

Danske Banks svar på Finanstilsynets brev med ref.nr. 6252-0349

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**Svar på Finanstilsynets brev: Anmodning om redegørelse om Danske Bank A/S' gældsinddrivelsessystem  
J.nr. 6252-0349**

**INDLEDNING**

Danske Bank A/S (herefter Danske Bank eller banken) henviser til Finanstilsynets brev af 31. august 2020. I dette brev anføres, at Finanstilsynet i lyset af de oplysninger, der på det seneste er kommet frem i medierne om fejl i bankens inkassosystem, har besluttet at undersøge bankens håndtering af de konstaterede fejl i bankens inkassosystem set i forhold til bankens forpligtelse til at handle redeligt og loyalt over for sine kunder (jf. § 43 i lov om finansiel virksomhed og bekendtgørelsen om god skik for finansielle virksomheder).

Indledningsvis vil vi gerne understrege, at vi dybt beklager situationen og den usikkerhed, som vores fejl og de fejlbehæftede data i bankens inkassosystem har skabt – ikke mindst for vores kunder. Kunderne såvel som alle andre interessenter skal naturligvis kunne stole på de oplysninger, de får fra banken og som vores rådgivning og aftaler er baseret på. Vi beklager meget, at dette ikke har været tilfældet i denne sag. Det er udelukkende vores ansvar, og vi forpligter os til så hurtigt som muligt at gennemgå og korrigere alle de sager, der er påvirket af datafejlene, samt sikre, at vores kunder modtager fuld kompensation for de beløb, de har betalt for meget, eller andre relaterede tab som følge af vores fejl.

Ligeledes kan vi kun beklage over for både kunder, medarbejdere og alle andre interessenter, at disse problemer ikke på et tidligere tidspunkt er blevet håndteret ordentligt. Der er tale om en kompleks sag, men det står klart for os, at problemstillingen igennem årene delvist har været kendt i forskellige dele og på forskellige niveauer af organisationen, herunder blandt ledere. På trods af forsøg på at afhjælpe problemerne, blev der aldrig taget hånd om de underliggende datafejl, og desværre fik problemerne i denne sag derfor fik lov til at eksistere gennem mange år.

Vi tager de forhold, der er nævnt i Tilsynets brev, meget alvorligt, og vi forpligter os til fortsat at have en åben og transparent dialog med Finanstilsynet i forhold til de historiske og aktuelle forhold, der vedrører eller

påvirker bankens inkassosystemer. Ledelsen har altid ansvaret for at vide, hvad der foregår i virksomheden, for at rette op på fejl, der er opstået tidligere, samt for at sikre, at vi har en ledelseskultur, hvor fejl og problemer bringes frem i lyset og løses.

Hensynet til bankens kunder kommer i første række, og vi vil fortsat arbejde på at sikre holdbare løsninger. Hvis vi i forbindelse med vores fortsatte analysearbejde identificerer forhold, der påvirker oplysningerne i denne redegørelse, vil vi naturligvis omgående orientere Finanstilsynet herom.

Vi vil gerne understrege, at vi vil kompensere alle de kunder, der er økonomisk påvirket af de fire hovedårsager ("root causes"), som vi beskriver i denne redegørelse. Sagen skyldes de beklagelige systemiske fejl i bankens inkassoprocess, der er konstateret i forbindelse med en grundig analyse af bankens inkassosystemer. Den 10. september 2020 besluttede vi endvidere at tilbyde alle potentielt berørte kunder at sætte tilbagebetalingen af deres gæld i bero uden omkostninger for dem.

Vi har allokeret og vil fortsat allokere betydelige ressourcer til arbejdet med at rette op på fejlene og kompensere alle berørte kunder så hurtigt som muligt. De konstaterede systemiske datafejl beskrives mere detaljeret i denne redegørelse. Vi har i forbindelse med vores analyser af inkassosagen og de fire hovedårsager indtil videre identificeret en række yderligere faktiske eller potentielle problemstillinger. Disse er anført i bilag 2.5. Vi vil arbejde videre med disse problemstillingerne, for at opnå en fuld forståelse af dem og håndtere dem på en passende måde. Nogle af problemstillingerne vedrører renter på rykkergebyrer, fejlbehæftede oplysninger til brug i retssager, mæglersalærer og ukorrekt registrering af skattemæssige oplysninger. Disse yderligere problemstillinger kan potentielt påvirke et større antal kunder, end dem, der er påvirket af de fire hovedårsager, som er beskrevet i denne redegørelse.

Bankens direktion blev i maj 2019 orienteret om de systemiske datafejl, der påvirker bankens inkassosystemer, og iværksatte som følge heraf foranstaltninger, for at afhjælpe konsekvenserne af systemfejlene, som beskrevet nærmere i denne redegørelse.

## **BAGGRUND**

Banken har i dag to inkassosystemer: i) Debt Collection System (DCS) og ii) Personlige Fordringer (PF).

- I DCS registreres misligholdt gæld på almindelige bankprodukter som f.eks. kassekreditter, stående lån, kautioner osv.
- I PF-systemet registreres misligholdt gæld, der er opstået i forbindelse med kundens manglende betalinger på realkreditlån ydet af Realkredit Danmark A/S, hvor pantet i ejendommen ikke har været tilstrækkeligt til at indfri realkreditlånet.

DCS blev implementeret i 2004 med det formål at centralisere inkassoprocesserne på tværs af banken.

PF-systemet blev implementeret i banken i 1979.

Tidligere foregik inddrivelsesprocessen i de enkelte filialer, der havde et overblik over de lokale kunders gældsforpligtelser og håndterede eventuelle misligholdte gældsforpligtelser via manuelle processer for at sikre korrekt tilbagebetaling af gæld. Opkrævningen af inkassogæld før 2004 blev understøttet af PF-systemet og flere ældre systemer (f.eks. papirarkiver, regneark og Lotus Notes) med individuelt tilpassede processer og kontrolforanstaltninger. Inkassosystemerne før 2004 havde nogle iboende systemiske svagheder, men en række manuelle processer for at afbøde effekten af sådanne svagheder var i langt de fleste sager etableret.

I 2004 blev data vedrørende al udestående misligholdt gæld til banken centraliseret og migreret til DCS. Efter denne migrering af data blev alle nye inkassosager åbnet direkte i DCS (undtagen de sager, der havde deres oprindelse i PF-systemet som anført ovenfor).

Da data blev migreret til DCS blev de fejl, der eksisterede i relation til visse kunders gæld, ligeledes overført. Med tiden har man i banken i større og større omfang handlet i tillid til oplysningerne i DCS, de medarbejdere, der har været involveret i inkassoprocessen, har haft mindre erfaring og der har i et mindre omfang været anvendt fysiske kundefiler som referencepunkt. Alt dette har bidraget til, at der fortsat skete fejl i håndteringen af visse kunders gæld. Som beskrevet nærmere i svaret på spørgsmål 1 har der historisk været viden om visse problemer i banken, og banken har implementeret forskellige processer for at afhjælpe eller afbøde konsekvenserne af fejlene. Til trods for eskalering af problemstillingen har banken ikke gjort nok for rettidigt at håndtere problemet i sin helhed. En større ændring af forældelsesloven i 2008 besværliggjorde endvidere bankens inkassoprocesser. Vi har i svaret på spørgsmål 2 nedenfor beskrevet de hovedårsager, der har påvirket inkassosystemernes funktioner negativt og dermed også vores kunder.

I maj 2019 iværksatte banken en proces, der skulle sikre, at der blev foretaget en grundig undersøgelse af alle aspekter af systemfejlene, herunder især med det formål at identificere alle kunder, der er blevet påvirket økonomisk med henblik på at disse snarest muligt kan blive fuldt kompenseret.

Som nærmere beskrevet i svarene på spørgsmål 3 og 4 har banken fra og med juni 2019 taget en række tiltag for at afbøde de negative virkninger af de systemiske fejl. Som anført i svaret på spørgsmål 5 nedenfor viser bankens analyse, at i en gruppe på 106.000 kunder kan potentielt 10.000-15.000 kunder være økonomisk påvirket. Systemfejlene er komplekse. På grund af kompleksiteten og de individuelle og skiftende forhold skal alle potentielt berørte kunders gæld genberegnes manuelt. De første grupper af berørte kunder er blevet kompenseret, og banken har lagt en plan for at sikre fuld kompensation af alle berørte kunder inden den 1. juli 2021 som anført i svaret på spørgsmål 7.

Der henvises nedenfor til bankens svar på de enkelte spørgsmål, som Finanstilsynet har stillet:

## **I. FINANSTILSYNETS ANMODNING OM BANKENS REDEGØRELSE FOR FORLØBET MED FEJLENE I GÆLDSINDDRIVELSESSYSTEMET**

### **SPØRGSMÅL 1: HVORNÅR KONSTATEREDE BANKEN FEJLENE FØRSTE GANG?**

Medarbejdere på forskellige niveauer i organisationen, herunder ledere, har på forskellige tidspunkter haft et større eller mindre kendskab til problemerne i inkassosystemerne.

Som nævnt ovenfor blev bankens direktion i maj 2019 informeret om de systemiske fejl, der påvirker bankens inkassosystem. Nedenfor gives et overblik over kendskabet til de systemiske datafejl i banken.

#### **Inkassosystemet (Debt Collection System - DCS)**

Den planlagte implementering af DCS foregik i perioden frem til 2004. Det er bankens opfattelse, at der i et vist omfang var kendskab til, at der var nogle iboende fejl i de data, der blev migreret til DCS. Derfor var banken allerede fra implementeringen af DCS i 2004 opmærksom på, at der kunne være datafejl i DCS.

Det er bankens opfattelse, at der i flere år efter implementeringen af DCS i september 2004 var et relativt højt niveau af manuel håndtering af kundefilerne. Den manuelle håndtering betød, at data i DCS, f.eks. data om hovedstolen på en kundes gæld, i praksis normalt blev kontrolleret ved at sammenholde med oplysningerne om gælden i den fysiske kundefil. Dette betød, at data normalt blev tilrettet, før fejlene påvirkede kunderne. Det er foreløbigt ikke klart for banken, hvor effektiv denne manuelle håndtering var. Det er imidlertid bankens opfattelse, at der blev gjort en indsats for at sikre, at de fejlbehæftede data i DCS normalt blev kontrolleret ved at sammenholde med kundefilerne, da man var opmærksom på de systemiske datafejl i DCS.

I 2007 blev der etableret et "korrektionssteam" med det formål løbende at korrigere eventuelt fejlbehæftede sager manuelt i DCS.

Bankens interne revision havde en række bemærkninger i årene 2005-2016, hvoraf nogle var relateret til de problemer, som banken nu står overfor. Vi anerkender, at vi ikke gjorde nok for at håndtere hovedårsagerne til revisionens bemærkninger fuldt ud eller fulgte op på handlingsplanerne, som opsummeret nedenfor:

I de første to år efter implementeringen af DCS blev der udarbejdet to interne revisionsrapporter (fremst sendt i januar 2005 samt i januar og marts 2006), hvoraf det fremgik, at der var problemer med datakvaliteten i DCS og behov for væsentlige korrektioner, og det blev anbefalet, at inkassoafdelingen (Debt Collection Service) foretog en gennemgang af samtlige sager med forkerte registreringer, og at der udførtes periodiske kontroller for at sikre, at problemerne ikke var vedvarende.

Revisionsrapporter fra 2010 (fire udførte revisioner) og 2011 (to udførte revisioner) identificerede en række problemstillinger i Group Recovery Debt Management (GRDM) i form af manglende eller utilstrækkelige kontroller og processer, forskelle i de registrerede forældelsesfrister for krav samt ufuldstændige eller ikke-behandlede sager om misligholdt gæld. I 2012 konstaterede revisionen, at GDRM ikke behandlede udestående gæld korrekt, at datagennemgange og beregninger af nedskrivninger på udlån var utilstrækkelige, og at renteberegninger var ukorrekte.

Der blev ved revisionen af området i 2015 og 2016 ikke konstateret problemer i det omfang, som nu er konstateret.

En planlagt revision af området i 2019 blev ikke gennemført på grund af den nu igangværende interne undersøgelse.

I perioden 2006-2016 overvejede man at gennemføre visse gældskampagner, hvor visse debitorer blev tilbudt et betydeligt nedslag i deres gæld. Fire kampagner blev sendt til godkendelse i banken i 2007, 2009, 2014 og 2016, og selv om det er bankens opfattelse, at det ikke var alle kampagnerne, som blev gennemført, var der, i det mindste i forbindelse med nogle af kampagnerne, en opfattelse i banken af, at kampagnerne ville reducere omfanget af det manuelle arbejde med at genberegne de pågældende kunders gæld og reducere risikoen for at kravene blev forældet.

I 2008 blev forældelsesloven ændret i Danmark, hvilket betød, at hovedstolen på lån generelt havde en forældelsesfrist på 10 år, og at renter og omkostninger havde en forældelsesfrist på 3 år (med undtagelse af omkostninger tilkendt af retten). Tidligere var forældelsesfristen henholdsvis 20 år og 5 år. Desuden gjorde de nye regler det mere vanskeligt at suspendere forældelsesfristen. Disse nye forældelsesregler forværede problemerne med de fejlbehæftede data i DCS.

I 2009 lanceredes et initiativ kaldet LEAN. LEAN havde til formål at strømline eksisterende forretningsprocesser i et forsøg på at blive mere effektiv i sagsbehandlingen. Bankens øgede fokus på LEAN

betød, at medarbejderne i inkassoområdet var under et stigende pres for at handle i tillid til data i DCS i forbindelse med gældsinddrivelse, frem for at bruge tid på at sammenholde data med fysiske kundefiler. Overgangen til i højere grad at forlade sig på data i DCS betød, at den tidligere foretagne manuelle kontrol af de fejlbehæftede data i DCS, der (i det mindste til en vis grad) reducerede risikoen for, at datafejlene i sidste ende påvirkede kunderne, nu blev foretaget i langt mindre udstrækning.

Ved udgangen af 2016 nedlagde banken korrektionsteamet, idet banken på det tidspunkt var af den opfattelse, at korrektionsteamet havde gennemført korrektionen af de gamle sager. Der var en opfattelse af, at "nye sager", dvs. sager oprettet efter den 27. september 2004, hvor DCS blev implementeret, var korrekte.

På trods af denne opfattelse blev der over tid identificeret sager med fejl. I interne eskaleringer i 2016 og 2017 blev det oplyst, at også "nye sager" kunne være fejlbehæftede. Det blev i den forbindelse foreslået at oprette en task force til håndtering af problemer med "nye sager" med ukorrekte data, da banken – efter egen opfattelse – havde korrigeret de gamle sager i 2016. Uanset dette forslag blev der ikke tildelt nye ressourcer til en nyt task force (et nyt korrektionsteam).

I perioden fra marts 2018 til september 2018 nåede den nye ledelse i inkassoafdelingens juridiske funktion en forståelse for, at der var sager, som fortsat krævede manuel korrektion. I september 2018 blev den øverste ledelse i GRDM gjort opmærksom på problematikken med de fortsatte fejl i DCS. GRDM undersøgte sagen og så på mulige it-løsninger. Ledelsen i GRDM anerkendte også, at datafejlene i DCS kunne påvirke bankens planer om yderligere outsourcing af inkassoprocessen. Det er bankens opfattelse, at potentielle bekymringer måske (i december 2018) blev videregivet til en Sponsor Komite i banken, der havde ansvaret for arbejdet med at forbedre bankens processer for udenretlig inkasso. Det ser ikke ud til, at arten af de underliggende datafejl blev drøftet på mødet.

I januar 2019 blev der udarbejdet et notat, der beskrev problemerne med datakvaliteten i DCS. I marts 2019 konkluderede ledelsen i GRDM, at problematikken med fejlene i DCS krævede eskalering, og man informerede den øverste ledelse i COO-organisationen i marts 2019. Banken gennemførte herefter en risikovurdering, der førte til indberetning af problemer med datakvaliteten i DCS via bankens operationelle risikoinformationssystem (Operational Risk Information System - ORIS) den 24. maj 2019. I indberetningen blev det anført, at man havde identificeret, at DCS havde visse problemer med datakvaliteten, og at de iboende fejl i inkassoprocessen ikke blot relaterede sig til manuelle fejl. ORIS er et værktøj til den formelle registrering og håndtering af operationelle risikohændelser, og alt efter den enkelte sags omfang og alvor udløser det en eskaleringsproces internt i banken, herunder krav om at involvere Finanstilsynet i mere alvorlige tilfælde. Hændelsens omfang og alvor blev vurderet som værende tilstrækkelig til at udløse både intern eskalering til direktionen og bestyrelsen og orientering af Finanstilsynet. Finanstilsynet blev skriftligt underrettet herom den 6. juni 2019. Direktionen og bestyrelsen blev ligeledes informeret den 6. juni 2019.

I ORIS-indberetningen til Finanstilsynet blev det oplyst, at banken havde oprettet et projekt, der skulle fokusere på:

- Årsagsanalyser ("root cause analyses"), der skulle foretages for at sikre, at fejlene ikke opstod i alle nye inkassosager;
- Oprydning i data i porteføljen (inkl. en gennemgang af alle sager og tilbagebetaling af inddrevne beløb, som vi ikke var berettiget til)
- Implementering af et nyt system og nye procedurer og
- Kommunikation til kunderne og tilbagebetaling til dem hurtigst muligt

Det oprettede projekt blev kaldt "Data Quality Project". I Data Quality Project blev der truffet forskellige foranstaltninger for at analysere og håndtere konstaterede problemstillinger. Eksterne advokater og konsulenter blev hyret for at bistå med at identificere, forstå og afhjælpe problemerne. Data Quality Project blev efterfølgende, mere præcist den 4. november 2019, omdannet til "Programme Athens" efter en præsentation fra Plesner Advokatpartnerselskab (herefter Plesner) den 29. oktober 2019, hvor det blev klart for direktionen, at problemerne med datafejlene var mere systemiske og havde større konsekvenser end tidligere antaget. Vi henviser til svarene på spørgsmål 3 og 4 vedrørende de forskellige foranstaltninger og tiltag, der blev taget i regi af Data Quality Project og Programme Athens.

