



Members of the Crossbench call for better protections for scam victims

Today members of the crossbench will hold a press conference at 9am in the Mural Hall, Parliament House calling for better protections for scam victims.

Existing methods to combat financial crime related to scams are failing.

Australians lost \$2.74 billion to frauds last year - that we know about. Many people are too embarrassed or ashamed to report their losses.

Australian banks only reimburse 2-5% of customers' losses due to scams.

Scams are increasingly sophisticated - we must protect people from the fraudsters who use their banks, telcos and digital platforms to approach them.

The government's draft scams prevention framework is well-intentioned and a strong step in the right direction, but does not go far enough.

It leaves responsibility for dispute resolution with scam victims - they'll have to prove that the telco companies, banks and digital platforms failed to protect them.

The framework's processes are too complicated. Dispute resolution will take too long and will be very challenging for victims. Without the presumption of reimbursement, there's no economic incentive for banks to improve their systems to stop scams.

Quotes Attributed

Dr Monique Ryan:

“Australia desperately needs a scams protection framework. Too many people are suffering life-changing financial losses because of inadequate protections from banks, telcos and digital platforms from increasingly sophisticated fraud. I support the government bringing this legislation to the House, but we must shift the responsibility for dispute resolution onto banks—rather than customers. This will incentivise the banks to improve their scams protections, simplify the system for customers, and ensure that all sectors work together to minimise this devastating form of financial crime. We should adopt a model like that of the UK, which has made it mandatory for companies to reimburse scam victims, and which has seen financial losses from scams grow much more slowly than we’ve seen in Australia.”

Kate Chaney:

“Scams are getting more sophisticated and people who have been scammed need to have a clearly navigable path to recover their money.

It should be up to banks, digital platforms and telecommunications companies to work out how to share responsibility, not the individual. This will incentivise them to each take all necessary steps to prevent scams.”

Senator David Pocock:

“The government’s top priority here should be protecting people, not shaping policy in the best interests of big corporations, whether they are big banks, telcos or social media giants,” ACT Independent Senator David Pocock said.

“Australia is a global honeypot for scammers and we need a strong scam protection framework to protect consumers. This must include a reimbursement model that has proven to be successful in the UK. The Government’s current proposal is weak, won’t be effective and puts far too much burden on scam victims.”

Dr Sophie Scamps:

“It is patently unfair that victims of scams – often vulnerable people – will have to fight the banks, telcos and digital platform giants for reimbursement.

Australia should instead be following in the footsteps of UK where a mandated reimbursement model has been introduced so that scam victims get their money back within 5 days (up to a cap).

In contrast , here in Australia 5% or less victims are reimbursed. If we want these big institutions in Australia to get serious about scams detection and prevention, they need more skin in the game. The argument that a reimbursement model will make Australia a “honeypot” has not been borne out in practice. The UK which does have a mandatory reimbursement scheme has scam losses per capita that are 17 times less than in Australia.”

Zoe Daniel:

“Australians are the target of international online financial scams at a higher rate than our OECD peers. In 2021, Australians reported losses exceeding \$2 billion due to scams, with investment scams alone accounting for \$701 million according to the ACCC.”

“Australia can do much more to combat the rise of online financial scams. Digital platforms and banks must hold more accountability in the process, and a central ‘one-stop-shop’ for scam victims should be established for incident reporting, mediation between individuals, financial institutions, and the digital platforms, and case-by-case redress assessments.”

Zali Steggall:

“I’m pleased the government is bringing on legislation to better protect Australians from scams, however it could go further. Banks need to bear more responsibility in creating friction in the system to better protect people from scammers and do more to help victims recover funds.”

Allegra Spender:

“Scams” doesn’t capture it. These are sophisticated, organised crimes and Australian consumers are losing life-changing sums of money.

Scam reimbursement rates from the banks is only around 7% in Australia implying that consumers are responsible for 93% of losses despite having far fewer resources than financial institutions to detect and combat threats. That balance just isn’t right - banks still aren’t doing enough to protect their customers.

This draft legislation still doesn’t get the balance or incentives right. Australian consumers will still ultimately bear almost all responsibility and the cost of scams.

Not to mention that we need these measures immediately, not in two years.”

Kylea Tink:

"Australians deserve stronger protections when it comes to online scams. Not only are people being exploited by deceitful online scammers, but our banks and telcos are abdicating their responsibility and must do more of the heavy lifting by investing in further protections, education programs and being prepared to reimburse victims. More must also be done to support multicultural communities, where for many people English is a second language, to ensure our vulnerable are protected."

Questions regarding this Media Statement can be directed to Rosie Leon-Thomas on 0455 657 546 or monique.ryan.mp@aph.gov.au

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