

News

consumeraction.org.au/youpla-collapse-to-fuel-trauma-and-intergenerational-debt-for-indigenous-families-across-australia/

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A coalition of over 125 organisations has released an open letter to both major parties calling for urgent action to prevent more than ten thousand Aboriginal and Torres Strait Islander families from being denied the dignity of a culturally appropriate funeral and grieving period due to the collapse of funeral insurance provider Youpla.

For almost 30 years, the Aboriginal Community Benefit Fund, trading as Youpla, aggressively sold poor value funeral plans to Aboriginal and Torres Strait Islander people across Australia.

Youpla actively preyed on the culturally significant practice of Sorry Business with many people paying tens of thousands of dollars to the company to ensure their families would be able to afford a dignified and culturally appropriate Sorry Business.

Speaking with one voice today, the Save Sorry Business Coalition called for the next federal government to take action in two key areas to avoid creating trauma and intergenerational debt for thousands of families and local communities:

1. Urgent assistance for Aboriginal and Torres Strait Islander people who have recently passed away or who are in the final stages of their lives
2. A plan to safeguard the livelihoods of the remainder of more than ten thousand families who have collectively lost millions of dollars, including compensation and other responses to meet the needs of affected families.

Successive federal governments and regulators have been aware of the exploitative practices of Youpla for many years. First Nations and consumer groups warned the Federal Government in 2019 that the fund was going to collapse. Despite the warnings, policymakers chose to watch the fund collapse instead of stepping in.

As a result, Aboriginal and Torres Strait Islander families and their communities will be stranded, unable to cover the costs of grieving their loved ones through their Sorry Business traditions. This will be devastating, both financially and in terms of social and cultural impact.

The Save Sorry Business Coalition is led by First Nations people and organisations, supported by charities, financial counselling organisations, community legal centres, consumer advocacy organisations, social services, unions and individual community members seeking justice.

Quotes attributable to Samantha Rudolph, Wurundjeri woman and Aboriginal Policy Officer at Consumer Action Law Centre:

“Community did the right thing preparing for their funeral because they know how important and how expensive Sorry Business can be, but they have been ripped off and misled.

“Governments and regulators have known about this for years, and we made them aware that liquidation was imminent. We are asking for proper redress and equality when it comes to these issues. Government needs to do what is right, as they would for anyone else. Enough is enough.”

Quotes attributable to Lynda Edwards, Wangkumara/Barkandji woman and Financial

Capability Coordinator at Financial Counselling Australia:

“The trauma caused to First Nations People by the collapse of Youpla is a disaster that will leave families and community in severe hardship. There have been numerous opportunities for Government and regulators to step in, but they failed to act.

“We are calling on whoever forms government after the election to set up a compensation scheme to alleviate the hardship and trauma that is already being felt in First Nations communities across Australia. Don’t create another gap.”

Quotes attributable to Daphne Naden, Kuku Yalanji Elder and Director at the Indigenous Consumer Assistance Network:

“I didn’t want to leave my daughters with pressure to look for funds to bury me so I took out a plan with this funeral company thinking it was the right thing to do. But this funeral company deliberately went out to exploit Indigenous communities and the government allowed it.

“They should be held accountable and the government needs to support us. I am over 60, I need to be covered so that my daughters are not put in a difficult financial position when I pass.

“We were doing everything we could to protect against the generational debt that this company has now caused.”

Quotes attributable to Mark Holden, Dunghutti man and Solicitor at Mob Strong Debt Help:

“We have been getting thousands of calls from Mob who are very distressed and desperate. There are no legal options here which would help get back their money or even pay for their funeral. It is especially hard talking to Elders who are calling through who have given so much of themselves to community. They deserve a dignified farewell in accordance with Sorry Business protocols.”

Quotes attributable to Veronica Johnson, Financial Counsellor at Broome CIRCLE:
“Broome CIRCLE has been representing Indigenous clients who were targeted by ACBF to

purchase funeral insurance. We have been assisting clients for the last two years in Western

Australia, with a number of cases escalating to the Australian Financial Complaints Authority.

“We are currently assisting two families who have lost their loved ones in the last two months. These clients had been diligently paying their premiums right up until their passing. They are lying in the morgue, and families are waiting for closure and justice for the wrong that has been done by ACBF.”

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Background Notes

First Nations policyholders and their families have been left unable to pay for their funerals and sorry business after three of Youpla’s four funds were placed into liquidation on 11 March 2022. It follows the earlier placement of Aboriginal Community Benefit Fund No 2 Pty Ltd (ACBF 2) into liquidation on 2 March 2022.

The Financial Services Royal Commission highlighted that ACBF was misleading First Nations consumers with misleading sales practices, including targeting children and babies with funeral insurance products.

Funeral policies are often of limited value. Payout amounts are often small and there are high rates of cancellations. ACBF historically was not Aboriginal-owned or managed. For decades, it sold funeral insurance and funeral expenses policies marketed solely to Aboriginal and Torres Strait Islander consumers through unsolicited sales techniques in Aboriginal and Torres Strait Islander communities. It used the trading name ‘Aboriginal Community Benefit Fund’, Aboriginal sales staff and Aboriginal motifs in its marketing to appeal to Aboriginal and Torres Strait Islander consumers.

Over the years regulators attempted to challenge the exploitative conduct of ACBF but the company was allowed to continue operating within legal loopholes for well over two decades. At the same time, the Federal Government facilitated the companies' collection of membership payments through the Centrepay system.

Following a recommendation from the the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, the Australian Government removed the regulatory loophole which enabled funeral expenses products to avoid regulation under the Corporations Act.

Since 2018, the Australian Financial Complaints Authority has issued 178 decisions against ACBF/Youpla, awarding all in favour of the complainants due to misleading or deceptive conduct.

In September 2019, the Consumer Action Law Centre, Financial Rights Legal Centre, Victorian Aboriginal Legal Service, the Indigenous Consumer Assistance Network, and Financial Counselling Australia wrote to the Federal Government warning of the imminent risk of collapse if the Government legislated that funeral expenses policies were required to be licensed.