### **Personlige Fordringer (PF)**

GRDM konstaterede den 4. juli 2019, at der var indtruffet en ikke-finansiel hændelse og foretog derefter registrering i ORIS. Det blev opdaget, at de kendte problemer med datakvaliteten i et vist omfang var systembaserede snarere end at der var tale om menneskelige og manuelle fejl. PF-systemet havde utilstrækkelig funktionalitet, der resulterede i dårlig datakvalitet.

PF-systemet har eksisteret siden 1979. Der har været problemer med systemet over en lang periode. Fejlene og de systemiske mangler i data blev opdaget den 4. juli 2019.

Siden den 4. juli er de risici, der er forbundet med PF-systemet, blevet varetaget af Danske Banks såkaldte Data Quality Programme, der blev etableret for at håndtere og afhjælpe de identificerede risici i DCS-systemet.

### **SPØRGSMÅL 2: HVAD BESTÅR FEJLENE KONKRET I, OG HVORDAN HAR DET PÅVIRKET KUNDERNE?**

De konstaterede systemiske fejl i data skyldes fejlbehæftet migrering af data, manglende afstemning af data og forkert brug af bankens inkassosystemer.

Som følge af et utilstrækkelig governance-setup i GRDM har de systemiske fejl i data resulteret i et stort antal fejl i inkassosager samt utilstrækkelig dokumentation til brug for revisionen af området. GRDM havde en utilstrækkelig governance og kontroller til i alle tilfælde at kunne identificere fejlene i gældsopkrævning og korrigerer dem.

De systemiske datafejl er inddelt i fire kategorier – eller "root causes". Disse hovedårsager danner udgangspunktet for bankens arbejde med at analysere data og korrigerer fejl. Vedhæftet dette svar er:

- Draft System and Process Flaw Document (udkast til dokument om system- og procesfejl af 28. november 2019), bilag 2.1, som giver en mere detaljeret beskrivelse af de systemiske datafejl, der er konstateret i DCS.
- En intern præsentation af 26. november 2019, bilag 2.2, som giver en oversigt over de systemiske datafejl i DCS
- Et notat om hovedårsagerne og Danske Banks forpligtelse til at yde kunderne erstatning, bilag 2.3. og
- Dataanalyse og overvejelser i forbindelse med inkasso, bilag 2.4

## 2.1 Hovedårsag 1: Hovedstol, renter og gebyrer slået sammen

*Berørte systemer: DCS & PF*

Generelt består kundens gæld af en række forskellige fordringer, herunder hovedstol, renter, omkostninger og gebyrer.

De systemiske datafejl beskrevet under hovedårsag 1 opstår som følge af, at påløbne renter, gebyrer og omkostninger fejlagtigt er lagt sammen til ét beløb, der er registreret som hovedstolen. Konsekvensen af de problemer, der er kategoriseret under hovedårsag 1 er, at systemerne ikke kan skelne mellem de forskellige typer af fordringer, selvom der gælder forskellige forældelsesfrister for disse krav. Dertil kommer, at der blev pålagt rente på rykkergebyrer forud for en domstolsafgørelse.

Den potentielle effekt af at pålægge renter på rykkergebyrer er ikke medtaget i beregningerne vedrørende hovedårsag 1. En separat arbejdsgruppe er i gang med at undersøge forholdene yderligere.

### **Hvordan har problemerne kategoriseret under hovedårsag 1 påvirket kunderne?**

Hovedårsag 1 gør det vanskeligt at identificere de forskellige forældelsesfrister for henholdsvis hovedstol, renter, gebyrer og omkostninger og kan resultere i en unøjagtig beregning af restgælden, renter osv.

Hovedårsag 1 kan resultere i

- inddrivelse af forældede krav
- fejlbehæftet indberetning til skattemyndighederne i relation til rentefradrag og
- opkrævning af mere gæld end det faktisk skyldte beløb.

## 2.2 Hovedårsag 2: Forkert registrering af forfaldsdatoen

*Berørte systemer: DCS*

Forældelsesfristen regnes fra den dato gælden forfalder til betaling. Ved overførslen af en fordring til DCS registreres forældelsesfristen imidlertid til datoen for overførslen til systemet i stedet for den faktiske forfaldsdato. Registreringen medfører, at forældelsesfristen fremstår længere, end den faktisk er.

Dette betyder, at det var vanskeligt ved brug af DCS at identificere og kontrollere, på hvilket tidspunkt forældelsesfristen skulle afbrydes for at forhindre, at en fordring blev forældet.

### **Hvordan har problemerne kategoriseret under hovedårsag 2 påvirket kunderne?**

Banken kan have opkrævet gæld, der på tidspunktet for inddrivelsen var forældet,

- Kunder kan have indgået aftaler om at afvikle gæld, der helt eller delvist var forældet,
- Banken kan have indledt uretmæssig retsforfølgelse af kunder og
- Banken kan have inkasseret gæld, der var forældet.

Der er en øget risiko for, at frivillige forlig eller retsafgørelser, der er indgået eller afsagt på eller omkring det tidspunkt, hvor forældelsesfristen udløb som registreret i DCS, rent faktisk allerede var forældet på tidspunktet og derfor ikke burde være blevet opkrævet af banken.

### 2.3 Hovedårsag 3: Kautionister og meddebitorer behandlet ens

*Berørte systemer: DCS*

Hovedårsag 3 er en konsekvens af en fejlagtig og forkert migrering af data tilbage i 2004.

Forud for implementeringen af DCS i 2004 havde Danske Bank en række decentrale inkassoafdelinger og -systemer.

I 2001 overtog Danske Bank BG Bank, og dermed også BG Banks gældsportefølje. I BG Bank var der visse iboende svagheder i det gamle inkassosystem. I det gamle system kunne man ikke ved registreringen af kautionister og meddebitorer i systemet teknisk set skelne mellem en kautionist og en meddebitor. BG Bank havde imidlertid og før overtagelsen etableret manuelle procedurer til håndtering af langt de fleste af de iboende svagheder i det gamle system.

Set ud fra et dataperspektiv medførte disse systemiske fejl en række udfordringer med datakvaliteten i systemerne, og fejlene kunne i sidste ende resultere i en ukorrekt beregning af gælden. Disse interne problemer blev migreret med over i DCS, da eksisterende kundesager blev overført til DCS i 2004. Disse systemiske datafejl påvirker kun BG Bank-sager fra før 2004 som følge af migreringen. De sager, der stammer fra denne migrering, kan dog stadig være påvirket af de problemer med datakvaliteten, som man tidligere via manuelle processer havde forsøgt at imødekomme.

Da oplysningerne fra BG Bank blev overført til DCS, blev alle debitorer, meddebitorer og kautionister behandlet ens, og det var ikke muligt i DCS at knytte meddebitorer eller kautionister til den gæld, der var kautioneret for.

#### **Hvordan har problemerne kategoriseret under hovedårsag 3 påvirket kunderne?**

Banken kan have opkrævet den fulde gæld fra alle debitorer, meddebitorer og kautionister. Banken kan derfor have opkrævet den samme gæld mere end en gang.

- Hvis der f.eks. ikke blev foretaget en manuel justering i DCS ville banken, på trods af at der var indgået et frivilligt forlig med debitor, fortsat forsøge at inddrive det fulde beløb fra en kautionist og/eller en meddebitor.

### 2.4 Hovedårsag 4: Den fulde hovedstol blev opkrævet hos meddebitorer

*Berørte systemer: DCS*

Hovedårsag 4 er tilsvarende en konsekvens af en ukorrekt migrering af data i 2004.



Forud for implementeringen af DCS var det grundet de begrænsninger, der var i det gamle system, nødvendigt at åbne separate konti for hovedskyldneren og eventuelt den eller de tilknyttede kautionist(er), hvor hver enkelt konto viste det fulde beløb som gæld.

Den fulde gæld blev derfor registreret på mere end en konto.

I henhold til bankens forretningsgange skulle debitorkonti justeres manuelt efter, at en kunde havde betalt et afdrag, eller at der var tilskrevet renter, påløbet omkostninger eller lignende. Der skulle foretages en tilsvarende justering på konti tilhørende meddebitorer eller kautionister.

Da de eksisterende konti blev overført til DCS, kunne kautionisterne og meddebitorer ikke længere identificeres i systemerne. Det betød, at hvis en debitor betalte en gæld eller indgik et frivilligt forlig med en afviklingsordning, så ville der ikke blive foretaget en tilsvarende justering på den pågældende kautionists og/eller meddebitors konto.

### **Hvordan har problemerne kategoriseret under hovedårsag 4 påvirket kunderne?**

Banken kan have opkrævet den samme gæld mere end en gang fra hver kautionist, meddebitor og hovedskyldneren.

- F.eks. kan en kunde have indfriet sin gæld, men gælden er stadig registreret hos meddebitor og/eller kautionist.

### **Yderligere problemstillinger**

Desuden har banken i løbet af Data Quality Project og Programme Athens identificeret en række yderligere faktiske eller potentielle problemstillinger. Oplysninger om disse forhold fremgår af bilag 2.5. Det skal bemærkes, at disse problemstillinger og antallet af berørte kunder fortsat undersøges, og der er behov for yderligere analyser. Der kan derfor være kunder, der er berørt af de faktiske eller potentielle problemstillinger, der er anført i bilag 2.5, men som ikke indgår i beregningerne i denne redegørelse. Vi er i gang med at undersøge problemstillingerne og vil tage de nødvendige tiltag for at rette op på problemerne.

### **SPØRGSMÅL 3: HVORDAN HÅNTEREDE BANKEN INFORMATIONEN OM DE KONSTATEREDE FEJL, HERUNDER HVILKE TILTAG, BLEV DER IVÆRKSAT OG HVORNÅR SAMT HVORDAN MAN VIL UNDGÅ NYE FEJL FREMADRETTET?**

Der er et vist overlap mellem spørgsmål 3 og 4 med hensyn til de tiltag, vi har iværksat, da vi blev opmærksomme på systemfejlene.

Vi har i besvarelsen af dette spørgsmål 3 fokuseret på det projekt, der i perioden efter ORIS-indberetningen blev etableret for at afhjælpe problemerne, og de governance-rammer, der blev etableret i forbindelse med Programme Athens.

Vi henviser til vores svar på spørgsmål 4, der indeholder en liste over de forskellige foranstaltninger og tiltag, der blev iværksat, da det stod klart for direktionen, at problemerne med datafejlene var mere systemiske og havde mere alvorlige konsekvenser end det tidligere havde været opfattelsen.

### 3.1 Iværksatte foranstaltninger og tiltag

Efter ORIS-indberetningen den 24. maj 2019 blev der oprettet en operational task force bestående af teamleads og lokale specialister og projektet gik under navnet "Data Quality Project" som nævnt ovenfor.

Parallelt hermed har Group Risk Management og Compliance gennemført en række workshops med henblik på at afdække og analysere problemerne nærmere og for bedre at forstå kompleksiteten i sagen. Resultaterne blev overdraget til advokatfirmaet Plesner, der blev engageret for at gennemføre en ekstern advokatundersøgelse med det formål at identificere de væsentligste årsager til, at Danske Bank inddrev gæld på et uberettiget grundlag.

Desuden blev der omkring dette tidspunkt iværksat en række forebyggende foranstaltninger for at mindske risikoen for uretmæssig inddrivelse af gæld. Der henvises til spørgsmål 4 for yderligere oplysninger.

Den 27. september 2019 instruerede banken Plesner om at indlede en undersøgelse af datafejlene og de potentielle problemer og konsekvenser, der opstod som følge af datafejlene, samt om at bistå med det projektet, der var etableret for at afhjælpe problemerne.

Den 24. oktober 2019 fremlagde Plesner sine foreløbige resultater og redegjorde for visse potentielle problemer over for Data Quality Project. Præsentationen fra telefonmødet er vedlagt som bilag 3.3. På grundlag af de foreløbige resultater og de konstaterede mulige problemer anbefalede Plesner, at der blev foretaget yderligere analyser, og det blev aftalt, at de konstaterede potentielle systemfejl skulle undersøges nærmere og især, at det skulle verificeres, om konkrete kundesager i DCS rent faktisk var berørt af de potentielle problemer og i hvilket omfang. Plesners efterfølgende arbejde har især resulteret i de to notater, der forklarer de konstaterede systemfejl og som er vedhæftet som bilag 2.1 og 2.3.

Som et resultat af de konklusioner Plesner fremlagde den 29. oktober 2019 stod det klart for direktionen, at problemerne med datafejlene var mere systemiske og havde mere alvorlige konsekvenser, end det tidligere havde været opfattelsen. På grund af den nye opfattelse af problemets alvor blev der to dage senere, den 31. oktober 2019, foretaget en ny indberetning til Finanstilsynet.

Som en konsekvens af, at der var konstateret et alvorligt problem, oprettede Danske Bank den 4. november 2019 Programme Athens for at skabe en formel governance-struktur. Der henvises til bilag 3.4, som indeholder en oversigt over den etablerede governance-struktur.

Den 11. november 2019 bad banken revisions- og konsulentvirksomheden Ernst & Young (EY) om at hjælpe med Programme Athens og med at analysere og verificere de systemfejl, der var konstateret af Plesner. Desuden har EY hjulpet med at kvantificere effekten af de potentielle fejl - både med hensyn til antallet af berørte kunder, men også med hensyn til de økonomiske konsekvenser.

### **SPØRGSMÅL 4: HVORDAN SIKREDE BANKEN SIG FRA DET TIDSPUNKT, FEJLENE BLEV KONSTATETERET, AT TILSVARENDE FEJLAGTIGE INDDRIVELSER FRA DETTE TIDSPUNKT IKKE LÆNGERE KUNNE FINDE STED?**

Ud over det projekt, der blev oprettet efter ORIS-indberetningen for at afhjælpe problemerne, har banken implementeret følgende foranstaltninger og tiltag:

#### 4.1 Indførelse af nye manuelle kontroller vedrørende genberegning

Den 17. juni 2019 blev det besluttet at iværksætte en række yderligere forebyggende foranstaltninger i form af følgende nye manuelle kontroller:

- 1) ingen nye inkassosager må oprettes fra den dato, uden at der først er foretaget en manuel beregning. Derfor skulle alle nye sager efter denne dato behandles i henhold til den opdaterede forretningsgang, der dækker afhjælpningen af de væsentligste problemer;
- 2) ingen nye sager kan indbringes for retten, uden at der først er foretaget genberegning, og
- 3) banken vil ikke afslutte igangværende sager (dvs. sager, der allerede er oprettet i DCS inden den 17. juni 2019), f.eks. i tilfælde af ønske om ekstraordinær tilbagebetaling, uden at der først foretages en manuel genberegning for at sikre, at kunden ikke har betalt banken mere, end banken har krav på.

#### 4.2 Korrektionsteam oprettet

Det nye krav om manuel kontrol resulterede i en øget arbejdsbyrde. Der blev derfor oprettet et korrektionsteam den 17. juni 2019 til at korrigere data i alle nye sager. Det oprindelige team på 4 medarbejdere blev efterfølgende udvidet med 21 medarbejdere for yderligere at fremskynde genberegningsprocessen. EY blev også hyret til at bistå med genberegningen af sagerne.

Pr. 9. september 2020 er i alt 6.250 sager blevet genberegnet af korrektionsteamet.

#### 4.3 Udbedring af DCS

I juli 2019 blev der foretaget en ændring i kodningen af DCS for at sikre, at rykkergebyrer ikke længere bliver indsat i et datafelt i DCS, uden at forældelsesfristen er korrekt. Dette blev gjort for at forhindre, at denne systemfejl resulterede i uretmæssig inddrivelse af gæld i nye sager.

#### 4.4 Ophør af igangværende retssager

Ud over den nye manuelle kontrol, der foretages med henblik på at forhindre, at nye sager bliver indbragt for retten, før der er foretaget en ny beregning, blev det den 17. december 2019 besluttet at trække alle igangværende retssager tilbage eller genberegne/korrigere dem, herunder sager vedrørende gældssanering og konkursboer. Korrektionsteamet har genberegnet de fleste af de igangværende sager, og alle igangværende sager, hvor domstolen endnu ikke havde truffet afgørelse, blev trukket tilbage fra domstolene i februar 2020.

#### 4.5 Beslutning om at betale kompensation til kunderne

Styregruppen har besluttet at kompensere alle kunder for deres tab som følge af de konstaterede årsager. Der henvises til vores svar på spørgsmål 7 for yderligere oplysninger om det antal af kunder, der på nuværende tidspunkt har modtaget kompensation, og den aktuelle plan for yderligere udbetaling af kompensation.

#### 4.6. Beslutning om at tilbyde alle kunder at sætte deres tilbagebetaling af gæld i bero

For yderligere at reducere risikoen for overopkrævning sætter Danske Bank omkring 17.000 kunders inkassosager i bero, indtil de er blevet genberegnet. Det sker i forlængelse af den igangværende indsats for at rette op på de fejl, der er konstateret i vores gældsinddrivelsessystem.

Der er tale om de sager, hvor der er afdraget 60 pct. eller mere af hovedstolen, og hvor der derfor er en højere risiko for, at kunderne bliver opkrævet for meget, inden sagerne når at blive genberegnet. Inddrivelsen genoptages, når den enkelte sag er gennemgået, og eventuelle fejl er rettet. Herudover vil der desuden ikke blive tilskrevet renter i den periode, hvor sagen er sat i bero.

