

THE FINANCIAL COUNSELLOR'S TOOLKIT

# Account suitability



FINANCIAL  
OMBUDSMAN  
SERVICE

## What can go wrong?

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Some accounts charge higher fees or have conditions that are not suitable if you are on a low income or Centrelink benefit.

The Code of Banking Practice says:

*“if you tell us that you are a low income earner or a disadvantaged person... we will provide you with details of accounts which may be suitable to your needs. We will also do this if you ask for this information or if, in the course of dealing personally with you, we become aware that you are in receipt of Centrelink or like benefits”.*

## What is FOS’s approach?

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If a bank finds out that a customer is on Centrelink benefits, is a low income earner or is particularly disadvantaged, it should make sure the person’s account is suitable for them.

A suitable account may be one with low fees, or one that allows frequent ATM and EFTPOS transactions without charge, or one that does not require a minimum balance.

A bank may become aware that a customer is a Centrelink recipient if:

- in the process of assisting an account holder, over the counter or over the phone, the bank reviews the statements of the account into which the Centrelink payments are deposited, or
- the customer contacts the bank to ask whether their Centrelink payment has been credited to their account.



## How can I help my client?

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Individuals who are on Centrelink benefits, have a low income or are disadvantaged should ask their bank to review their account to ensure it is the most suitable. If the bank has a more suitable account, it should give your client the details of the account and help them transfer their money into it (if they choose to).

If you believe a bank should have changed a client's account earlier and that the person is worse off financially because it didn't, you should complain to the bank. To find the bank's complaint contact details, go to [www.fos.org.au/members](http://www.fos.org.au/members) or call us.

Explain when and why the bank should have reviewed your client's account. Tell them, for example, that your client visited a branch once a month asking about their Centrelink payments and that they should have been on notice at that time.

The bank should consider adjusting your client's account to reflect the benefit they would have received if the bank had advised them earlier of the more suitable account.

If you are not happy with the response or you don't get a response, then you should lodge a dispute with FOS. You can lodge a dispute on our website or by calling 1300 78 08 08.

### CHECKLIST

#### Before contacting FOS

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We recommend that you or your client collect the following information before lodging a dispute with FOS:

- information about when the bank was told or should have realised that your client was on Centrelink benefits or a low income or was disadvantaged
- information (if you have it) about which account you think would have been more suitable.

## Case study

Adam had been employed and receiving a regular wage until two years ago, when he lost his job. Six months after being on Centrelink benefits, he went into his bank branch to check with the teller whether his payment had been made.

Adam approached FOS after receiving his six-monthly account statement. He complained that he had been charged an account-keeping fee of \$5 a month on top of EFTPOS transaction fees. Previously he had not been charged an account-keeping fee and he thought this was an error.

A review of his account indicated the fee was correct but that it had not been charged when he was employed, because his wages were being paid into the account and the fee was not charged when deposits of \$2,000 or more were made in a month.

FOS asked the bank to review Adam's account and advise whether there was a more suitable account for him, given that he would not, in the short term, be making monthly deposits above the amount required to have the account-keeping fee waived. The bank responded that it could transfer Adam's money to an account with a lower monthly fee and it would refund the difference Adam had been charged since he had asked the branch to check whether his Centrelink payment had been made.

FOS considered this an appropriate resolution, as it appeared that the bank was aware from dealing with Adam personally that he was on Centrelink benefits. The bank should have reviewed the suitability of Adam's account at that time.



### Contact us

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