

# Remediation update

4 OCTOBER 2021

PROGRESS OVERVIEW - REMEDIATION OF LEGACY ISSUES

This update provides an overview of the most significant recent developments on legacy issues overseen by Danske Bank's central remediation office.

For information about the status of the remediation of all legacy issues handled by the remediation office, please visit [www.danskebank.com/remediationupdate](http://www.danskebank.com/remediationupdate).

## **Flawed data in debt collection systems**

- As we stated in June 2021, a minor portion of the debt collection cases required further quality assurance due to their complexity, and this work is expected to be completed well before the end of the year. As of 24 September 2021, we have reviewed approximately 4,400 of the 5,200 cases and concluded that 669 customers are eligible for compensation as a result of the issues in our debt collection systems that we originally identified. The average compensation for overcollection excluding time compensation amounts to approximately DKK 4,400, with the largest compensation amount identified being approximately DKK 140,000. As the remaining cases to be further reviewed date back in time and are of higher complexity, higher redress amounts could be found.
- We continue to have a dialogue with the Danish Court Administration in order to compensate affected creditors, which due to our errors may have received a lower dividend from a number of estates than they were entitled to.
- Likewise, we are in dialogue with the Danish Court Administration on how best to handle the previously communicated compensation payments related to overcollection for approximately 1,400 of the affected debt collection customers concerned, as they have been subject to debt relief, reconstruction, bankruptcy or death. The average compensation including time compensation in these cases will be approximately DKK 6,000. These are part of previously communicated customer numbers and amount figures.
- As previously communicated, the data errors in our debt collection systems have also had a derivative effect on our reporting of information to the tax authorities related to the outstanding debt and interest payments for debt collection customers. We have a dialogue with the Danish Tax Agency about the consequences of the errors identified on our tax reporting for the approximately 50,000 customers, which our preliminary analyses show to be potentially affected.
- We also have a dialogue with the Danish Tax Agency to clarify the tax consequences of repayment, remission of debt and time compensation. As the work to review the additional potential issues will extend into 2022, we cannot provide such clarification this year.
- We have informed the Danish FSA that there has been a delay in the sending of letters to the remaining approximately 68,000 customers that are potentially impacted by the four root causes of data errors in our debt collection systems. These customers should by the end of August have received a letter detailing the status of their case. The reasons for the delay were that through our validation controls, we identified errors in the letters just before send-out and that we experienced capacity constraints. The letters will be sent in October.

Want to know more? [Get an overview of the issue.](#)

### **Interest on reminder fees**

- In this case, which involves our wrongful charging of interest on reminder fees, we have reduced the total number of potentially affected customers in Denmark by 13,000 and are now looking at a total number of around 347,000.
- We have, however, in our ongoing review of the reminder fees issue in Denmark, recently identified potential issues related to another type of reminder fee. We are examining the cause and extend of this potential issue, however, reminder fees typically involve significant number of customers, and our current preliminary understanding is that this issue will affect in excess of 140,000 additional customers.
- Since the latest update, we have informed a further 6,800 Danish customers that they may wrongfully have paid interest on reminder fees. All potentially affected Danish customers have thus been informed of the issue.
- In Denmark, another 6,000 customers have received compensation, which means that a total of 211,000 customers have been compensated for having paid interest on reminder fees. Some 189,000 customers have received compensation of less than DKK 10, while the remaining about 22,000 customers have received DKK 20 on average. The highest amount that we have paid in Denmark so far is DKK 512, but all cases have not yet been reviewed.
- We have a dialogue with the Danish Court Administration about the handling of payments of compensation for 14,000 customers, as these customers have been subject to debt relief, reconstruction, bankruptcy or death. For 99 per cent of these cases, the amounts prior to time compensation will be less than DKK 50.

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### **Flawed estimates for profit and loss figures**

- In the case concerning flawed estimates for profit and loss figures on shares, all potentially affected customers have been informed. The customers have been encouraged to contact us, if they have used the figures for profit and loss for purposes other than guidance, for example when making an investment decision or for their own tax reporting, and in doing so having suffered a loss. To date, no customers have made a claim for any direct or indirect loss and we are not aware of cases where customers have suffered a loss by using the flawed profit and loss figures. A closing memo has been sent to the DFSA and we consider the case as closed.

Want to know more? [Get an overview of the issue.](#)

### **Delays in our tax services**

- On the basis of further analysis, we have identified an additional 200 customers who have experienced delays in our delivery of tax repayments for US securities, meaning that around 2400 customers are affected.
- Approximately 100 customers with special cases are still to receive their tax repayments, of which approximately 50 are decedent estates, where the estates have yet to be notified as we are clarifying the approach to making the payments. The remaining customers have been notified and we are

awaiting their response in order to process the refunds. We are working to remediate all customers as soon as possible.

Want to know more? [Get an overview of the issue.](#)