Inddrivelsen vil fortsætte for de 35.000 kunder, som har påbegyndt tilbagebetaling, men har tilbagebetalt mindre end 60 pct. af den oprindelige hovedstol, og hvor risikoen for overopkrævning dermed er meget lille. Selvom inddrivelsen opretholdes, vil der heller ikke i disse sager blive tilskrevet renter, før en genberegning har fundet sted.

For at sikre størst mulig valgfrihed kan kunder, hvis inkassosager sættes i bero, vælge at fortsætte betalingen. Ligeledes kan kunder, hvor inddrivelsen som hovedregel opretholdes, vælge at sætte betalingerne i bero, indtil sagen er genberegnet.

Ændringerne vil træde i kraft med udgangen af denne måned.

#### 4.7. Plan for indførelse af yderligere tekniske sikkerhedsforanstaltninger og forbedringer

Banken er i øjeblikket i gang med en plan for it-implementering, som omfatter en række tekniske sikkerhedsforanstaltninger og forbedringer af de pågældende it-systemer med henblik på at styrke de eksisterende kontroller samt implementere yderligere kontroller.

#### 4.8 Vurdering af beregninger i DCS og PF

Efter implementeringen af systemforbedringerne blev de to systemer, DCS og PF, vurderet af EY, og det blev bekræftet, at beregningerne sker korrekt baseret på korrekt datainput og korrekt anvendelse af funktionaliteten.

#### 4.9 Fremadrettede tiltag - nyt it-system indkøbt

Banken havde allerede inden Programme Athens taget skridt til at købe et nyt it-system til erstatning af DCS. Banken har nu købt et nyt system, der er planlagt til at erstatte DCS.

### **SPØRGSMÅL 5: HVOR MANGE KUNDER ER BERØRT AF FEJLENE?**

Som anført ovenfor er der to særskilte inkassosystemer, som er blevet påvirket af de fire konstaterede hovedårsager, nemlig DCS- og PF-systemerne. For de fleste af de berørte kunder er deres sag behandlet enten i DCS eller PF-systemet, mens et mindre antal kunder er behandlet af begge systemer. Dette svar beskriver vores aktuelle estimat af det samlede antal kunder, der er påvirket på tværs af begge systemer.

Det skal bemærkes, at svarene i denne redegørelse omhandler det antal kunder, der er påvirket af en eller flere af de hovedårsagerne. Redegørelsen vedrører ikke antallet af kunder, der kan være påvirket af de yderligere problemstillinger, som banken blev opmærksom på i forbindelse med årsagsanalysen (beskrevet i bilag 2.5).

Der henvises i øvrigt til EY rapporten i bilag 2.4.

#### 5.1 Det samlede antal potentielt berørte kunder

Det samlede antal potentielt berørte kunder på tværs af både DCS- og PF-systemet, som kan have betalt for meget tilbage på deres gæld, er 106.000. Der henvises til *figur 1* nedenfor.

402.000 kunder (ca. 600.000 konti) er behandlet i DCS- og PF-systemerne, og der er talt om både privat- og erhvervs-kunder. Det samlede antal potentielt berørte kunder omfatter både sager, der stadig er aktive DCS, samt sager, der er afsluttet (fordi gælden er tilbagebetalt, eller sagen på anden måde er lukket af Danske Bank) i perioden mellem 2004 og nu.

Af de i alt 402.000 kunder blev 333.000 behandlet i DCS, 49.000 i PF-systemet, og de resterende 20.000 i begge systemer.

Ifølge nedenstående kategorisering er der i alt 106.000 kunder, som muligvis er berørt af fejlene, og som risikerer at skulle betale eller have betalt for meget tilbage til banken. Af hensyn til overskueligheden skal det bemærkes, at dette omfatter både kunder, der vil modtage en økonomisk kompensation efter gennemgangen af deres sag, og kunder, hvor godtgørelsen vil blive modregnet i anden gæld til Danske Bank.

## 5.2 Kategorisering

### *Kunder i andre jurisdiktioner*

Af de 333.000 kunder, der udelukkende blev behandlet i DCS, var 152.000 kunder en del af gældsporteføljer i andre jurisdiktioner (herunder Norge, Sverige, Finland og Storbritannien). Da DCS også anvendes i andre lande end Danmark blev der foretaget en intern undersøgelse for at få bekræftet, om de identificerede hovedårsager også berørte inkassokunder i de andre lande. En kombination af afbødende foranstaltninger, herunder manuel afstemning, software-løsninger og nationale forældelsesfrister har betydet, at de konstaterede systemfejl kun har berørt kunder i Danmark.

PF-systemet blev ikke anvendt til behandling af kunder i lande uden for Danmark.

### *Kunder, der ikke har foretaget betalinger*

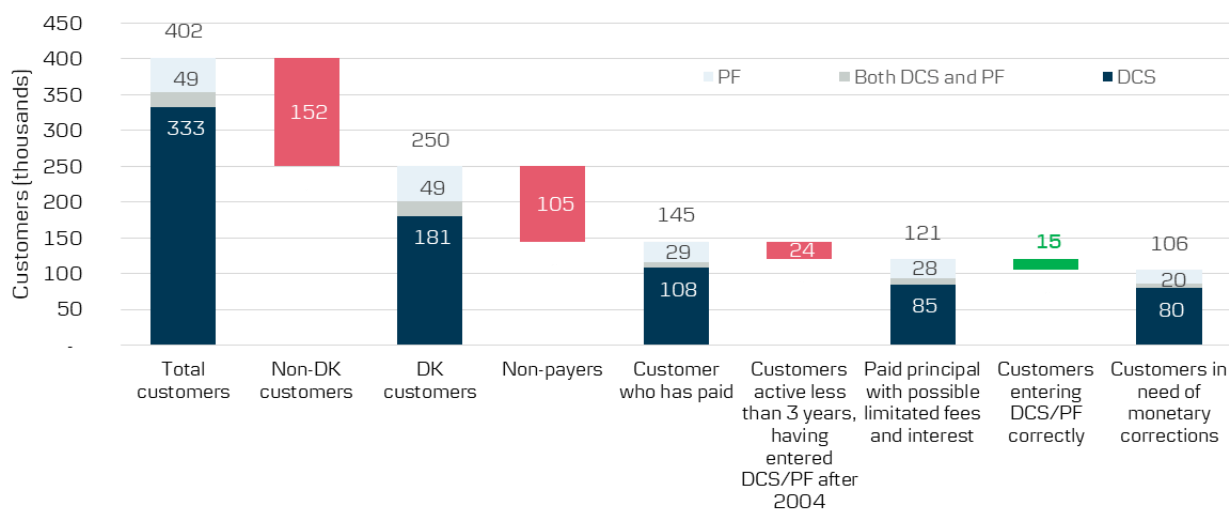
105.000 kunder af de resterende kunder havde ikke betalt af på deres gæld, da de blev overført til DCS/PF, dvs. de havde hverken betalt hovedstol, gebyrer eller rente forud for overførslen til DCS eller PF. Disse kunder er således ikke genstand for økonomisk godtgørelse.

### *Kunder, der har været aktive i mindre end 3 år.*

I alt har 24.000 kunder kun været aktive i mindre end 2,5 år i relation til DCS-systemet og 3 år i relation til PF-systemet, og de er ikke overflyttet til DCS- eller PF-systemet fra et ældre inkassosystem. Disse kunder kan ikke kategorises under hovedårsag 1 og risikerer ikke at have betalt renter, omkostninger eller hovedstol, der er forældet, idet forældelsesfristen er tre år for renter og omkostninger og 10 år for hovedstol samt omkostninger tilkendt af retten.

### *Kunder, der ikke er ramt af hovedårsagerne*

Endelig er der i alt 15.000 kundesager, som ved stikprøvekontrol er blevet bekræftet som værende behandlet korrekt i både DCS- og PF-systemet. I nogle sager, der registreres i DCS, er renterne korrekt adskilt fra hovedstolen i modsætning til dem, der ellers er observeret som et resultat af hovedårsag 1, hvor renterne er forkert aggregeret med hovedstolen.



Figur1 Kategorisering af de kunder, der er omfattet af potentielle beløbskorrektioner. Kunderne er inddelt i følgende kategorier: Kunder i alt; Kunder uden for Danmark; Kunder i Danmark; Kunder, der ikke har betalt; Kunder, der har betalt; Kunder aktive i >3 år og registreret i DCS/PF efter 2004; Tilbagebetalt hovedstol med evt. forældede gebyrer og renter; Kunder registreret korrekt i DCS/PF; og Kunder med behov for beløbskorrigerings.

### 5.3 Estimeret antal kunder, hvis sager potentielt skal korrigeres

Vi har gennemgået 17.000 kunder og identificeret 900 kunder, som har krav på kompensation. Ud fra disse resultater har vi modelleret den resterende gruppe af kunder, og vores aktuelle skøn er, at det betyder, at mellem 10.000 og 15.000 kunder kan være økonomisk påvirket.

### 5.4 Typiske godtgørelser

Den typiske kompensation – enten ved modregning i anden gæld eller ved kontant udbetaling – ligger på 1.000-2.000 kr. Beløbet kan dog i nogle sager være meget højere. Banken erkender, at der er kunder (især i PF-systemet), der er berettiget til en relativt højere kompensation, og der vil også være kunder, der kun er berettiget til et mindre beløb.

### 5.5 Yderligere sager, der skal korrigeres

Herudover vil en række kunder, som ikke har lidt noget økonomisk tab (dvs. kunder, der ikke har betalt af på deres gæld og kunder, der har haft aktive inkassosager i mindre end 3 år) få deres sager genberegnet.

## **SPØRGSMÅL 6: HVORDAN HAR BANKEN HÅNTERET DE BERØRTE KUNDER, HERUNDER HVORDAN OPGØRES OG BEREKNES KOMPENSATIONEN FOR DEN ENKELTE KUNDE, OG HVILKE OPLYSNINGER GIVES KUNDERNE OM FEJL OG BEREKNINGER?**

### 6.1 Hvordan har banken håndteret de berørte kunder?

De systemiske datafejl, der potentielt har ramt kunderne, er opdelt i tre hovedkunde-grupper:

- i. Kunder med forkert registreret gæld i systemerne, men som har ikke betalt af på deres gæld.
- ii. Kunder, hvor der er foretaget forkert opkrævning; der kan dog foretages modregning i kundens udestående gæld.

iii. Kunder, hvor der er foretaget forkert opkrævning, og som er berettiget til at modtage kompensation.

For så vidt angår ii) og iii) følger banken følgende principper for afhjælpning og kompensation af kunder: Banken vil

- Sættekunden i en økonomisk situation<sup>1</sup>, som om fejlene aldrig var sket.
- Godtgøre kunderne baseret på alle tilgængelige data.
- Basere kompensationen på en model for direkte tab.
- Etablere en proces for behandling af kundesager, der involverer indirekte tab.
- Kompensere kunderne for eventuelle skattemæssige tab.

Ud af de 106.000 kunder, der potentielt er berørt, og som derfor har mulighed for at få kompensation, har banken til dato undersøgt 17.000 kundesager ved at genberegne den enkelte kundes gæld og sammenligne det genberegnete beløb med data, der er registreret i DCS (se svaret til spørgsmål 7 nedenfor for yderligere oplysninger). Genberegningen af de 17.000 kundesager har vist, at der er opkrævet for meget i 930 tilfælde, og disse kunder vil modtage godtgørelse, og/eller der vil ske modregning i kundens eventuelle udestående gæld.

#### 6.2 Hvordan fastsættes og beregnes kompensationen for den enkelte kunde?

Kundens gæld genberegnes ved hjælp af en datamodel, der er udviklet af EY for Danske Bank. Modellen opdeler den samlede gæld i renter, gebyrer og hovedstol og anvender korrekte forældelsesfrister for hver postering, der går tilbage til datoen for den første tilbagebetaling på kundens lån.

Modellen er baseret på bankens principper for kompensation ved, at der laves et skøn, der er til kundens fordel, når den underliggende datakvalitet ikke giver mulighed for et mere præcist skøn (et konservativt skøn over opkrævningen af for store beløb).

Formålet med modellen er at beregne godtgørelsen til kunder, der er ramt af hovedårsag 1 og 2, ved 1) at genskabe de saldi, der oprindeligt blev registreret i DCS, men samtidig justere for renter og gebyrer, der ikke er korrekt sammenlagt med hovedstolen (afhjælpning af hovedårsag 1) og ved 2) at rette de anvendte forældelsesfrister (afhjælpning af hovedårsag 2). Når saldiene i DCS er korrigeret, genberegner datamodellen de beløb, som kunden skylder i dag, på baggrund af alle de tilbagebetalinger, som kunden har foretaget; de renter, der er påløbet korrekt på de forskellige dele af den samlede gæld; alle gældende forældelsesfrister, der kan være udløst i lånets løbetid; den anerkendte gæld og/eller potentielle korrektioner, der er foretaget i lånets løbetid (f.eks. når en debitor får gældssanering). Til sidst vil det output, der genereres af datamodellen, være forskellen mellem, hvad saldiene er i DCS, og hvad saldiene burde have været i DCS, hvis de ikke var påvirket af de fire hovedårsager. Forskellen mellem de faktiske saldi i DCS og de saldi, der genberegnes af datamodellen, anses for at være det beløb, som Danske Bank har opkrævet for meget over for kunden.

Kunder, der har betalt for meget, vil modtage kompensation svarende til forskellen mellem, hvad de skulle have betalt tilbage på deres udestående gæld, og hvad de faktisk har betalt med tillæg af rente for den periode, hvor pengene skulle have været til kundens rådighed.

Rentekompensationen beregnes fra datoen for kundens første overbetaling af lånet og indtil datoen for bankens godtgørelse af kunden. Datoen for første overbetaling er sat som startdato for beregningen af

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<sup>1</sup> Kunder, som har lidt et økonomisk tab som følge af en af de fire hovedårsager, vil få mulighed for at indsende dokumentation for yderligere potentielle følgetab.

rentekompensationen, idet dette er den første dato for, hvornår banken har opkrævet for meget, og dermed det tidspunkt, hvor kundens krav mod Danske Bank opstår.

Rentekompensationen beregnes på baggrund af det samlede beløb for, hvad kunden har betalt for meget. I henhold til rentelovens § 5 er renten for rentekompensationen den officielle udlånsrente (offentliggjort to gange årligt af Nationalbanken) plus et tillæg på enten 7 % eller 8 % p.a. (i overensstemmelse med definitionen af morarente). Valget mellem 7 % og 8 % er afhængig af, hvornår kundens krav mod banken er opstået, og er her defineret som, hvornår den første tilbagebetaling af gælden har fundet sted. For kunder, der har foretaget deres første tilbagebetaling før den 1. marts 2013, er der et tillæg på 7 %, mens der for kunder, der har foretaget deres første tilbagebetaling efter den 1. marts 2013, er et tillæg på 8 %.

I den aktuelle version er datamodellen ikke i stand til at registrere kunder, der potentielt har været ramt af for store tilbagebetalinger som følge af hovedårsag 3 og 4. Grunden til, at hovedårsag 3 og 4 endnu ikke er indarbejdet i modellen er kompleksiteten af beregningen af kundernes godtgørelse, idet dette kræver brug af fysiske kundefiler. Der arbejdes fortsat på både at identificere og løse problemerne i forbindelse med genberegning af gæld for kunder, som også er ramt af hovedårsag 3 og 4. Kunder, der risikerer at have betalt for meget som følge af hovedårsag 3 og 4, undersøges og gennemgås i øjeblikket manuelt, og denne proces vil om nødvendigt finde sted sammen med kunden.

### 6.3 Hvilke oplysninger modtager kunderne om fejl og beregninger?

Alle kunder, der er konstateret som værende ramt af hovedårsagerne, vil blive kontaktet direkte af Danske Bank, så vi kan oplyse, hvad der er gået galt, hvad Danske Bank gør for at sikre, at kunden får den rette kompensation, og hvad kunden kan forvente, at der dernæst sker.

## **SPØRGSMÅL 7: HVOR MANGE KUNDER HAR PR. 1. SEPTEMBER 2020 MODTAGET KOMPENSATION, OG HVOR MANGE KUNDER FORVENTER BANKEN AT UDBETALE KOMPENSATION TIL, OG HVORNÅR FORVENTES ALLE KUNDER AT VÆRE BLEVET KOMPENSERET?**

### 7.1 Hvor mange kunder har pr. 1. september 2020 modtaget kompensation?

Pr. 1. september 2020 havde 326 kunder modtaget kompensation. Kompensationsbeløbene til disse kunder udgør samlet 395.638 kr. Disse kunder er blevet gennemgået i et segment på 17.000 sager (som alle er oprettet i DCS efter 2009). Vi er nu i gang med at korrigere sagerne, og arbejdet vil skride hurtigere frem i resten af 2020.

Kompensationsbeløbene fordeler sig således:

- 25 kunder har modtaget mere end 2.000 kr. i kompensation
- 70 kunder har modtaget mere end 1.000 kr. (de 25 kunder indgår i dette antal) i kompensation
- 256 kunder har modtaget mindre end 1.000 kr. i kompensation

### 7.2 Hvor mange kunder forventer banken at skulle betale kompensation til?

På nuværende tidspunkt vurderer banken, at 10.000-15.000 kunder er berettiget til kompensation i form af en godtgørelse eller en reduktion af deres restgæld.

### 7.3 Hvornår forventes det, at alle kunder har fået kompensation?



Banken har udarbejdet en plan for kompensation af alle berørte kunder. Danske Bank forpligter sig til at rette alle kundesager og kompensere alle kunder senest den 1. juli 2021.

