been allocated 1% benefit to the asset which was not in line with internal requirements that each customer, if liable for the loan should receive at least 30% benefit.</p>	C	<p>(a) No. However, this was the subject of a FOS determination against IBAL.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation</p> <p>FOS found in favour of the applicant and found that the customer was not liable for the majority of the loan although was liable for the residual amount. The customer cannot be discharged from the loan without completing a full credit assessment which all parties are required to consent to however we have not been able to contact the customer.</p> <p>Prevention of Recurrence</p> <p>Notification to the relevant departments involved.</p>
64.	1/2017	<p>Unauthorised transactions</p> <p>Customer raised transaction disputes for unauthorised transactions on a replacement Visa Debit Card. A third party passed validation through the contact centre allowing him to activate the card and complete transactions on the account. IBAL declined to reimburse the transactions due to the transactions being consistent with the customer's travel plans and transaction behaviour.</p>	M & C	<p>(a) No. However, this was the subject of a FOS determination against IBAL.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation</p> <p>FOS found in favour of the applicant as IBAL did not adequately identify the third party and awarded a refund of all transactions totalling \$6,141.16.</p> <p>Prevention of Recurrence</p> <p>Notification to the relevant departments involved.</p>
65.	2/2017	<p>Orange Advantage – duplicate annual fee erroneously charged</p> <p>A segment of customers who held multiple Orange Advantage accounts were charged duplicate annual fees.</p>	M & C	<p>(a) No. However, breach was reported to ASIC on 17 February 2017.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation</p> <p>All customers were remediated and fee waivers applied to all impacted accounts.</p> <p>Prevention of Recurrence</p> <p>Reporting was implemented to identify any customers with multiple Orange Advantage accounts without a fee waiver.</p>

66.	2/2017	<p>Inadvertent failure to follow instructions</p> <p>Customer submitted an application to switch to a fixed rate loan with an interest only term. The interest only term was declined and the fixed rate portion of the application was not processed.</p>	C	<p>(a) No. However, this was the subject of a FOS determination against IBAL.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation</p> <p>FOS found in favour of the applicant. The loan was switched to fixed rate loan and the interest reduced by \$1,458.77 to account for the difference in the fixed and variable interest rates. Compensation of \$750 was awarded by FOS.</p> <p>Prevention of Recurrence</p> <p>Notification to the relevant departments involved.</p>
67.	3/2017	<p>Mortgages in excess of the interest only term</p> <p>Mortgages were over their interest only term due to a system error. The interest only term restarted from the date when the loan was switched from a variable interest rate to fixed interest rate during the interest only period.</p>	M & C	<p>(a) No.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation</p> <p>All customers were remediated and the system code updated.</p> <p>Prevention of Recurrence</p> <p>Loans were monitored to ensure that the system code was operating as intended.</p>
68.	3/2017	<p>Decline of financial hardship request</p> <p>Hardship was declined as co-borrower did not consent to varying the loan. The customer was also unsatisfied with IBAL's process to assess shortfall in sale of property and alleged non-adherence to the debt collection guidelines.</p>	M & C	<p>(a) No. However, this was the subject of a FOS determination against IBAL.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation</p> <p>FOS found in favour of the applicant and awarded \$16,351.33 which was paid to the customer.</p> <p>Prevention of Recurrence</p> <p>Notification to the relevant departments involved.</p>

