

# Suzanne Edmonds

## fighting the good advice fight

**Consumer champion Suzanne Edmonds is back in the ring with a new group aimed at exposing shonky financial advisers. She tells David Chaplin why the EUFA is punching above its weight.**

**S**uzanne Edmonds counts the day that Henry Block wrote out a check for \$1.3 million as “one of the happiest in my life”.

Against considerable odds, Edmonds, a battler for the nascent Age Concern network in Tauranga, had forced a momentous financial concession from a US corporate titan for the actions of one of his rogue agents in far-flung New Zealand.

Edmonds had contacted Block, founder of global tax advisory business H&R Block, after being frustrated by local authorities in her attempt to recover the almost \$3 million a New Zealand H&R rep had embezzled from almost 100 elderly clients.

“The legal fraternity scoffed at me and said I would never get the money back... and not one of them, except my own lawyer, rang to congratulate me when we won,” she says.

The H&R Block case, begun in the late 1980s, marked Edmonds’ first foray in the murky world of finance. Prior to taking on the role of head of the Tauranga Age Concern (then a little-known organisation), Edmonds’ career had taken her from housewife to dentistry to a management role in dietary firm Jenny Craig.

“It [the H&R Block case] was a huge learning curve. I was naive,” she says. “If I knew then what I know now I could’ve squeezed some more dollars out of Mr Block.”

Her success with H&R Block, which resulted in jail for the agent as well as clients receiving over 60% of their money back, attracted a string of similar cases her way over the ensuing years and even, for a brief period during the 1990 general election, catapulted her into the media limelight.

Her profile might have languished somewhat since then but Edmonds’ media stocks are on the up following the launch of her latest consumer-advocacy venture.

Last month, Edmonds, along with disgruntled investor, Jim McSoriley, and other individuals formed a lobby group with the unambiguous name of Exposing Unacceptable Financial Advice (EUFA).

The timing could not have been more apposite. In the wake of the Bridgecorp collapse and further finance company failures, financial advisers have been cast in rather unflattering roles by



the media and EUFA appears to be acting as a lightning rod for these explosive emotions.

According to Edmonds, almost 100 complaints against advisers have been logged so far with “95% of the cases to do with finance companies or the insurance industry”.

The finance company debacle might have stirred up the public recently but EUFA’s first battle is against one of the giants in financial services – indeed, there are few bigger in New Zealand than AMP.

Edmonds says EUFA has amassed a wealth of evidence against an AMP financial planner for “shoddy advice” given in 2000 that resulted in an elderly client placing all his investments (including the proceeds from the sale of his house) into international share funds managed by the-then AMP subsidiary Henderson.

She says EUFA believes about 50 other clients of the same adviser may also have cause to lay similar complaints.

The outcome of the stoush with AMP may not be known for some time but clearly Edmonds is not afraid to take on the big boys and other advisers linked to insurance companies are in EUFA’s sights.

“Our issue is with financial advisers selling products of

the firms they're aligned with... they're salesmen not financial advisers," she says. "Disclosure won't solve that problem, the only way is to have strong policing."

She does admit, though, that it may not be "wrong in principle" for financial planners to sell products of aligned firms but "it is wrong when it's done for the adviser's advancement and not the client's".

Edmonds supports the proposed regulation of the industry but is also calling for tougher action immediately. She is even pushing for the involvement of the police in a number of cases where "false pretences" charges might be appropriate.

A statement on the group's website emphasises the point: "People/investors have lost their money BUT the money is not lost where is it? The industry has let this happen and we intend to seek answers. White Collar Crime is not new and some advisors may be guilty of offence of 'false pretences'."

EUFA's list of goals is similarly ambitious:

- To seek out victims of financial abuse by irresponsible financial advisers;
- To bring people power to the industry and demonstrate the human devastation by way of presenting the evidence of poor advice;
- To publicise advisers who have helped their clients lose their investments;
- To hold accountable the industry and government, for failing to ensure customer protection and advisor accountability;
- To reduce the suffering and demise, that innocent New Zealanders (investors) are experiencing due to poor financial advice;
- To stop all professional financial advisers giving advice, unless they belong to a supervisory body that has the power to censor and provide restitution to the victims.

On the last point, Edmonds has spoken to the Institute of Financial Advisers (IFA) and she says they "are on the same page" in trying to lift the standard of financial advice.

"But unfortunately the IFA has no jurisdiction to deal with all complaints," she says.

The proposed adviser legislation should satisfy some of EUFA's demands, in particular the powers to be accorded to approved professional bodies. However, Edmonds remains skeptical and harks back to the 1990 election when government promises to "tidy up the financial industry came thick and fast".

"I've been waiting 20 years for the industry to be tidied up," she says.

Along the way Edmonds has proven to be a strong advocate of consumer rights in the face of the often daunting power of the financial services industry.

As well as her famous Block victory, Edmonds counts amongst her credits the formation of the Bank Customer Action Collective and the launch of a private business in 2004 called The Negotiator, which specialises in handling financial complaints.

EUFA has got off to a flying start but Edmonds says it is not a blood-letting exercise for clients who have lost money in the ordinary course of events.

"It's reality that if you invest you have to accept losses... if you're not prepared to lose you should leave you're money in the bank," she says.

Edmonds also recognises the importance of financial advice and says there are many good advisers in New Zealand – indeed, one of her, still, good friends is a financial planner.

"But at the same time it's very shocking the amount of bad advice that is out there."

Just ask Henry Block. **A**

**"It's reality that if you invest you have to accept losses... if you're not prepared to lose you should leave you're money in the bank."**

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