**SPØRGSMÅL 8: FINANSTILSYNET ANMODER ENDVIDERE OM AT MODTAGE RELEVANTE DELE AF BANKENS INTERNE UNDERSØGELSER OG DEN UNDERSØGELSE, SOM BANKENS COMPLIANCE-FUNKTION OG EKSTERNE ADVOKATER UDFØRER.**

Finanstilsynet henviser i anmodningen til "relevante" dele af de forskellige undersøgelser, der er udført. Banken har fortolket dette således, at Finanstilsynet gerne vil modtage de dele af undersøgelsesrapporterne, der

(i) er relevante for Finanstilsynets undersøgelse af banken som anført i brev af 31. august: bankens håndtering af de konstaterede fejl i bankens inkassosystem set i relation til bankens forpligtelse til at handle redeligt og loyalt over for sine kunder (jf. § 43 i lov om finansiel virksomhed og bekendtgørelsen om god skik for finansielle virksomheder), og

(ii) redegør for fakta og juridiske vurderinger vedrørende de forhold, som Finanstilsynet har spørgsmål til ovenfor,

**8.1 Interne undersøgelser**

Banken har bedt EY om at vurdere og varetage kompensationen af kunderne, der er ramt af de konstaterede systemiske datafejl i GRDM.

Vedlagt dette brev er følgende dokument:

- Draft – EY report: Data analysis and considerations within debt collection of 1 July 2020 (bilag 2.4)

**8.2 Eksterne advokatundersøgelser**

Som nævnt ovenfor har banken bedt advokatfirmaet Plesner om at analysere systemfejlene, identificere relevante risici og bistå med at afhjælpe systemfejlene.

Vedlagt dette brev er følgende dokumenter:

- Draft System and Process Flaw Document of 28 November 2019 (bilag 2.1)
- Workshop presentation of 26 November 2019 (bilag 2.2)
- Draft memorandum on main root causes and Danske Bank's obligation to compensate customers (bilag 2.3)
- Presentation from conference call on 24 October 2019 (bilag 2.4)

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Frans Woelders  
Chief Operating Officer

Rob de Ridder  
Head of Customer Service Delivery

**BILAG**

- 2.1 Draft System and Process Flaws Document of 28 November 2019
- 2.2 Workshop presentation of 26 November 2019
- 2.3 Draft memorandum on main root causes and Danske Bank's obligation to compensate customers of 13 December 2019
- 2.4 EY report: Data analysis and considerations within debt collection of 1 July 2020
- 2.5 List of potential derived or correlated issues
- 3.3 Presentation from conference call on 24 October 2019
- 3.4 Overview of the governance structure of Programme Athens

Early draft of 28 November 2019  
The descriptions in this document are not finally verified  
Certain parts are currently in Danish to speed up the verification process

PLESNER

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**PROJECT COLLECTION**

DESCRIPTION OF THE KEY SYSTEM AND PROCESS FLAWS IN DCS AND CERTAIN OTHER SYSTEMS

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DRAFT

## PROJECT COLLECTION

### DESCRIPTION OF THE KEY SYSTEM AND PROCESS FLAWS IN DCS AND CERTAIN OTHER SYSTEMS

#### 1 INTRODUCTION

We have been instructed by Danske Bank A/S ("Danske Bank") to assist with certain data quality issues identified within the debt collection systems in Group Recovery & Debt Management ("GRDM"), which have resulted in cases of collection of time-barred debt.

The main scope of our work has been:

- to understand and describe the key system and process flaws that were identified in the systems and associated processes;
- to assess and describe the key legal and regulatory risks resulting from the identified system and process flaws; and
- to assist Danske Bank in identifying possible ways of solving the issues resulting from the system and process flaws.

In order to deliver on these tasks, we have performed a detailed fact-finding exercise involving a number of interviews of relevant members of staff, participated in meetings held by GRDM's 'Correction Team', and observed how case officers navigate and use the debt collection systems. We have not made an analysis of how the relevant IT systems are coded. The descriptions contained in this document are therefore based on the information we have received about how the relevant debt collection systems work and examples from actual cases in the systems.

[Comment: Section about the verification of the description that has been carried out by GRDM to be inserted here. We are also working on including examples for all the system flaws to make it possible to see an actual case from DCS in which the specific flaw has occurred.]

The purpose of this document is to describe the key system and data flaws in the Debt Collection System ("DCS") and in the historic debt collection systems from which data in the DCS is based. We note that some of the flaws described in this document remain unresolved or have only recently been resolved, whilst some of the historic flaws only transpired in connection with the migration of data into the DCS in 2004 or occurred in the systems that preceded the DCS. The end result, therefore, is that a high number of customers in GRMD - both current and historic - may therefore be impacted by the flaws.

We have also included a section setting out a high-level timeline of certain events that are relevant either for the purposes of understanding some of the system and processing flaws or to understand the scope or impact of the flaws.

Furthermore, we have also included a high-level summary of the applicable rules on limitation periods that have applied during the relevant period. As most of the data flaws relate to incorrect handling of the statutory limitation periods applicable to the various elements that make up the outstanding debt (interest, collection costs and the principal amount of the loan) it is relevant to have an understanding of these rules and how they changed in 2008.

The varying elements (interest, costs, and principal amount) that make up an outstanding debt need to be tracked separately within debt collection systems in order for the systems to be able to apply the applicable varying time-barring periods. Accordingly, the debt collection systems are meant to break up an outstanding debt into different data fields, each representing an element of the outstanding debt, and each with their own varying periods of limitation.

For the purposes of understanding some of the system and process flaws described below, it is necessary to understand that when a debt is 'written-off', from an accounting perspective, it is still tracked and considered to be owed by the customer, and attempts are made by Danske Bank to collect such outstanding debt.

This document is structured as follows: In Part 2 immediately below we have set out the timeline of main events that have occurred in the relevant time period. In Part 3 we have set out the high-level summary of the relevant statute of limitation rules. Part 4 contains our description of the system and process flaws within DCS and Part 5 contains our description of the system and process flaws pre-dating DCS.

## **2 TIMELINE OF MAIN EVENTS**

This section contains a chronological timeline of what we understand to be the key events in the process leading up to the issues Danske Bank is facing today in respect of the system and process flaws. The list does not include events that may be relevant from an accountability perspective.

### *2.1 Pre-2004: Legacy Danske Bank systems*

BG Bank was formed in a merger in 1996 between Bikuben and Girobank. During 1999 the debt collection portfolio of Girobank was transferred / converted to the recovery system in Bikuben.

To our knowledge the collection system in Bikuben can be accessed back to approx. 1984. The recovery system from Girobanken's 'Jurix' cannot be accessed.

In 2001 Danske Bank acquired BG Bank, including BG Banks debt collection portfolio and department.

Initially BG Bank's debt collection department operated independently from a number of other decentralised Danske Bank debt collection departments.

It can be assumed that the majority of the older collection cases originating in BG-Bank and the Danske Bank legacy collection system were incorrectly registered. These issues were further exacerbated, through the compounding of issues, when the cases were subsequently integrated into DCS, cf. below.

### *2.2 2004: Introducing DCS*

In 2004 a new debt collection system (DCS) was implemented in an effort to centralise debt collection processes across Danske Bank. Data on all outstanding defaulted debt was therefore migrated into DCS.

There appears to have been some knowledge of the existing issues within the earlier decentralised systems, which in part led to the introduction of DCS, which in turn was meant to be a new and improved system. Attempts to implement the new system spanned over a period of time, and we understand that this is due to the fact that already at this stage it was known that DCS had some inherent issues that needed to be fixed prior to "go-live". We have been informed that the "go-live" date was pushed back once, but that the management decided to implement the DCS despite awareness of at least some of the system and process flaws because it was not considered an option to push the "go-live" date a second time. It remains unclear to us, what efforts were made to rectify the issues within DCS before implementing, or whether the full extent of the issues known today, were also known then.

All existing cases, irrespective of where they originated, were transferred to DCS on 27 September 2004. All new cases following this date were opened directly within DCS (except from cases originating in the PF-system).

It is relevant to note already now, that rather than flaws in how DCS treats and calculates outstanding debt, the key problems relate to the point of data entry into DCS. In other words, when an existing, or a new case, was or is transferred to, or created, in DCS.

### 2.3 *2008: Change in statute of limitations*

In 2008, new rules on the statute of limitations were implemented in Denmark and going forward principal amounts on loans have in general a time-barring period of 10 years and interest and costs carry a time-barring period of 3 years. Prior to this, the time-barring periods were 20 years and 5 years, respectively. Moreover, the new rules made it much more difficult to suspend the time-barring period. In order to suspend the time-barring period a large portion of the claims was sent to external debt collection agencies.

### 2.4 *2009: Correction team*

Perhaps in the knowledge that DCS contained some inherent data quality issues, and in conjunction with the new statute of limitations, a Correction Team was established in 2009 to manually correct the cases in DCS on a continuous basis. However, in many instances this was done without the case handler being able to reconcile the most recent calculation of debt owed against an original account statement. By inference, therefore, some but not all cases that underwent correction, were not corrected to the accurate amount. The Correction Team managed to review some, but far from all cases in DCS, before it was disbanded in around 2011. Plesner does not know how many cases were corrected at this stage, or the extent to which these cases were corrected accurately.

### 2.5 *2009: LEAN focus*

In 2009 Danske Bank launched an initiative known as LEAN, which aimed to streamline existing business processes in an attempt to become more efficient in case handling. It is not currently clear to us exactly when the focus on LEAN ended but it is our understanding that the strong focus on LEAN lasted for a longer period. In the case of DCS, the focus on LEAN meant that GRDM was instructed to only rely on the data as presented by DCS when performing debt collection (such as when entering into settlement agreements, seeking court orders etc.) and not to spend time looking at physical files. Previously greater efforts were made to ensure that amounts reflected in DCS were reconciled against a previous account statement or other evidence on file for that customer, e.g. by reviewing the physical customer file that contained information on the correct principal amount owed by the customer etc. It is our impression that the focus on LEAN further exacerbated some of the issues present today, as presumably some of the case errors would have been caught earlier.

### 2.6 *Lithuania outsourcing*

Danske Bank operates an off-shore office in Lithuania that mainly performs operations and other administrative tasks. For a period of time since 2004, staff in Lithuania conducted case handling on behalf of GRDM using DCS. The focus on LEAN meant that staff in Lithuania were incentivised to produce results over quality in their case handling. Further to LEAN, this may have meant collection of debt has occurred without any controls or reconciliation to ensure that the data produced by DCS was correct.

### 2.7 *2019: Operational Risk Event*

On 24 May 2019 an ORIS was escalated internally at Danske Bank confirming that it had discovered that DCS suffered from underlying data quality issues, and that the inherent issues with the debt collection processes were not merely manual errors, as apparently previously thought. The Danish FSA was notified on 6 June 2019.



## 2.8 *2019: Correction Team*

The Correction Team was re-established in August 2019, following the ORIS, with a view to manually review and correct all cases in DCS that had been mishandled. We have been informed by members of the Correction Team that some cases can be dealt with relatively quickly, whilst other cases can take days to recalculate and complete - and in some cases it might not even be possible to perform a recalculation due to the lack of a physical customer file.

## 3 **GENERAL DESCRIPTION STATUTE OF LIMITATIONS**

When describing the applicable statute of limitation rules, it is relevant to distinguish between the following three time periods:

- 1) The period before 1 January 2008. In this period the time-barring rules were governed by two limitation acts covering loans, fees and interest (a) Danske Lov 5-14-4 ("DL"), and (b) the 1908 Act of Limitation (Act No. 274 of 22 December 1908) (the "1908 Act").
- 2) The period from 1 January 2008. In this period the Act of Limitation (Act No. 522 of 6 June 2007) (the "2008 Act") governed, and continues to govern, the time-barring rules in respect of loans, fees and interest.
- 3) The transitional period for obligations incurred before 1 January 2008 that were unresolved on 1 January 2008 and therefore became subject to the specific transitional rules in the 2008 Act.

The purpose of the 2008 Act was to replace DL and the 1908 Act and the 2008 Act remains the applicable legal framework.

### 3.1 **Statute of limitation**

#### 3.1.1 *Loans*

##### Before 1 January 2008

Prior to the 2008 act, the limitation period on loans was regulated by DL. Under the DL, the limitation period was twenty (20) years from the *establishment of the claim*, e.g. the establishment of a loan. Such limitation could be interrupted by either (i) the debtor's perception of the claim, (ii) by the creditor reminding the debtor about the obligation, (iii) a notice to an estate or (iv) request of appropriation (*anmodning om udlæg*). If the limitation period was interrupted before the loan became time-barred, a new limitation period would begin.

##### From (and including) 1 January 2008

Under the 2008 Act, the limitation period for loans is ten (10) years *from the due date of the loan*. The statute of limitations was thereby changed from twenty (20) years to ten (10) years. The new legal requirements for interrupting the statute of limitation period, under the 2008 Act, are to either (i) obtain the acknowledgment of the obligation by the debtor or (ii) by taking legal action against the debtor.

#### 3.1.2 *Interest and fees*

##### Before 1 January 2008

Prior to the 2008 act, the limitation period on interest and fees were regulated by the 1908 Act. Claims on interest, which was due at specified intervals but not considered as repayment of a debt owed, carried a statute of limitation period of five (5) years *from the due date*. Claims on interest become time-barred either independently or if the principal amount became time-barred.

### From (and including) 1 January 2008

Under the 2008 Act, interest and fees will as a general rule become time-barred after three (3) years *from the due date*.

However, it should be noted if claims on interest and/or fees are attributed within the maximum of an overdraft facility (*kassekredit*), the limitation period is ten (10) years *from the due date*.

Moreover, if a debtor acknowledges the debt on interest and fees, wholly or partially, the limitation period will be 10 years *from the due date*.

#### 3.1.3 *Transitional period*

When the 2008 Act entered into force on 1 January 2008, the general transitional rule was that the new 2008 Act applied to previously established obligations, which were not time-barred under the DL or the 1908 Act before the date of entry into force.

The transitional rules were relevant if:

- the applicable rules led to time-barring after 1 January 2008; and
- the 2008 Act led to time-barring before 1 January 2011.

In order to avoid unintended consequences, a transitional period was introduced in the 3-year period, after which time-barring only occurred if it followed from the previous as well as the newly applicable rules - and if so the latest limitation date of the two possible limitation dates should apply as the limitation date in this transitional period.

The transitional rules imply that if a reminder was sent to the debtor prior to 1 January 2008 the interruption will have effect under the 2008 Act (even though such an interruption cannot be made under the 2008 Act). A reminder sent before 1 January 2008 in relation to a claim, which according to the 2008 Act is subject to a limitation period of ten (10) or three (3) years, triggers a limitation period of respectively ten (10) or three (3) years for the claims (and not the twenty (20) and five (5) years known under DL and the 1908 Act.)

For claims established on 1 January 2008, or later, the transitional rules will not be relevant.

## 3.2 **Overview of relevant limitation periods**

We have in annex 1 to this document set out an overview of the various limitation periods relevant to the debt portfolio. Any reference to Danske Bank shall be read as a reference to any previous lender having taken such action or has been unknown to the relevant fact.

## **4 DESCRIPTION OF KEY SYSTEM AND PROCESS FLAWS WITHIN DCS**

### 4.1 **Introduktion til DCS-systemet**

DCS er det centrale gældsindrivelsessystem i Danske Bank.

Når et udestående gældsforhold overdrages fra en filial til GRDM, flyttes kontoen samt ansvaret for at inddrive gælden samtidigt til DCS og GRDM.

De identificerede system- og procesfejl er i al væsentlighed resultat af flere forskellige "data-entry" flaws. Som konsekvens af disse data-entry flaws vil alle senere løbende beregninger forudsætningsvist være forkerte i et eller andet omfang. En fejl på registreringstidspunktet vil således påvirke restgældens størrelse, hvis ikke sådanne entry-flaws manuelt over tid korrigeres.

De identificerede fejl er proces/systembundne, og den følgende beskrivelse skal dels illustrere datastrømmene, når en sag oprettes i DCS, og dels illustrere hvor og hvorfor fejlene opstår.

I DCS opdeles den udestående gæld i seks forskellige datafelter. Differentieringen mellem disse datafelter er nødvendig bl.a. af hensyn til fremtidig beregning af renter, overvågning, kontrol og afbrydelse af forskellige forældelsestidspunkter, samt for indberetning af relevante rentefradrag over for Skattestyrelsen.

Figur 1: Datafelter i DCS

| Felt nr. | Beskrivelse  | Forældelsesregel i DCS |
|----------|--|------------------------|
| 1        | <b>Omkostninger</b><br><i>F.eks. tilkendte sagsomkostninger. Datafeltet er typisk tomt, når sagen oprettes i DCS.</i>  | 10 år                  |
| 2        | <b>Beregnet ikke betalte renter</b><br><i>Renter påløbet i filialen - der ikke er betalt og før sagen oprettes i DCS.</i>  | 3 år                   |
| 3        | <b>Hovedstol</b><br><i>Resthovedstol</i>   | 10 år                  |
| 4        | <b>Anerkendte renter</b><br><i>Renter påløbet efter sagens oprettelse i DCS, og som kunden har anerkendt ved f.eks. indgåelse af frivilligt forlig. Renterne fra datafelterne 5 og 6 overføres til dette datafelt efter en 'anerkendelse'.</i> | 10 år                  |
| 5        | <b>Løbende renter</b><br><i>Totale renter påløbet efter sagens oprettelse i DCS.</i>   | 3 år                   |
| 6        | <b>Løbende renter i år</b><br><i>Renter påløbet i indeværende år.</i>  | 3 år                   |

Når en debitor foretager et afdrag på et udestående gældsbeløb er der etableret følgende dækningsrækkefølge i DCS (i forhold til datafelterne): 1, 2, 5, 4 og 3.

Omvendt hvis der foretages modregning er dækningsrækkefølgen: 1, 2, 3, 4 og 5.

[Beskrivende tekst om felt 6.]