69.	4/2017	<p>Offset interest when switching to another mortgage type</p> <p>When customers switched from Orange Advantage to another product mid-month the offset benefit was not received for the period of the month they had the offset.</p>	M & C	<p>(a) No.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation</p> <p>All customers were remediated and the system code updated.</p> <p>Prevention of Recurrence</p> <p>The process has been automated to remove reliance on manual processes.</p>
70.	5/2017	<p>Savings Maximiser accounts not receiving bonus interest</p> <p>During the period of October 2014 to August 2017 some customers were not paid the correct proportion of bonus variable interest rate.</p>	M & C	<p>(a) No. However, breach was reported to ASIC on 8 June 2017.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation</p> <p>All customers were remediated and system code updated. The methodology was reviewed by an independent expert prior to implementing.</p> <p>Prevention of Recurrence</p> <p>The process was automated to remove reliance on manual processes.</p>
71.	5/2017	<p>Service provider staff fraud</p> <p>Over a period of time, the employee transferred funds from the mortgage stamp duty trust account into numerous personal bank accounts held by that employee.</p>	M & C	<p>(a) No.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation</p> <p>All customers were remediated. The employee was terminated by the service provider and a police report lodged.</p> <p>Prevention of Recurrence</p> <p>The processes were updated to prevent this from recurring.</p>
72.	6/2017	<p>Orange Advantage product comparison rate incorrect</p> <p>From 12am 23 June 2017 to approximately 7pm 28 June 2017 the comparison rate for Orange Advantage was being displayed incorrectly. The actual comparison rate was higher than the advertised comparison rate.</p>	M	<p>(a) No.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation</p> <p>Comparison rates corrected across all instances on 28/06/17. Four customers received an email with the incorrect rate and were contacted to clarify the actual comparison rate. All third party sites were notified of the correct rates.</p> <p>Prevention of Recurrence</p> <p>Update of process and notification to all departments involved.</p>

73.	7/2017	<p>Banking Code direct debit cancellations The wording on IBAL's website regarding cancellation of direct debits was not compliant with Banking Code requirements and incorrect information given by contact centre agent on the cancellation of direct debit processes.</p>	M	<p>(a) No However, subject of a Code Compliance Monitoring Committee review.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No</p>	<p>Remediation Feedback and training has been provided to the contact centre agent. Disclosure on website has been updated.</p> <p>Prevention of Recurrence Review of the process and training was undertaken and notified to all departments involved.</p>
74.	8/2017	<p>Duplicate transaction processing IBAL card transactions processed at Woolworths supermarkets (78,782 transactions - approximately \$3m in value) were duplicated from March 2017. The event was due to an oversight by the card switching provider.</p>	M & C	<p>(a) No.</p> <p>(b) No.</p> <p>(c) No.</p> <p>(d) No.</p>	<p>Remediation The reversals were processed on 8 August 2017 and customer accounts remediated.</p> <p>Prevention of Recurrence The card switching provider implemented the following actions:</p> <ul style="list-style-type: none"> • Visa file editing updated and processing services failover run sheet included checks on all inbound and outbound directories before turning on services. • Enhance change control measures for testing and development including assurance sign-off. To include scenario testing and training. • Review file validation processes for all outgoing payment files. • Reviewed and implemented findings to monitor all inbound and outbound directories for aged files. • Undertook review of escalation and communications process to all external parties in an Incident Management scenario.

75.	11/2017	Breach of customer confidentiality An employee sent a snapchat of customer information.	M & C	(a) No. (b) No. (c) No. (d) No.	Remediation An investigation into the matter concluded that whilst the employee had a valid reason for accessing the customer account it was a breach of privacy to share the customer information and that the employee should be terminated. A meeting was held with the employee and they tendered their resignation. Prevention of Recurrence Procedures and training include the importance of the privacy of customer information.
76.	12/2017	Interest only loans Due to the failure of manual processes associated with loan variation processing, IBAL has identified six separate events, dating back to 2006, where mortgage repayments did not revert to principal and interest repayments on expiry of the interest only period.	M & C	(a) Yes - Subject of ASIC's ongoing interest only loan review. (b) No. (c) No. (d) No.	Remediation Further remediation on the accounts previously remediated to ensure the customer remains in the same position they should have been in, if the loan had switched to principal and interest repayments at the expiry of the interest only period. Monthly status updates provided to ASIC commencing January 2018. Prevention of Recurrence In progress. An external expert is being engaged to review the process.
77.	In the period	Erroneous mailing of customer correspondence From time to time, there have been occasions where we have not met obligations owed to our customers, in respect of mailing paper correspondence, which in some circumstances may constitute a breach of the Banking Code.	M	(a) No. (b) No. (c) No. (d) No.	Remediation The non-compliance has occurred because we had sent correspondence to the customer's old contact details instead of updated contact details which they have provided to us or due to administrative oversight as a result of manual processing. Prevention of Recurrence Our general practice is to contact the customer and notify them of the error. To prevent future occurrence of these incidents, we have taken a number of steps including updating our system records and ensuring that statements are sent to customer's correct address, increasing our automated electronic correspondence processes, and providing privacy training to our staff.

