



ASIC
Australian Securities &
Investments Commission

CEU interim compliance report by ASIC

ASIC's interim report dated **21 May 2019** on compliance with the s322 National Credit Act court enforceable undertaking (CEU) given by **Best Buy Auto Finance Pty Ltd** (previously **Inhouse Finance Group (Sydney) Pty Ltd**) (ACN 138 529 183) (**BBAF**).

Terms used in this report have the same meaning as in the CEU dated 17 February 2017.

Undertakings	Report on compliance
<p>Independent overview of remediation program</p> <p>CEU paragraphs 3.7-3.10</p>	<ol style="list-style-type: none">1. On 14 January 2019, BBAF notified ASIC that it had completed the remediation program. Due to several events (refer below), however, this was completed significantly after the Remediation Period in the CEU.2. On 21 August 2017, BBAF sought an extension until 15 December 2017 to complete its remediation to affected consumers and consequently, an extension until 30 January 2018 for the Remediation Consultant (Kelly+Partners) to submit the Remediation Report.3. Based on BBAF's advice that it had encountered cashflow difficulties – primarily because it had not entered into any credit contracts since about March 2016 – ASIC agreed to both extensions on 29 August 2017.4. Due to delays (some relating to unforeseen events) in BBAF providing relevant information to the Remediation Consultant to carry out its review, and ASIC subsequently seeking a full review of all remediation paid to affected consumers, the Remediation Report was submitted to ASIC on 28 May 2018.5. Due to discrepancies identified by ASIC in the Remediation Report, ASIC requested the Remediation Consultant to undertake additional inquiries.6. On 2 August 2018, the Remediation Consultant submitted an updated Remediation Report to ASIC. The Remediation Consultant identified errors in how BBAF had calculated refunds to affected consumers, resulting in some consumers still being owed refunds,

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	<p>some consumers being overpaid, and other consumers being paid amounts to which they were not entitled under the CEU.</p> <p>7. On 22 August 2018, following a request from BBAF for additional time to pay the pay the outstanding amounts owed to consumers, ASIC agreed to allow BBAF until 14 October 2018 to pay these amounts.</p> <p>8. Despite the additional time allowed by ASIC, due to cashflow problems BBAF did not complete the remediation program until 14 January 2019.</p> <p>9. On 20 February 2019, the Remediation Consultant reported to ASIC that:</p> <ul style="list-style-type: none"> a. the total dollar value of Refund Amounts paid to consumers was \$198,321.08; b. the total dollar value of Refund Amounts which could not be paid to consumers was \$43,785.02; c. the total dollar value of amounts erroneously paid to consumers – that is, amounts paid above the Refund Amount owed to each affected consumer, and to consumers for which a Refund Amount was not payable – was \$50,970.58.
<p>External compliance consultant</p> <p>CEU paragraphs 3.15 and 3.17-3.22</p>	<p>10. On 18 September 2017, the Compliance Consultant (QED Risk Services) submitted to ASIC the First Compliance Report covering the six-month period from the Commencement Date. The Compliance Consultant advised that BBAF had not entered into any credit contracts since about March 2016 and consequently, its review was not able to consider some of the requirements at paragraph 3.17 of the CEU. The Compliance Consultant assessed the adequacy of BBAF’s compliance framework and made key findings relating to areas of improvement, including: documentation of internal procedures and processes (1), Responsible Manager and staff training and continuing professional development (2), cash flow forecasting (1), risk management framework compliance testing (1), and deficiencies in default practices (2).</p> <p>11. Based on the Compliance Consultant’s findings in the First Compliance Report, ASIC requested that the Compliance</p>

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	<p>Consultant undertake additional work in respect of BBAF's practices relating to consumers in default when undertaking its review to prepare the Second Compliance Report.</p> <p>12. On 9 October 2017, BBAF submitted to ASIC a Certification Report certifying that it had implemented two, and intended to implement the remaining five recommendations in the First Compliance Report by 31 October 2017.</p> <p>13. On 18 April 2018, the Compliance Consultant submitted to ASIC the Second Compliance Report covering the six-month period commencing after the period of the First Compliance Report. The Compliance Consultant assessed the adequacy of BBAF's compliance framework and made two key findings relating to areas of improvement, including: documentation of internal procedures and processes, and risk management framework compliance testing. In relation to BBAF's default practices, the Compliance Consultant found BBAF had made appropriate improvements to its practices to ensure default notices were being provided to consumers within the statutory timeframe.</p> <p>14. On 31 May 2018, BBAF submitted to ASIC a Certification Report certifying that it accepted and intended to implement both recommendations in the Second Compliance Report by 30 September 2018.</p>