#### 4.2 Hvordan DCS formentlig var tiltænkt at fungere

Følgende afsnit viser alene, hvordan DCS formentlig var tiltænkt at fungere med blik på at eksemplificere de fejl, som opstår i DCS. I afsnit 4.3 nedenfor angives således, hvad der rent faktisk sker i DCS.

Når en sag oprettes i DCS registreres hovedstolen som værende resthovedstolen og eventuelle anerkendte renter. Det samlede beløb registreres i datafelt 3.

Datafelterne 5 og 6 anvender beløbene som angivet i datafelterne 2, 3 og 4 til at beregne løbende renter. Renterne i datafelterne 5 og 6 holdes adskilt fra datafelterne 3 og 4, idet forældelsesfristen for disse fordringer er 3 år, hvorimod forældelsesfristen for hovedstolen og anerkendte renter er 10 år.

Opnås en ny dom eller indgås et nyt frivilligt forlig, akkumuleres renterne (datafelterne 5 og 6) og overføres til datafelt 4. Samtidig overføres ethvert beløb i datafelt 2 til datafelt 3, hvorved beløbet betragtes som en del af hovedstolen. Beløbet i datafelt 2 overføres til datafelt 3 - og ikke datafelt 4 - da der allerede er søgt om skattefradrag for renterne i datafelt 2. Danske Bank søger herved at undgå registrering af dobbelt rentefradrag for kunden.

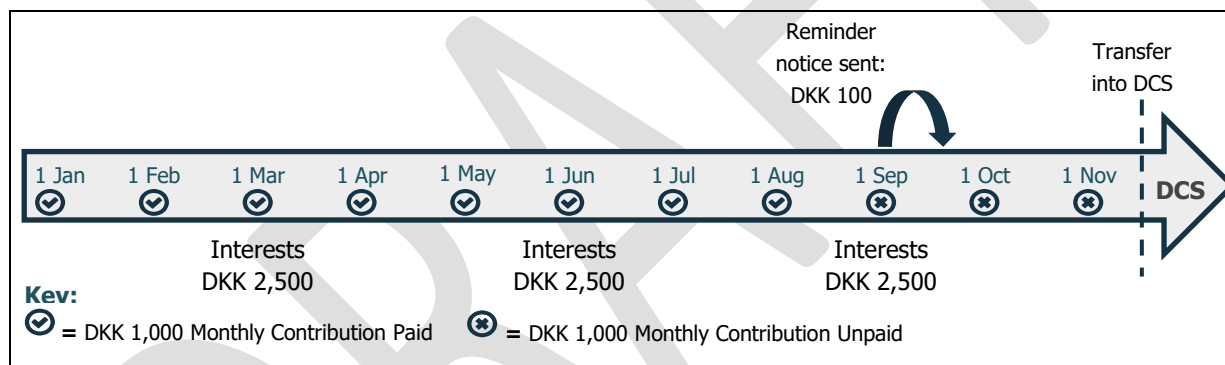
Datafelt 1 indeholder tilkendte omkostninger, der f.eks. tilkendes som led i Danske Banks retslige inddrivelse af et tilgodehavende. Beløbet forbliver i datafelt 1, og rykkes ved en dom eller en forligsaftale ikke til datafelt 3.

#### 4.3 Hvad der faktisk sker i DCS

Bemærk, at følgende beskrivelse og illustrationer er eksempler på de hyppigste fejl, der er identificeret i forbindelse med tilretningsprocessen. Det skal understreges, at vi ikke er bekendt med, hvorvidt sagerne er repræsentative. Der opstår fortsat nye "problemer", hvor der ikke umiddelbart findes en logisk forklaring. F.eks. har vi fået forklaret, at inddrivelsen af krav over for danske kautionister systemmæssigt er oversendt til Norge.

Der er ikke i Danske Bank et fuldstændigt overblik over alle fejl i DCS. Hertil kommer, at der fortsat identificeres fejl, hvis oprindelse ikke umiddelbart lader sig forklare.

Figur 2: Sekvens af begivenheder for et nyt lån i en filial og før sagens oprettelse i DCS



Debitors sidste rettidige betaling blev i ovennævnte eksempel foretaget i august.

Almindeligvis fremsendes 3 rykkere, før en sag overføres til DCS.

##### 4.3.1 Delvist betalte renter

Tilskrevne renter dækkes forud for hovedstolen. Ovennævnte scenarie beskriver den fejl i DCS, der opstår, når et afdrag delvist dækker allerede tilskrevne renter. I eksemplet bliver der foretaget to afdrag på DKK 1.000 i hhv. juli og august, der tilsammen dækker DKK 2.000 af en rentetilskrivning på DKK 2.500.

De resterende DKK 500 er fortsat "ubetalte renter" i andet kvartal. De DKK 500 (og eventuelt senere ubetalte renter) burde overføres til datafelt 2 i DCS. Resthovedstolen skal overføres til datafelt 3. Imidlertid overføres de DKK 500 fejlagtigt til datafelt 3 i DCS, og beløbet registreres derved som en del af resthovedstolen. Med andre ord registreres der i dette eksempel DKK 500 for meget i datafelt 3. Eventuelle senere ubetalte renter (f.eks. de renter, der tilskrives i september) overføres korrekt til datafelt 2 i DCS.

DCS-systemet synes ikke at kunne skelne mellem delvist betalte renter og delvist betalte ydelser, hvorfor de behandles på samme måde, hvilket ikke er korrekt.

Ved oprettelsen af sagen i DCS indeholder datafelt 3 således fejlagtigt delvist ubetalte renter, der er påløbet før gælden blev overført til DCS. Sammenlægningsreglerne af delvist betalte renter og hovedstolen i datafelt 3 indebærer, at DCS anvender forældelsesreglerne for resthovedstolen (10 år) på delvist betalte renter (i vores tilfælde DKK 500). Derfor bliver DKK 500 "markeret" som forældet efter 10 år. Reelt burde renterne forældes efter 3 år.

Denne iboende fejl i DCS-systemet medfører i yderste konsekvens, at Danske Bank ultimativt opkræver et større beløb end den faktiske gæld.

#### 4.3.2 *Behandling af rykkergebyrer*

Forældelsesfristen for rykkergebyrer er i udgangspunktet 3 år.

Rykkergebyrer, der er tilskrevet før sagens oprettelse i DCS, er - siden implementeringen af systemet i 2004 - blevet overført direkte til datafelt 3. Rykkergebyrerne er derfor blevet inkluderet som en del af hovedstolen til beregning af de løbende renter. Rykkergebyrer burde ikke registreres i datafelt 3, men snarere i et selvstændigt datafelt.

Systemopsætningen har på dette punkt i praksis betydet, at sagsbehandlere skulle foretage en manuel korrektion af hovedstolen, når de relevante gebyrer blev forældet. Denne korrektion skulle foretages 3 gange (én gang for hvert rykkergebyr), idet rykkerne blev sendt på forskellige tidspunkter (typisk med en måneds mellemrum) og derfor også forældes på forskellige tidspunkter.

Denne manuelle sagsbehandling er ikke i alle tilfælde blevet foretaget, og den manuelle korrektion har tillige været fejlbehæftet.

I juli 2019 blev denne fejl systemmæssigt korrigeret, således at ubetalte rykkergebyrer blev adskilt fra hovedstolen. Ubetalte rykkergebyrer overføres på nye sager til datafelt 2. Ændringen i juli 2019 har alene virkning for fremtidige sager, og der er ikke foretaget en automatisk korrektion af de allerede eksisterende sager i DCS. [Det er for nuværende uklart, hvorvidt registreringen i relation til forældelse og indberetning af rentefradrag for kunderne foretages korrekt.]

#### 4.3.3 *Beregning af forældelsesperioden*

Forældelsesfristen for hovedstol, påløbne renter og gebyrer regnes fra forfaldstidspunktet. Imidlertid beregner DCS forældelsesfristen ud fra oprettelsestidspunktet i DCS. Som konsekvens indebærer dette, at man i DCS nødvendigvis ikke kan identificere og kontrollere det korrekte tidspunkt for afbrydelse af forældelse.

Det indebærer, at frivillige forlig eller retsafgørelser i praksis kan indeholde allerede forældede renter, gebyrer og eventuelt hovedstole. Dette gælder navnlig, hvis et frivilligt forlig indgås omkring tidspunktet for forældelsesfristens udløb registreret i DCS. Hertil kommer, at ikke-betalte ydelser under (i hvert fald) gældsbreve selvstændigt forældes. Ikke-betalte ydelser forældes således før den samlede restgælds forældelse.

Såfremt hovedstolen allerede er forældet på tidspunktet forud for indgåelsen af et frivilligt forlig, har Danske Bank fortabt retten til at kræve hovedstol og renter betalt til sig.

#### 4.4 **Praktisk eksempel**

De i punkt 4.3 beskrevne problemstillinger er de primære systemfejl i DCS (foruden de beskrevne data-entry flaws fra BG Bank og "Legacy Danske Bank" i punkt 5).

Correction-teamet gennemgår fortsat nye og gamle sager, og der fremkommer forskellige typer af systemmæssige problemstillinger, hvis nærmere oprindelse ikke umiddelbart kan forklares. Dette illustreres via følgende eksempel, som viser fejl i DCS-systemet, der pt. ikke præcist kan beskrives.

*Figur 3: Kontooversigt*

| Date       | Text               | Debit    | Credit   | Balance    |
|------------|--------------------|----------|----------|------------|
| 08.11.2007 | Transport          |          |          | -91.697,27 |
| 11.12.2007 | Credit             |          | 2.500,00 | -89.197,27 |
| 31.12.2007 | Interest           | 2.151,96 |          | -91.349,23 |
| 31.12.2007 | Overdraft Interest | 6,16     |          | -91.355,39 |
| 03.01.2008 | Credit             |          | 2.500,00 | -88.855,90 |
| 14.02.2008 | Credit             |          | 2.500,00 | -86.355,39 |
| 04.03.2008 | Credit             |          | 2.500,00 | -83.855,39 |
| 31.03.2008 | Interest           | 2.177,78 |          | -86.033,17 |
| 31.03.2008 | Overdraft Interest | 8,61     |          | -86.041,78 |
| 07.04.2008 | Reminder Notice    | 100      |          | -86.141,78 |
| 22.04.2008 | Reminder Notice    | 100      |          | -86.241,78 |
| 10.06.2008 | Overdraft Interest | 50       |          | -86.291,78 |
| 10.06.2008 | Overdraft Interest | 1.738,22 |          | -88.030,00 |

\*Overtræksrenter er renter tilskrevet efter ubetalte månedlige ydelser.

Den 4. marts 2008 foretog kunden i eksemplet det sidste rettidige afdrag på gælden. På tidspunktet udgjorde gælden samlet DKK 83.855,39. Dette beløb burde rettelig overføres til datafelt 3 i DCS (hvor DKK 200 i rykkergebyrer - fejlagtigt - også blev overført, da sagen er fra før juli 2019, hvor denne fejl blev rettet).

Efter den 4. marts 2008 er der 4 gange tilskrevet renter for samlet DKK 3.974,61. Dette beløb burde være overført til DCS-systemets datafelt 2. I alt udgør det samlede krav DKK 88.030,00.

Uanset ovenstående er alle tilskrevne renter frem til den 22. april 2008 fejlagtigt overført til datafelt 3, og kun renterne tilskrevet den 10. juni 2008 er overført til datafelt 2. Dermed henstår der en urigtig hovedstol på DKK 86.241,78, der er DKK 2.186,39 for højt (ekskl. rykkergebyrer på DKK 200) (beløbet er markeret med gult i både figur 3 og 4).

Renterne registreret i datafelt 3 registreres som konsekvens fejlagtig og ikke som forældet efter 3 år.

*Figur 4: Screenshot af sag i DCS*

| Saldotype:                                  | Restgæld                | <input checked="" type="radio"/> Standard liste (Bogføringsdato) |                 |
|---|-------------------------|--|-----------------|
| Fra dato:                                   | 01.01.1999              | <input type="radio"/> Udvidet liste (Posteringsdato)             |                 |
| <b>Hent</b>                                 |                         |  |                 |
| Periode:                                    | 22.05.2008-14.12.2018   | Saldo pr. 31.12.2018: -83.855,39                                 |                 |
|   |                         | Posteringsdato: 5  |                 |
| Dato  | Tekst                   | Beløb  | Saldo Saldotype |
| <input checked="" type="radio"/> 22.05.2008 | Udbetaling (System)     | -86.241,78   | -86.241,78 3    |
| <input type="radio"/> 22.05.2008            | Indbetaling, korrektion | 86.241,78  | 0,00 3          |
| <input type="radio"/> 22.05.2008            | Udbetaling, korrektion  | -83.855,39   | -83.855,39 3    |

Figur 4 illustrerer tilretningen af sagen. I datafelt 3 burde der have stået DKK 83.855,39 svarende til udeståendet pr. 4. marts 2008.

Figur 5: Screenshot af sag i DCS

| Saldotype:                                  | Tilskrevet ej betalt rente | <input checked="" type="radio"/> Standard liste (Bogføringsdato) |                 |
|---|----------------------------|--|-----------------|
| Fra dato:                                   | 01.01.1999                 | <input type="radio"/> Udvidet liste (Posteringsdato)             |                 |
| <b>Hent</b>                                 |                            |  |                 |
| Periode:                                    | 30.06.2008-30.06.2008      | Saldo pr. 31.12.2018: 0,00                                       |                 |
|   |                            | Posteringsdato: 2  |                 |
| Dato  | Tekst                      | Beløb  | Saldo Saldotype |
| <input checked="" type="radio"/> 30.06.2008 | Rente                      | -1.788,22  | -1.788,22 2     |
| <input type="radio"/> 30.06.2008            | Rente, forældet            | 1.788,22   | 0,00 2          |

Figur 5 illustrerer den korrekte registrering af renterne tilskrevet den 10. juni 2008 i datafelt 2.

Fejlens opståen kan ikke umiddelbart forklares.

Uanset ovenstående medfører denne iboende fejl i DCS-systemet i yderste konsekvens, at Danske Bank via DCS-systemet ultimativt opkræver et større beløb end den faktiske gæld.

Figur 6: Illustration DCS-systemets behandling af sagen anvist i figur 3

**Datafelt 1**

DKK 0,00

**Datafelt 2**DKK 1.788,22 (which includes the two sets of interests incurred on the 10<sup>th</sup> of June)**Datafelt 3**DKK 86.241,78 (which includes the correct amount of DKK 83.855,39, but also the interest incurred on the 31<sup>st</sup> of March as well as the two reminder notice costs)**Datafelt 4**

N/A

**Datafelt 5**

N/A

**Datafelt 6**

N/A

**5 HISTORIC ISSUES PRE-DATING DCS****5.1 Legacy Danske Bank systems****5.1.1 Generel introduktion**

Forud for DCS-systemet var inddrivelsessystemet internt i Danske Bank decentralt og baseret på følgende tre overordnede konti:

**1. Almindelig konto**

f.eks. indlån, udlån og kreditter

**2. Inkassokonto***Overgang fra filial til inkassoafdelingen***3. Afskrevet fordringer***Uerholdelige fordringer*

I Danske Banks decentrale gældsinddrivelsesenheder var der ikke etableret en systemmæssig betalingsrækkefølge.

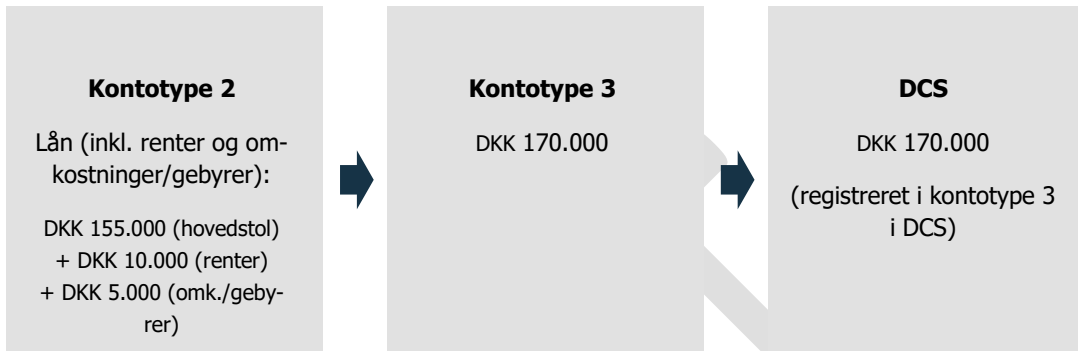
Når en given debitor misligholdte sin betalingsforpligtelse overførtes den misligholdte fordring fra kontotype 1 til kontotype 2, dvs. til "inkassokontoen". Medmindre der med kunden blev indgået et frivilligt forlig eller man i Danske Bank opnåede dom blev fordringen afskrevet, og fordringen blev overført til kontotype 3. Hvis en betalingsforpligtelse efter et frivilligt forlig eller en dom fortsat blev misligholdt blev tilgodehavendet tilsvarende afskrevet og overført til kontotype 3. Kontoen bevarer det samme kontonummer indtil afskrivelsen, hvorefter der blev udfyldt et E-blad, og følgende informationer blev registreret i den fysiske kundemappe:

- Oplysning om gammelt og nyt kontonummer,
- Navn på debitor og meddebitorer,
- Navn på kautionister og deponenter,



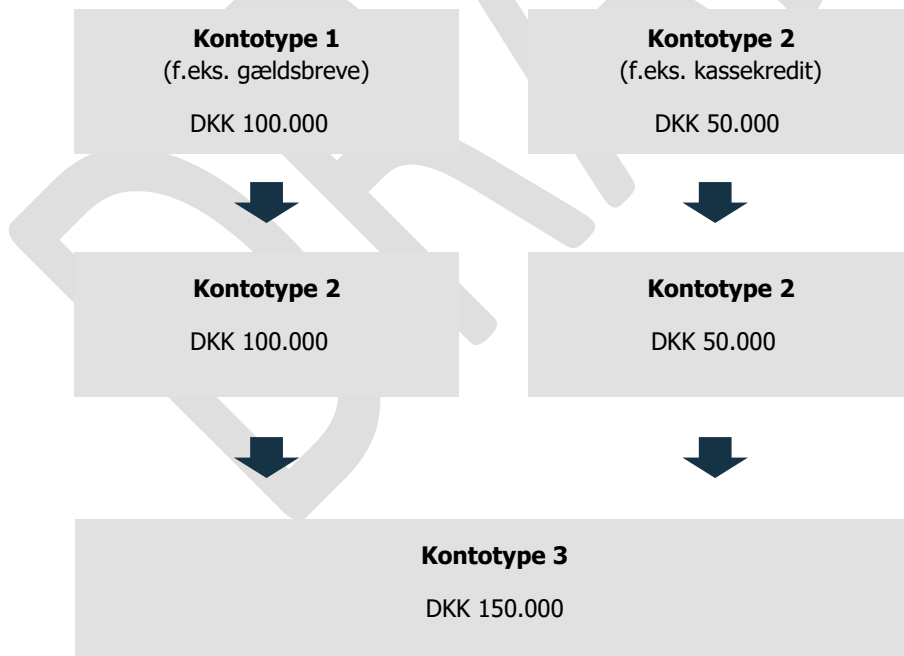
- Retsbehandling, og
- Dato for afskrivning

Registreringsmæssigt var det den samlede saldo på kontotype 2, der blev overført til kontotype 3. Det vil sige, at når en misligholdt fordring blev afskrevet anførtes den samlede saldo som et enkelt beløb i kontotype 3 (inkl. renter, omkostninger, gebyrer m.v.). Illustreres simplificeret nedenfor:



Danske Bank opererede ikke med én kontotype 3 pr. gældspost. I stedet havde man i Danske Bank en "samlekonto" for en debtors samlede afskrivne gæld. Denne integrationsmodel har bl.a. medført, at de forskellige forældelsesfrister og starttidspunkter for fordringernes respektive forældesetidspunkter blev umulig at identificere. Problemet videreførtes ved indførelsen af DCS. Hvis denne registrering manuelt ikke var blevet tilrettet ville den samlede saldo fra kontotype 3 blive overført til DCS-systemet.