78.	In the period	Incorrect Interest rate disclosures	M	(a) No. (b) No. (c) No. (d) No.	<p>Remediation Our general practice where these incidents had occurred has been to honour the rate which was incorrectly published. We have identified that the cause of these incidents was process error.</p> <p>Prevention of Recurrence Interest rate processes were updated.</p>
-----	---------------	--	---	--	---

Question 4

- (a) IBAL is the Promoter, Sub-Administrator and Investment Manager of the ING Superannuation Fund (**Fund**). The trustee of the Fund is Diversa Trustees Limited (**Trustee**). The Fund issues one superannuation product – ING Living Super. The Fund is constituted by a trust deed on 13 June 2012 (as amended). The Trustee deducts various fees from members' accounts in accordance with the PDS, as well as insurance premiums and taxes. The specific fees charged by the Trustee are as follows:

Type of Fee	How and when paid
Investment Fee	Calculated daily and factored into the unit price for the managed investments (excluding the cash option).
Administration Fee	Calculated daily and deducted on the last day of the month or when the account is closed.
Buy-Sell spread	Deducted from the unit price when buying or selling managed investments (excluding the cash option).
Brokerage	Deducted at the time of the share trade and forms part of the settlement amount.
Indirect cost ratio	Deducted from the investment returns of the underlying managed investments.
Premium Market Research	This is a service fee that is deducted from members accounts on a monthly basis where the member elects to subscribe to receive direct shares market research.
Family Law information fee	Member can elect to pay from member account or by cheque.
Family Law Split fee	Split between member and non-member spouse at the time of processing the split.
Member advice fee	This is a fee agreed between a member and their financial adviser for provision of personal financial advice. The Trustee deducts this fee on the direction of the member and pays it to the member's financial adviser.

The Trustee pays the investment and administration fees to IBAL in consideration for IBAL taking on the responsibility for payment of all of the costs associated with the running of the Fund (other than brokerage, taxes and insurance premiums, which are each deducted from the Fund and paid directly by the Trustee). Accordingly, from its fee IBAL pays all administration and investment management expenses, audit fees, asset consultant fees, and also pays remuneration to the Trustee in consideration for the role it undertakes as a trustee-for-hire. The directors of the Trustee do not receive any remuneration directly from the Fund or IBAL. Remuneration of the Trustee Directors and Trustee Executive Officers is disclosed on a proportional basis based on the trustee fees received from each fund.

Other than the margin that IBAL retains from the fees paid to it, it considers that all other amounts are applied in the investment or administration of the Fund.

- (b) IBAL operates as an outsource provider to the Trustee and is paid its fees in consideration for it taking on the responsibility for payment of all of the costs associated with the running of the Fund (other than brokerage, taxes and insurance premiums, which each are deducted from the Fund and paid by the Trustee). We consider that this arrangement is in the best interests of the members because it provides members of the Fund with access to a comprehensive superannuation offering that is able to be provided at a competitive price due to the efficiencies of having IBAL act as a coordinator in its role as Promoter, Sub-Administrator and Investment Manager of the Fund.

- (c) As mentioned above, all administration expenses are paid by IBAL rather than the Trustee. The cost centres utilised by IBAL are as follows:
- Direct product expenses
 - Marketing
 - Distribution
 - Call centre
 - Back office
 - Information technology
 - Project costs
 - Support functions
 - Other transaction costs