

Advisers to take Challenger to court



31 July 2006

by Liam Egan (<https://www.moneymanagement.com.au/users/liam-egan>)

0 Comments (</news/financial-planning/advisers-take-challenger-court/#comments>)

Between 12 and 15 financial planning groups are to proceed with a class action against Challenger Financial Services Group over the collapse of its Challenger Howard Property Trust — Penrith Homemaker Centre.

The decision to launch the class action, which is being spearheaded by the Association of Independently Owned Financial Planners (AIOFP), follows a final payout to fund investors of 35 cents in the dollar.

A spokesperson for Challenger confirmed the 35 cent payout, but emphasised that the “overall payout to investors over the life of the fund is actually closer to 50 cents in the dollar”.

Related News:

[FASEA blueprint gets mixed reception \(/node/45763\)](/node/45763)

[Are APLs really necessary? \(/node/45832\)](/node/45832)

She said Challenger would also make a “further smaller final distribution” to investors sometime before September this year, as there was still some money left in the fund.

The payout was foreshadowed by Challenger in late April immediately following the sale of the fund’s highly-g geared sole asset, reportedly for 16 per cent below the original purchase price.

AIOFP chief executive Peter Johnston said the organisation is “facilitating and co-ordinating the action on behalf of about 12 to 15 planning groups, both AIOFP members and non-members, and their clients”.

Johnston said the action would proceed on the “basis of legal advice that suggests Challenger has not fulfilled the parameters of the original Product Disclosure Statement (PDS), and has a case to answer for negligence”.

Calling on other non-AIOFP members to join the proposed action, Johnston said the planners would be seeking “legal redress for fund investors by way of full damages, including interest, for these shortcomings in the PDS”.

Johnston said he could “not confirm at this stage” that the planners would be represented by Perth-based litigation firm IMF Ltd, which is involved with the AIOFP’s current Westpoint Recovery effort.