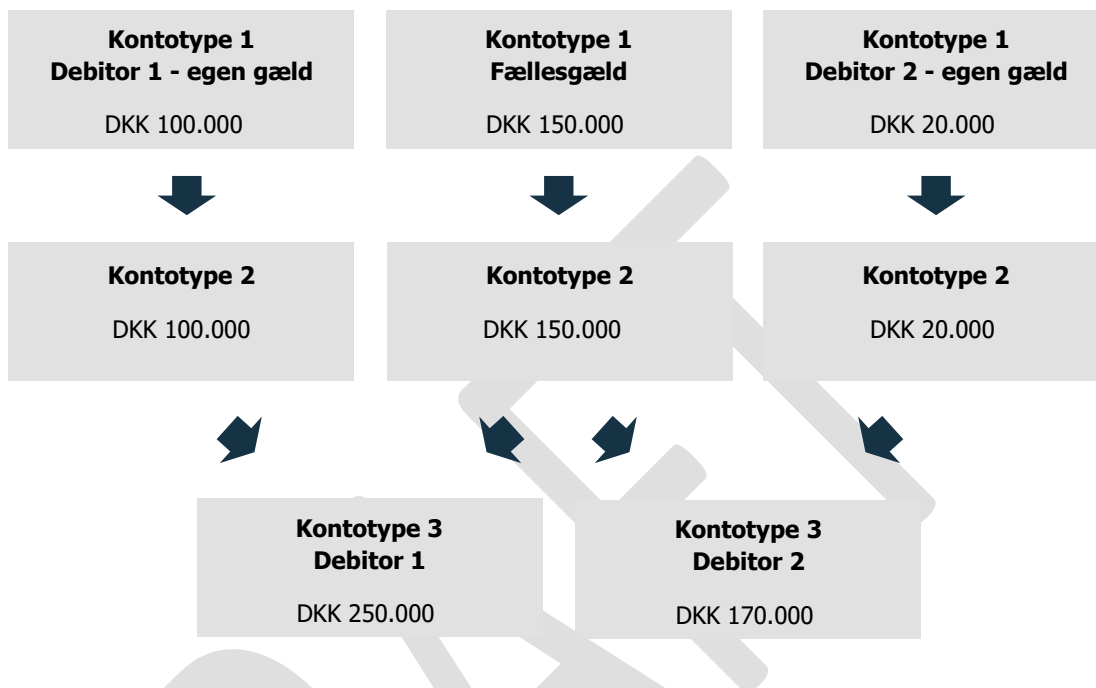
Figur 7: En sag med en debitor med flere gældsposter til inddrivelse



### 5.1.1.2 Dobbeltregistrering

Såfremt en fordring registreret i kontotype 3 havde to eller flere debitorer eller kautionister, blev der oprettet en konto for hver debitor med hver sit kontonummer. Gælden blev herved registreret dobbelt.

Som anført ovenfor opererede Danske Bank ikke med én kontotype 3 pr. gældspost - men derimod en kontotype 3 pr. debitor. Registreringen medførte som konsekvens, at bankens tilgodehavende fremstod forkert, og hvis der ikke internt i Danske Bank blev foretaget en manuel korrektion, risikerede man herved, at Danske Bank opkrævede et større beløb end det faktiske skyldte.



Figur 8: En sag med 2 debitorer, hvor hver især har en egen gæld samt en fællesgæld

Når en konto blev afskrevet og overført til saldotype 3, blev der for hver skyldner oprettet et E-blad. På dette E-blad skulle løbende indbetalinger registreres - hvis de fandt sted.

Disse E-blade foreligger kun i fysisk form (ringbind), og blev ikke registreret i et elektronisk system.

Alene ud fra E-bladet kunne man konstatere, hvorvidt der var andre skyldnere (meddebitorer), der hæftede for fordringen. En meddebitor skulle registreres med et grønt kryds på forsiden. Dette var metoden, hvorved man søgte ikke at inddrive det samme beløb to (eller flere) gange.

### 5.1.2 Fejlregistrering af advokatombudsninger

Registrerede tilkendte sagsomkostninger er ikke i overensstemmelse med de faktisk tilkendte sagsomkostninger fra f.eks. en inkassosag.

De danske domstole fastsætter standardiserede sagsomkostninger i inkassosager, der sjældent modsvarer de faktiske advokatombudsninger. Tilkendte sagsomkostninger kan tilskrives restgælden. Omkostninger herudover er kunden uvedkommende, og er en omkostning Danske Bank som kreditor må bære.

Det er konstateret, at Danske Bank har registreret de faktiske advokatombudsninger frem for de tilkendte sagsomkostninger. Hvorvidt denne praksis er fastholdt også efter indførelsen af DCS er uvist.

Dette må dog beskrives som en manuel fejl. Hvorvidt det dog skyldtes en forkert intern procedure eller blot en forkert praksis i p.t. uvist.

### 5.1.3 Migrationsfejl

Ved konvertering til DCS i 2004, blev saldoen for hver kontohaver (kontotype 3) overført til datafelt 3 i DCS.

Integrationen skete uagtet, at saldoen kunne indeholde forskellige hovedstole, renter og omkostninger, der potentielt kunne være forældede.

Renter og omkostninger burde ikke registreres i datafelt 3 i DCS - (medmindre renterne er anerkendt).

Alene den totale saldo overgik til DCS-systemet.

Oplysninger om tidligere kontonumre eller navne på meddebitorer/kautionsister blev ikke registreret i DCS. Det var ikke muligt løbende at registrere indbetalinger parallelt mellem flere meddebitorer.

#### Eksempel (se figur 8)

Hvis debitor 1 indbetalte DKK 150.000 (et beløb der dækker egen gæld samt DKK 50.000 af fællesgælden) ville DKK 170.000 fortsat stå til inddrivelse ved debitor 2. Såfremt der ikke blev foretaget en manuel korrektion, ville der som konsekvens fortsat blive gjort forsøg på at inddrive det fulde beløb ved debitor 2 - selvom gælden allerede delvist var blevet betalt.

## 5.2 Legacy BG Bank systems

### 5.2.1 Generel introduktion

Inddrivelsessystemet i BG Bank var baseret på følgende tre overordnede konti (idet der for kassekreditter dog ikke var behov for oprettelse af en kontotype 2):

#### 1. Almindelig konto

f.eks. indlån, udlån og kreditter

#### 2. Inkassokonto

*Overgang fra filial til inkassoafdelingen*

#### 3. Afskrevet fordringer

*Uerholdelige fordringer*

I BG Bank var der etableret en systemmæssig betalingsrækkefølge, hvor afdrag først anvendtes til at inddække allerede påløbne renter forud for hovedstolen. Påløbne renter blev først dækket på kontotype 1 og derefter kontotype 2. Påløbne renter blev kun dækket på kontotype 3, idet omfang at renterne var anerkendt af debitor.

Når en debitor misligholdte sin betalingsforpligtelse, overførtes den misligholdte fordring fra kontotype 1 til kontotype 2, dvs. til "inkassokontoen". Filialen oprettede kontotype 2 udfyldte samtidig et stamblad, hvor følgende informationer blev registreret i den fysiske kundemappe:

- Navn på debitorer,
- Navn på kautionsister og deponenter,
- Kontonummer på konti der skulle til inkasso,
- Kontotype - gældsbrief, kassekredit eller almindeligt overtræk,
- Oprindelig lånebeløb på hver enkelt konto,

- Saldo ved overførsel til inkasso på hver enkelt konto (samlede saldo),
- Oplysning om eventuel sikkerhedsstillelse,
- Beskrivelse af sagsforløb i filialen samt oplysninger om debtors situation, og
- Dato for overførsel til inkasso.

Systemmæssigt kan man ikke tilgå disse informationer.

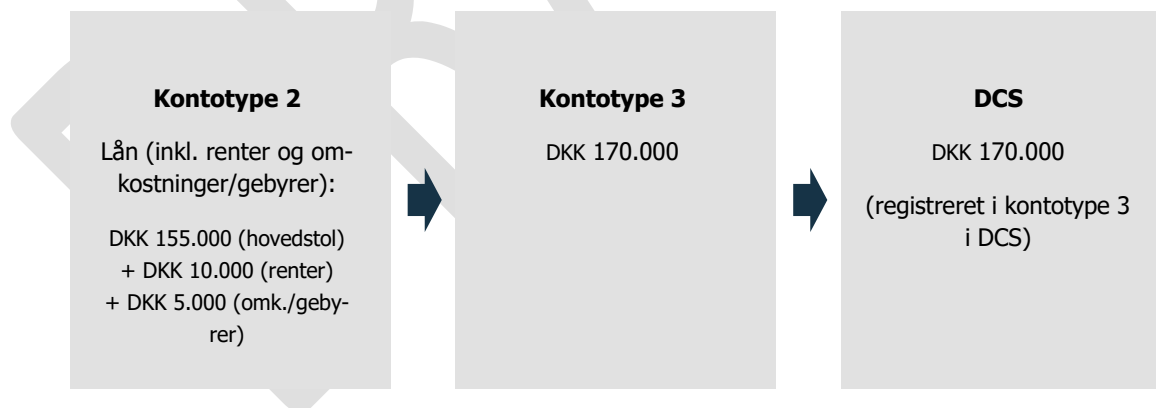
Når inkassosagen var blevet behandlet og skulle afskrives, blev fordringen overført til kontotype 3, dvs. til kontoen med afskrevne fordringer.

Inkassoafdelingen udarbejdede forud for afskrivningen et stamblad kaldet "Indstilling til afskrivning", hvilket stamblad indeholdte informationer om:

- Oplysning om gammelt og nyt konto nr.
- Saldo på krav på hver enkelt konto (det samlede udestående),
- Hvad der var sket i sagen,
- Retsbehandling,
- Dato for afskrivningen, og
- Oplysning om sagsforløb.

Registreringsmæssigt var det den samlede saldo på kontotype 2, der blev registreret på kontotype 3. Det vil sige, at når en misligholdt fordring blev afskrevet anførtes den samlede saldo som et enkelt beløb i kontotype 3.

Ved overførslen fra kontotype 2 til kontotype 3 blev der således ikke sondret mellem hhv. hovedstol, renter og omkostninger. Illustreres simplificeret nedenfor:



Før 1992:

Tilgodehavender der blev afskrevet (overført til kontotype 3) blev overført til en såkaldt "hovedbogskonto". Denne "hovedbogskonto" var en samlekonto for samtlige af de i BG Bank værende "afskrevne fordringer". Rentetilskrivning kunne således ikke foretages ligesom eventuelle afdrag ikke direkte kunne registreres.

En kunde i BG Bank modtog årligt en oversigt over de løbende mellemværende. Imidlertid kunne gæld, der var blevet tilskrevet kontotype 3, ikke indeholdes i disse årlige oversigter. Gælden tilskrevet kontotype 3 blev således skrevet ud af årsoversigten - og kunden kunne således ikke identificere den pågældende gæld til banken. Kunden modtog således ikke systematisk en årlig oversigt over gældsforholdets udvikling. Udarbejdelsen af en årsoversigt vedr. gæld tilskrevet kontotype 3 krævede manuel sagsbehandling og blev ikke konsekvent generet.

#### Efter 1992:

Medio 1992 blev det EDB-mæssigt muligt at håndtere de afskrevne fordringer på kontotype 3 på separate konti, hvorfor gælden kunne registreres med en samlet saldo på enkeltstående konti. Kunderne modtog herefter også årsoversigter vedr. gæld tilskrevet kontotype 3.

I de tilfælde hvor en konto havde flere end to interessenter (meddebitorer), var det ikke muligt at sende årsoversigter til alle øvrige interessenter. Det var kun muligt at sende årsoversigt til én person, hvis der var mere end to interessenter tilknyttet en konto.

#### Perioden 1999-2004

I perioden 1999-2004 var der i BG Bank etableret et note-baseret system. I dette system var der oprettet en række underrubrikker på kontotype 3, hvor man sondrede mellem renter, anerkendte renter, omkostninger, gebyrer og resthovedstol. Ved overgangen til DCS blev disse underrubrikker i al væsentlighed ikke registreret i DCS. I BG Bank havde man mange forskellige registreringsmuligheder i disse underrubrikker, hvilke mange registreringsmuligheder migrationen ikke tog højde for.

Den endelige migration til DCS var mangelfuld, og alene dele af de registrerede anerkendte renter blev overført til DCS's datafelt 4. Efter 2004 er underrubrikkerne i BG Banks system ikke ajourført.

### 5.2.2 Registrering af debitorer og kautionister

På de afskrevne engagementer på kontotype 3, hvor en eller flere kautionister helt eller delvist hæftede for engagementet, blev sådanne kautionister systemmæssigt (urigtigt) registreret som en meddebitor. Denne systemmæssige registrering var nødvendig for, at der kunne generes årsoversigter. Årsoversigten anvendtes bl.a. til at afbryde forældelse efter Danske Lov 5-14-4.

Hvis der systemmæssigt blev registreret mere end to meddebitorer, kunne der imidlertid ikke genereres årsoversigter for alle interessenter. Det var kun muligt at genere én årsoversigt, hvis der var mere end to interessenter. Der blev således kun udsendt årsoversigt til én interessent (den der var registreret med skattekode 1) med den risiko, at forældelse ikke blev afbrudt over for kautionister.

Registreringen indebærer, at man ikke systemmæssigt kan se, at meddebitoren rent faktisk er en kautionist - en sådan information fremgår alene af den fysiske kundemappe. Som konsekvens medfører dette, at kautionisten - hvis datagrundlaget i systemet lægges til grund - kunne/kan blive opkrævet uberettigede beløb, f.eks. hvis der bliver indgået en akkordordning med hovedmanden. Et sådant restkrav kan i udgangspunktet ikke gøres gældende over for en kautionist. Danske Bank har konstateret, at sådanne krav er inddrevet.

#### 5.2.2.1 Et krav pr. konto - flere debitorer

Såfremt en fordring registreret i kontotype 3, havde to eller flere debitorer, og kravene over for de respektive debitorer blev behandlet forskelligt, og der derfor var forskellige pengemæssige krav overfor debitorerne, blev sagen ikke registreret korrekt. I BG Bank kunne der kun registreres et krav pr. konto.

Hvis debitor 1 eksempelvis anerkendte en resthovedstol + renter, og debitor 2 tilsvarende anerkendte kravet, kan der potentielt rejses forskellige krav over for de respektive debitorer - i hvert fald over tid i takt med forældelsen.

Eksempel: Debitor 1 underskriver et frivilligt forlig

|               |     |                   |
|---------------|-----|-------------------|
| Resthovedstol | DKK | 100.000,00        |
| Renter        | DKK | 15.000,00         |
| <b>TOTAL</b>  | DKK | <u>115.000,00</u> |

Såfremt debitor 2 ikke tilsvarende anerkendte rentebeløbet forældes rentekravet efter den almindelige forældelsesfrist.

Systemet kunne alene håndtere ét krav. Systemmæssigt blev det højeste af de mulige krav registreret. Dvs. i ovenstående tilfælde registreres kravet med DKK 115.000,00 - og dette krav ville - hvis der ikke blev foretaget en manuel korrekt - også blive gjort gældende over for debitor 2.

Samme systemfejl gør sig gældende for kautioner. Dette er navnlig relevant i forhold til beløbsbegrænsede kautioner. Hvis der eksempelvis var vedtaget en beløbsbegrænset kaution på DKK 50.000 i ovenstående tilfælde, ville kravet overfor kautionisten blive registreret som værende DKK 115.000,00.

