

Have You Lost Money Due to Negligent Financial Advice?

The collapse of Storm Financial and the losses suffered by its clients, have been in the headlines a lot. However, there are other less publicized examples of parties receiving poor financial advice. Indeed, before the election, the Federal Government moved to tighten the legislation, to impose a statutory requirement on financial advisors to act in the client's best interest (something we would have thought went without saying). Most financial advisors are paid on commission, and unfortunately the less scrupulous ones have been known to recommend the investment products that provide the greatest commission to them, regardless of whether the product was suitable for the client.

As recently as 5 August this year the Supreme Court found a financial advisor was liable to clients for giving negligent advice. In that case, the Plaintiffs only had a joint income of approximately \$40,000.00 per annum, but were talked into taking out a mortgage of approximately \$1 million to purchase three investment properties. The Judge found that, given the Plaintiffs' financial situation, the advice was given in breach of the Defendant's duty to the Plaintiffs. In that case, the Plaintiffs recovered some \$321,000.00 plus costs. The well-known Brisbane hairdresser Stefan is suing UBS on a similar basis, although the losses there are claimed to be approximately \$4 million.

It is, of course, one of the risks of investing, that investments can go down as well as up. However, a financial advisor should be able to take steps (even to the extent of cashing in the investment) to reduce any losses caused by a drop in investment value.

If you believe that you may have suffered losses due to poor investment advice, please contact us on 07 3849 6263 to see if we can be of assistance to you.