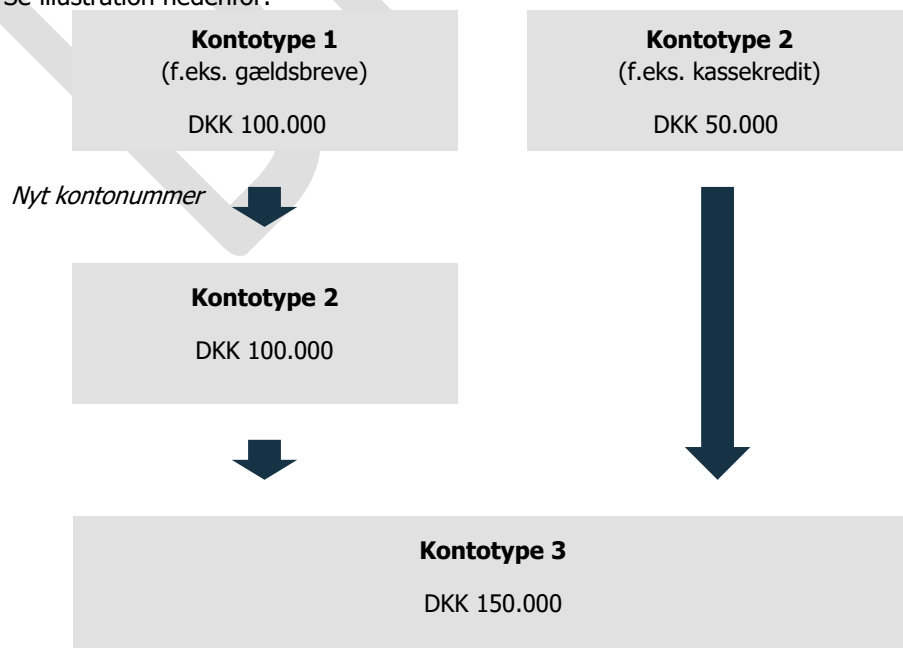
### 5.2.3 Skift af kontonumre

Frem til ca. år 1999/2000 var det ikke muligt at opretholde et oprindeligt kontonummer, når gælden blev sendt til hhv. kontotype 2 og kontotype 3. Systemmæssigt oprettedes et nyt kontonummer, og der var registreret en transport. Dette indebærer, at den historiske udvikling i engagementet blev vanskeligt at spore.

### 5.2.4 Regionale forskelle i håndteringen af kontotype 3

En debitor med flere gældsposter til inddrivelse blev håndteret på forskelligvis regionalt i Danmark. Overordnet kan det siges, at man på Sjælland opererede med en kontotype 3 pr. gældspost, mens man i Jylland anvendte kontotype 3 som en "samlekonto" for en debitors samlede afskrevne gæld.

Se illustration nedenfor:



Denne integrationsmodel har bl.a. medført, at de forskellige forældelsesfrister og starttidspunkter for fordringernes respektive forældelsestidspunkter blev umulig at identificere. Problemet videreførtes ved indførelsen af DCS.

Hvis denne registrering manuelt ikke var blevet tilrettet ville den samlede saldo fra kontotype 3 blive overført til DCS-systemet.

5.2.5 Eksempel på et hændelsesforløb

Kontotype 1

| Dato       | tekst             | udbetaling | indbetaling | saldo       |
|------------|-------------------|------------|-------------|-------------|
|            | transport         |            |             | - 63.851,75 |
| 28.04.1989 | indbetalt         |            | 1.000,00    | - 62.851,75 |
| 24.05.1989 | indbetalt         |            | 1.000,00    | - 61.851,75 |
| 30.05.1989 | indbetalt         |            | 1.000,00    | - 60.851,75 |
| 26.06.1989 | indbetalt         |            | 1.000,00    | - 59.851,75 |
| 30.06.1989 | indbetalt         |            | 1.000,00    | - 58.851,75 |
| 30.06.1989 | rente             | 2.327,64   |             | - 61.179,39 |
| 01.08.1989 | indbetalt         |            | 2.000,00    | - 59.179,39 |
| 30.09.1989 | rente             | 2.245,90   |             | - 61.425,29 |
| 30.09.1989 | rykkergebyr 3 stk | 240,00     |             | - 61.665,29 |
| 06.10.1989 | rente             | 154,16     |             | - 61.819,45 |
| 06.10.1989 | til inkasso       |            | 61.819,45   | - 0,00      |

Kontotype 2

| Dato       | tekst       | udbetaling | indbetaling | saldo       |
|------------|-------------|------------|-------------|-------------|
| 06.10.1989 | transport   |            |             | 61.819,45-  |
| 31.12.1989 | rente       | 1.965,04   |             | 63.784,49-  |
| 31.12.1990 | rente       | 9.565,05   |             | 73.349,54-  |
| 31.12.1991 | rente       | 11.139,47  |             | 84.489,01-  |
| 31.12.1992 | rente       | 13.132,08  |             | 97.621,09-  |
| 31.12.1993 | rente       | 16.895,10  |             | 114.516,19- |
| 24.02.1994 | rente       | 3.020,05   |             | 117.536,24- |
| 17.12.1996 | Afskrivning |            | 117.536,24  | 0,00        |

Kontoen blev således "afskrevet" den 17. december 1996 med en saldo på DKK 117.536,24. Den samlede saldo på DKK 117.536,24 blev overført til kontotype 3. Det konstateres, at der allerede inden overførslen til kontotype 3 ikke var korrigeret for tilskrevne forældede renter (den gældende forældelsesfrist for renter på daværende tidspunkt var 5 år regnet fra forfaldsdagen, og allerede den 17. december 1996 var der tilskrevet DKK 14.170,15 i forældede renter.

Saldoen på kr. 117.536,24 har været registreret på kontotype 3 frem til konverteringen til DCS i 2004, og blev registreret som hovedstol i DCS.

|   |                         |  |              |                  |
|---|-------------------------|--|--------------|------------------|
| Saldotype:                                  | Restgæld                | <input checked="" type="radio"/> Standard liste (Bogføringsdato) |              |                  |
| Fra dato:                                   | 01.01.1999              | <input type="radio"/> Udvidet liste (Posteringsdato)             |              |                  |
| <b>Hent</b>                                 |                         |  |              |                  |
| Periode:                                    | 01.01.1999-02.01.1999   | Saldo pr. 31.12.2018: -59.179,39                                 |              |                  |
|   |                         | Posteringer  |              |                  |
| <b>Dato</b>                                 | <b>Tekst</b>            | <b>Beløb</b>   | <b>Saldo</b> | <b>Saldotype</b> |
| <input checked="" type="radio"/> 01.01.1999 | Udbetaling (System)     | -117.536,24  | -117.536,24  | 3                |
| <input type="radio"/> 02.01.1999            | Indbetaling, korrektion | 117.536,24   | 0,00         | 3                |
| <input type="radio"/> 02.01.1999            | Udbetaling, korrektion  | -59.179,39   | -59.179,39   | 3                |

Med virkning pr. 31. december 2018 blev sagen korrigeret, og hovedstolen blev nedskrevet til kr. 59.179,39, svarende til den sidste foretagne indbetaling den 1. august 1989. De kr. 59.179,39 kan i dag tillægges 3 års rente (forudsat at forældelsen af hovedstolen er behørigt afbrudt).

Hvis debitor i dette scenarie eksempelvis den 31.12.2017 havde underskrevet et frivilligt forlig på baggrund af kontotype 3, ville de 117.536,24 blive tillagt yderligere 3 års renter af en allerede forkert opgjort restgæld.

I denne sag er der forudsætningsvist indgået enten (i) et frivilligt forlig eller (ii) opnået dom på baggrund af en urigtigt opgjort restgæld.

Hvis der ikke var foretaget en manuel korrekt af denne sag, kunne der potentielt være fejlagtigt inddrevet en beløb, der oversteg den reelle restgæld med mere end 100 %.

Resthovedstolen på alle tilgodehavender er forudsætningsvist - hvis sagen ikke er blevet manuelt korrigeret - systemmæssigt registreret forkert. Det indebærer bl.a., at Danske Bank undertiden har opkrævet mere end det skyldte beløb. Den forkerte opgørelse af resthovedstolen ses derfor også reflekteret i f.eks.:

- Indfrie fordringer,
- Frivillige forlig,
- Fogedopgørelser,
- Domsfundamenter,
- Advokatopgørelser, og
- Gældssaneringsager, konkursboer, rekonstruktion, dødsboer etc.

#### 5.2.6 Tilgodehavender til ekstern inddrivelse

Såfremt en fordring har været til inddrivelse ved ekstern advokat er det konstateret, at når kravet tilbagesendes fra advokaten - f.eks. fordi der er opnået skylderklæring - registreredes fordringen på ny i systemet. I kontotype 3 registreredes den samlede resthovedstol inkl. renter i 5 år og fogeddomkostninger. Den eksterne advokat havde typisk tilskrevet yderligere renter frem til oversendelsestidspunktet, hvilket tilsvarende blev registreret i kontotype 3 - dog som anerkendte omkostninger. Efterfølgende sagsbehandlingsskridt i tillid til systemet vil være forkerte.

#### 5.2.7 Migrationsfejl

Ved konverteringen til DCS-systemet i 2004 blev det besluttet, at fastholde registreringen af kauti-onister som meddebitorer som anført i punkt 5.2.2.



Ved konverteringen til DCS-systemet blev kun saldoen fra kontotype 3 konverteret til DCS. Elektroniske oplysninger vedr. kontotype 1 og kontotype 2 fremgår således ikke af DCS-systemet, og sådanne oplysninger kan kun tilgås via den fysiske kundemappe. Tilsvarende fremgår der ikke informationer om, at saldoen på kontotype 3 også udgøres af eksempelvis renter, gebyrer og omkostninger. I enkelte tilfælde er anerkendte renter blevet overført til DCS. Anerkendte renter kunne i BG Bank registreres på flere forskellige måder. Selve migrationen til DCS inkluderede ikke alle registreringsmetoder.

DRAFT

**ANNEX 1 - OVERVIEW OF TIME-BARRING RULES**

This is a high-level non-exhaustive overview of the key rules on statute of limitation.

| CLAIM   | LIMITATION PERIOD           | SUSPENSION CAUSE   | SUSPENSION RESULT                 | INTERRUPTION CAUSE  | INTERRUPTION RESULT            |
|---|-----------------------------|--|-----------------------------------|---|--------------------------------|
| <b>PRIOR to 1 JANUARY 2008</b>  |                             |  |                                   |   |                                |
| Loans, over-draft accounts, document of indebtedness, settlement out of court and guarantees of these obligations | 20 years from establishment | N/A  | N/A                               | i) Debtor's Perception ( <i>anerkendelse</i> ) of the claim<br>ii) Notification to debtor<br>iii) Notice to an estate<br>iv) Request of appropriation ( <i>anmodning om udlæg</i> ) | New 20 years limitation period |
| Interest, fees, costs and guarantee obligations of these  | 5 years from the due date   | i) Unaccountable knowledge of the claim or the debtor's residence.<br>ii) Substantive negotiations | Postponement of limitation period | i) Debtor's Perception of the claim<br>ii) DB's legal actions towards the debtor  | New 5 years limitation period  |
| <b>POST 1 JANUARY 2008</b>  |                             |  |                                   |   |                                |
| Loans, over-draft accounts, document of indebtedness, settlement out of court and guarantees of these obligations | 10 years from the due date  | i) DB's lack of knowledge or ought to know of the claim or of the debtor                           | Postponement of limitation period | i) Debtor's Perception of the claim<br>ii) DB's legal actions towards the debtor.   | New 10 years limitation period |
| Interest, fees, costs and guarantee obligations of these  | 3 years from the due date   | i) DB's lack of knowledge or ought-knowledge of the claim or of the debtor                         | Postponement of limitation period | i) Debtor's Perception of the claim<br>ii) DB's legal actions towards the debtor.   | New 3 years limitation period  |



# Project Collection

Workshop 26 November 2019

Strictly confidential – legal privilege

# Introduction

## Key impact of system and process failures

| Systems impacted  | Affected areas  | Risks   | Remediation   |
|---|---|---|---|
| <ul style="list-style-type: none"><li>• The Debt Collection System ("DCS")</li><li>• Legacy Danske Bank system (pre 2004)</li><li>• BG Bank (pre 2004)</li><li>• (PF and Pantebreve – to be verified)</li></ul> | <ul style="list-style-type: none"><li>• All customers within GRDM<ul style="list-style-type: none"><li>• General debt collection</li><li>• Debt relief</li><li>• Bankruptcy</li><li>• Foreclosure sale</li><li>• Decedent estate</li><li>• Etc.</li></ul></li></ul> | <ul style="list-style-type: none"><li>• Regulatory sanctions and liability</li><li>• Prudent practice and conduct</li><li>• FSA</li><li>• TAX</li><li>• GDPR</li><li>• Reputation</li></ul> | <ul style="list-style-type: none"><li>• Reimbursement of suffered losses</li><li>• Developing a compliant debt collection framework</li><li>• Maintaining the reputation of Danske Bank</li></ul> |

# High impact flaws

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## Examples of high impact flaws (pre and post 2004)

- The field in the DCS that uses the statute of limitation for the principal amount may contain interest and/or fees although the timing barring period for these types of obligations is shorter than the time barring period for the principal amount. This is an ongoing flaw, but with a particularly high impact in connection with the migration of data into the DCS in 2004.
- The time limitation for the principal and interest is generally counted from the time the debt is entered into DCS rather than from the time the debt was due.
- Time-barred interest, costs and fee payments have incorrectly been included in settlement agreements entered with customers, and also in successful claims made against customers in courts, estates etc.

## The key impact of the system and process flaws

- Customers in risk of overpaying
- Customers have overpaid
- Customers have paid debt that was time-barred
- Danske Bank has collected debt that was not owed
- Danske Bank has submitted inaccurate tax reports to the Tax Agency
- Inability to accept payments from debtors who want to make total repayment on their outstanding debt

➤ **It is not possible generally to "auto-correct" the incorrect debt calculations**

## Main flaws within DCS (irrespectively of the various migration flaws between DCS and legacy Danske Bank systems)

### ➤ *Principal amount containing interest; ongoing issue*

- **FLAW:** The data field in respect of the principal amount may incorrectly contain unpaid interest that have accrued prior to the debt being transferred to the DCS.
- **CONSEQUENCES:**
  - Different types of amounts have been aggregated into a single amount that is then reflected as the 'principal amount' in the DCS, and subsequently treated as such for time-barring purposes.
  - Inaccurate calculation and reporting of interest.
  - Potential collection of time-barred claims, and subsequently in risk of over-payment.

### ➤ *Principal amount containing costs; (fixed on cases entered into DCS post July 2019)*

- **FLAW:** When creating a new case in DCS, related costs (collection fees) that remain unpaid are added to the principal amount.
- **CONSEQUENCES:**
  - Incorrect handling of time-barring.
  - Inaccurate calculation and reporting of interest.
  - Potential collection of time-barred claims, and subsequently in risk of over-payment.

### ➤ *Time-barring counting period; ongoing issue*

- **FLAW:** DCS starts to count the time-barring periods from the date a case is opened in the DCS
- **CONSEQUENCES:**
  - The exact time for time-barring is untraceable.
  - Potential collection of time-barred claims, and subsequently in risk of over-payment.

# BG Bank

---

## Improper and incorrect migration of data into DCS (applicable to historic BG Bank cases)

### ➤ *Single amount migration*

- **FLAW:** At the migration between BG Bank and DCS the total debt registered in BG Bank was registered as a principal amount (field number 3 in DCS).
- **CONSEQUENCES:**
  - Different types of amounts merged into a single amount registered as the 'principal amount' in the DCS.
  - Inaccurate calculation and reporting of interest.
  - Potential collection of time-barred claims, and subsequently in risk of over-payment.

### ➤ *Guarantors and co-debtors - Settlement agreements*

- **FLAW:** In BG Bank it was not possible to distinguish between guarantors and co-debtors. This limitation has been transferred into DCS.
- **CONSEQUENCES:**
  - Unjustifiable collection of debt.
    - For example where a settlement agreement (for a lower amount than the initial debt) has been agreed with a debtor, attempts to collect the full amount would still be made against co-debtors.
  - Inaccurate calculation and reporting of interest.
  - Potential collection of time-barred claims, and subsequently in risk of over-payment.

## Improper and incorrect migration of data into DCS (applicable to historic BG Bank cases)

### ➤ *Regional differences*

- **FLAW:** Debt collection processes differed across regions of Denmark. The integration in DCS may be affected.
  - In Jutland it was primarily decided that once a debt was written-off it would be combined with other written-off debt (even where the types of debt may have varied) belonging to the same customer
- **CONSEQUENCES:**
  - Impossible to track differing periods of limitation.
  - Different types of amounts merged into a single amount registered as the 'principal amount' in the DCS.
  - Inaccurate calculation and reporting of interest.
  - Potential collection of time-barred claims, and subsequently in risk of over-payment.

### ➤ *Double registration of debt*

- **FLAW:** Joint liability debtors were registered on one single account. It was not possible to take into account any differences that might arise between the debtors in respect of the outstanding debt.
  - By example, if one co-debtor entered into a settlement agreement, the system would also apply the new principal amount (which includes earlier interest and collection costs) to the remaining co-debtor(s) and the guarantor, both of whom are not bound by the settlement agreement
- **CONSEQUENCES:**
  - Unjustifiable collection of debt.
  - Inaccurate calculation and reporting of interest.
  - Potential collection of time-barred claims, and subsequently in risk of over-payment.



# Legacy Danske Bank

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## Improper and incorrect migration of data into DCS (applicable to historic Danske Bank cases)

### ➤ *Single amount migration*

- **FLAW:** At the migration between Danske Bank and DCS the total debt registered in Danske Bank was registered as a principal amount (field number 3 in DCS).
- **CONSEQUENCES:**
  - Different types of amounts merged into a single amount registered as the 'principal amount' in the DCS.
  - Inaccurate calculation and reporting of interest.
  - Potential collection of time-barred claims, and subsequently in risk of over-payment.

### ➤ *Double registration of debt*

- **FLAW:** Where a debt was assigned to multiple debtors and/or a guarantor it was necessary, due to system limitations, to open an account for each debtor and guarantor (where applicable) each reflecting the debt owed.
- **CONSEQUENCES:**
  - Unjustifiable collection of debt - the relevant debt was recorded more than once.
  - Different types of amounts merged into a single amount registered as the 'principal amount' in the DCS.
  - Inaccurate calculation and reporting of interest.
  - Potential collection of time-barred claims, and subsequently in risk of over-payment.
  - The link ('green X') connecting co-debtors and/or guarantors was not incorporated into the transfer and therefore co-debtors and guarantors became untraceable.
    - Potential double collection.

# Key financial risks

| Key financial risks   | Comments   |
|---|--|
| <b>Repayments to the customers</b>                                      | <ul style="list-style-type: none"> <li>The obligation to repay customers will result in a net loss</li> </ul>  |
| <b>Depreciation of debt that is actually time barred</b>                | <ul style="list-style-type: none"> <li>Debt registered in DCS as 'owed', but which is actually time-barred will need to be depreciated</li> </ul>  |
| <b>Tax related liabilities</b>  | <ul style="list-style-type: none"> <li>There is a risk that re-opening customers' annual tax assessments will result in "late payments" of the relevant taxes. Such a cost will likely be borne by Danske Bank</li> </ul>  |
| <b>Sanctions from Tax Agency/SØIK</b>                                   | <ul style="list-style-type: none"> <li>Risk of being fined for having reported incorrect data to the Tax Agency (Skattestyrelsen)</li> </ul>   |
| <b>Sanctions from DFSA/SØIK</b>   | <ul style="list-style-type: none"> <li>Breach of conduct of business rules (god skik) for collecting debt that was statute-barred, or otherwise not owed by the customer</li> <li>Governance failures for not resolving the issues despite escalation efforts made by employees and the continuation of debt collection whilst knowing that the calculations might not be correct</li> <li>Governance failures for not having sufficient systems in place</li> </ul> |
| <b>Damages for losses suffered by customers and other third parties</b> | <ul style="list-style-type: none"> <li>Customers and other third parties may claim against Danske Bank for damages for the consequences of incorrect debt collection</li> </ul>  |
| <b>Fine for GDPR-non compliance</b>                                     | <ul style="list-style-type: none"> <li>The DCS contains incorrect data on customers' debt and other personal data in breach of GDPR.</li> </ul>  |
| <b>Work to fix issues may be costly</b>                                 | <ul style="list-style-type: none"> <li>Due to the number of customers impacted by the issue, the costs in fixing the issue will likely be sizeable. Work on re-calculating debt correctly will take a lot of effort and resource. The need to resolve the impact on customers' tax returns may be costly. Finding a new solution for debt collection will naturally also be costly (we understand this aspect is already ongoing)</li> </ul>                         |



STRICTLY CONFIDENTIAL – LEGAL PRIVILEGE

**MEMORANDUM**

ON MAIN ROOT CAUSES AND DANSKE BANK'S LEGAL OBLIGATION TO COMPENSATE CUSTOMERS

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**MEMORANDUM****ON MAIN ROOT CAUSES AND DANSKE BANK'S LEGAL OBLIGATION TO COMPENSATE CUSTOMERS****1 INTRODUCTION**

We have been instructed by Danske Bank A/S ("Danske Bank") to prepare this memorandum setting out:

- 1) the main root causes that in our view have caused Danske Bank to collect debt on an unjustified basis from customers within the Group Recovery & Debt Management ("GRDM") business area; and
- 2) our assessment of to which extent Danske Bank is legally obliged to Compensate the customers from which Danske Bank has collected debt on an unjustified basis due to the root causes.

The purpose of this memorandum is to serve as the basis for a data analysis to be carried out by Ernst & Young ("EY") that will enable EY to make a rough estimate (subject to certain assumptions and qualifications) of:

- 1) the total amount of debt Danske Bank on an unjustified basis has collected as a result of the root causes; and
- 2) the total amount Danske Bank will need to Compensate the customers due to an unjustified collection of debt.

The exact scope of the estimate to be made by EY will of course be agreed between EY and Danske Bank and the above just reflects our preliminary understanding of the scope of the estimate.

Together with EY we have identified four main root causes, which in our view are those with the highest impact in terms of volume. These are the root causes described in this memorandum. We note that we have also identified a number of other root causes in connection with our work on this project. These other root causes are described in our separate draft memorandum entitled "Description of key system and process flaws" dated 28 November 2019 (the "System and Process Flaw Document").

The descriptions of the root causes set out in this memorandum have been simplified in order to make it more operational and easier for EY to use the descriptions as the basis for their data analysis work. We refer to the System and Process Flaw Document for more detailed and accurate description of the root causes identified.

We have together with this memorandum also provided a separate memorandum on the relevant Danish statute of limitation rules that are relevant to this matter.

This memorandum has been prepared under time constraints as we have just had a few days from the initial instruction and only one day from final agreement on the exact scope of our work. We have therefore not had sufficient time to assess and consider all the aspects that it, in our view, is relevant to assess and consider before taking any decisions regarding remediation actions. However, we believe that our assessments and descriptions set out in this memorandum should be sufficient for the purposes of EY's data analysis described above.

This memorandum is structured as follows: Part 2 sets out the definitions used in this memorandum by reference to Annex 1. In Part 3 we have set out our descriptions of the four main root causes identified. Part 4 contains our assessment of the extent of Danske Bank's obligation to Compensate the customers and guarantors. Finally, we have in Part 5 listed the issues that we have not considered or taken into account in relation to this memorandum but which it, in our view, is relevant to take into account or consider at a later point in time.

## 2 DEFINITIONS

Capitalised terms used but not defined in this memorandum have the meaning set out in Annex 1.

## 3 MAIN ROOT CAUSES

### 3.1 Root cause 1: Interest, fees and costs incorrectly added to principal amount field

#### 3.1.1 *Description of root cause*

Interest, fees and costs have incorrectly been added to the principal amount field in the DCS (field 3). This root cause has been triggered by various events.

This root cause can be divided into:

- (i) two ongoing flaws in DCS that have continued to occur for a longer period of time; and
- (ii) a one-off migration event that occurred in 2004 when data was transferred into the DCS.

#### 3.1.2 *Ongoing flaws in the DCS*

##### 3.1.2.1 *Interest incorrectly added to principal amount field in the DCS*

When a debt collection case is created in the DCS, the data field in respect of the principal amount may incorrectly contain unpaid interest that have accrued prior to the debt data being transferred to the DCS. This means that the interest amount and the principal amount have been aggregated into a single amount that is then reflected as the 'principal amount' in the DCS.

It is our understanding that this flaw mainly occurs in cases of partial repayments of interest. However, there continues to be some uncertainties exactly when this flaw is triggered and what its exact impact is in respect of the unpaid interest. Further, we also understand that EY has identified some cases where debt data has been transferred to the DCS and where interest have been added directly to the principal amount even though no partial repayments of interest has occurred.

#### Period of time

This flaw has to our understanding occurred on an ongoing basis since 2004 and continues to occur.

##### 3.1.2.2 *Fees and costs incorrectly added to principal amount field in the DCS*

When a debt collection case is created in the DCS, the standard collection fees (in Danish: *rykkergebyrer*), which is typically 3 x DKK 100, are generally incorrectly added to the principal amount field in the DCS. This means that the collection fees and the principal amount have been aggregated into a single amount that is then reflected as the 'principal amount' in the DCS.

It is also our understanding that certain other costs in some cases may incorrectly be added to the principal amount field, e.g. certain lawyers' fees.

#### Period of time

The flaw has to our understanding occurred on an ongoing basis since 2004 and until July 2019.

#### 3.1.3 *One-off migration event in 2004*

##### 3.1.3.1 *Interest, fees and costs added to principal amount field in the DCS*

When data in 2004 was migrated into the DCS, the total debt (the principal amount, interest, fees and costs) registered in each of Danske Bank's and BG Bank's systems was incorrectly transferred as single field integration into the principal amount field in the DCS.

#### Period of time

This flaw originates from the migration of data in 2004, and this flaw should therefore only occur on migrated cases. However, it likely impacted a high percentage of the cases being transferred to the DCS.

#### 3.1.4 Consequences of root cause

The key consequences of this root cause are:

- Since the DCS is programmed to apply a 10-year time-barring period to the principal amount field, the incorrectly added interest, fees and costs - in respect of which only a 3-year time-barring period apply - will not be treated as time-barred by the DCS before 10 years.
- Danske Bank will unjustified have collected time-barred interest, fees and costs.
- The DCS will unjustified have calculated additional interest based on too high an amount since interest is calculated on the basis of the principal amount stated in field 3.
- Danske Bank may have reported incorrect data on customers' principal amount of debt and interest payments to the Tax Agency (in Danish: *Skattestyrelsen*).
- Danske Bank's data on the total amount owed by the customers in the DCS will reflect a higher amount than actually owed by the customers.

#### 3.2 **Root cause 2: Incorrect information of Due Date**

Pursuant to the Limitation Act, the time-barring period in respect of a principal amount, accrued interest, fees and costs should be counted from the Due Date of the relevant debt.

In order to correctly keep track of when a debt becomes time-barred, it is as a starting point necessary to know:

- (i) the time-barring period that applies to the relevant type of debt; and
- (ii) when the Due Date of the relevant debt occurred.

However, information on the correct Due Date is not necessarily transferred to the DCS. Rather, the due date registered in the DCS, and which therefore is used to calculate when the debt is time-barred, is the date on which the debt data is transferred into the DCS.

This means that the DCS starts to calculate the relevant time-barring period from an incorrect date later in time than the due date, and consequently the debt is registered time-barred at a later point in time than it actually should be under the Limitation Act. This is mainly a risk in respect of time-barring of the principal amount where Danske Bank (or a debt collection agency) may have to interrupt the time-barring of the principal amount. If Danske Bank takes such action close to the expiration time of the time-barring period, the principal may in reality already be time-barred even though the DCS shows that there still is some time before the principal is time-barred.

##### Period of time

This flaw has to our understanding occurred on an ongoing basis since 2004 and continues to occur.

#### 3.2.1 Consequences of root cause

The key consequences of this root cause are:

- The debt shown in the DCS may actually be time-barred because the Due Date used to calculate the beginning of the time-barring period is a later date than what is actually the case.



- Danske Bank will unjustified have collected time-barred debt.
- Danske Bank's data on the total amount owed by the customers in the DCS will reflect a higher amount than actually owed by the customers.

### 3.3 **Root cause 3: Guarantors from BG Bank have been treated like co-debtors**

#### 3.3.1 One-off migration event in 2004

In BG Bank's system it was not possible to distinguish between guarantors and co-debtors. BG Bank therefore manually kept track of whether an individual or entity was a guarantor (in Danish: *kautionist* or *garant*) by stating this in the relevant physical files.

Since there was no electronic information in BG Bank's system to identify whether a specific individual or entity was a guarantor, no information about this was migrated into the DCS system in 2004. Therefore, after the migration to DCS, guarantors in BG Bank has incorrectly been reflected and treated like co-debtors in the DCS system. Further, since the information in the DCS to an increasing extent over the years has been relied upon rather than the physical files, the risk of this data flaw materialising has increased over time.

The flaw means in practice that Danske Bank may not have observed the special requirements that follow from an individual or entity being a guarantor. For example, Sections 47-48 of the Danish Financial Business Act set out a number of notification obligations that must be observed by Danske Bank in respect of guarantors in order for Danske Bank to maintain a claim against the guarantors. The requirements apply both to commercial relationships and to non-commercial relationships, although the rules are stricter in respect of the requirements vis-à-vis non-commercial relationships.

#### Period of time

This flaw only occurs on cases migrated into DCS in 2004.

#### 3.3.2 Potential ongoing issue

We understand that EY has received information that this root cause may also have occurred after 2004 in the DCS. It is not currently clear to us if any such subsequent occurrences are limited to manual errors only (i.e. non-systemic or processing errors). We have not received information about this root cause being an "ongoing" issue so this is something that should be investigated further.

#### 3.3.3 Consequences of root cause

The key consequences of this root cause are:

- Danske Bank may fully or partially have lost its rights against guarantors due to not having observed the legal requirements applicable in respect of guarantors.
- Danske Bank may incorrectly have reported data to the Tax Agency in respect of the guarantors as if they were co-debtors.
- Danske Bank may have collected debt from guarantors which in fact was not covered by the guarantee, e.g. if the guarantee was limited, or if debt-arrangements have been agreed with the principal debtor.

### 3.4 **Root cause 4: Missing link between principal debtor, co-debtors and guarantors**

#### 3.4.1 One-off migration event in 2004

In Danske Bank's pre-DCS system it was not possible to distinguish between guarantors and co-debtors. Where a debt was assigned to multiple debtors and/or a guarantor the procedure was to

open an account for each debtor and the guarantor (where applicable) each reflecting the debt owed. The relevant debt was accordingly recorded more than once.

Prior to DCS, these types of accounts were managed manually by making amendments to physical ledgers associated with an account following account activity such as a payment, newly accrued interest, costs etc. When Danske Bank received a payment from a debtor, the principal amount would be reduced in line with the payment received on his/her ledger. Where a co-debtor or guarantor was attached to the same debt, the physical ledger would be marked with a green X, and the payment received would also need to be registered, and the principal amount reduced, on the corresponding physical ledger of that co-debtor or guarantor.

When the DCS was implemented and existing accounts were transferred into the DCS, the link (the green X) connecting co-debtors and/or guarantors was not migrated into the DCS and therefore the link between co-debtors and guarantors was lost. In other words, if a debtor made a payment against a debt, a corresponding reduction that would be required on the account of a co-debtor and/or a guarantor would not be made.

#### Period of time

This flaw only occurred when the migration of data took place in 2004.

#### 3.4.2 Potential ongoing issue

We understand that EY has received information that this root cause may also have occurred after 2004 in the DCS. It is not currently clear to us if any such subsequent occurrences are limited to manual errors only (i.e. non-systemic or processing errors). We have not received information about this root cause being an "ongoing" issue so this is something that should be investigated further.

#### 3.4.3 Consequences of root cause

The key consequences of this root cause are:

- Danske Bank may have collected debt that was not owed because the debt was recorded more than once (potentially double payment).
- Danske Bank have reported incorrect data on customers' principal amount of debt and interest payments to the Tax Agency.
- Danske Bank's data on the total amount owed by the customers in the DCS may reflect a higher amount than actually owed by the customers (because repayments e.g. by co-debtors may not be registered in respect of the other co-debtors).

## **4 OBLIGATION TO COMPENSATE CUSTOMERS**

### **4.1 Right of restitution**

Under Danish law, if a person (or entity) has paid an amount due to a mistake, misunderstanding or as a result of an error, the starting point is that the person has a right of restitution (*condictio indebiti*) against the other person (or entity) to which the payment has been made.

Based on case law from the Danish courts, the starting point with the payer's right of restitution may in some cases change to the effect that the payer loses the right of restitution. The typical examples of cases where the payer has lost the right of restitution, regardless of the starting point, is where the payment (i) is made due to a mistake attributable to the payer; and (ii) the receiver of the payment was in good faith.

In situations where the fault of the mistaken payment lies with the receiver of the payment (as it will be the case in the situation at hand in respect of Danske Bank), it is clear from case law from the Danish Supreme Court that the payer will be entitled to restitution.

Based on this, it is generally our view that the customers (or guarantors) that have paid amounts that were time-barred or that were not actually owed to Danske Bank have a right of restitution. The fact that the customers (or guarantors) have actually paid the amounts without any objections does not alter this.

In cases where it due to the specific circumstances would be unreasonable or very burdensome for Danske Bank to Compensate a customer, Danske Bank may have an argument to avoid having to Compensate the customer. However, we generally do not believe Danske Bank will be able to avoid Compensations based on this argument. Accordingly, at least for the purposes of EY's data analysis, we suggest that this possible exemption is disregarded.

## 4.2 **Time-barring**

### 4.2.1 *General background to the applicable time-barring rules*

Currently, the Danish time-barring rules are set out in the Limitation Act, which came into force on 1 January 2008. Before the Limitation Act entered into force, the Danish time-barring rules were set out in the two acts DL 5-14-4 and the 1908 Act. Both of these two acts were replaced by the Limitation Act on 1 January 2008.

The transitional rules applied during the period from 1 January 2008 to 1 January 2011. All claims established before 1 January 2008 will be time-barred by now, unless Suspension or Interruption have continuously been and are duly constituted. All relevant claims are now regulated by the Limitation Act exclusively.

For further details on the time-barring rules, please refer to our separate memorandum on this.

### 4.2.2 *The time-barring rules applicable to the customers restitution claims against Danske Bank*

Under the Limitation Act, the general rule on time barring of debt provides that debt will be time-barred after three (3) years, pursuant to the 3(1) of the Limitation Act. Accordingly, this will be the time-barring period unless a different time-barring period is specified in the Limitation Act. The period begins from the Due Date pursuant to Section 2(1) of the Limitation Act.

The principal amount of a loan is subject to a time-barring period of ten (10) years.

In the examples where a customer has paid a debt to Danske Bank that was actually time-barred or was not actually owed, and the customer therefore gets a restitution claim against Danske Bank, as stated in Part 4.1 above, the time-barring will as a starting point be three (3) years as no special time-barring period is specified in respect of such claim. This will also be the case in situations where the payment is not made by the customer but by way of distribution of a divided from a bankruptcy estate, an estate of a deceased person or from a customer in debt relief on the basis of an unjustified claim for the debt submitted by Danske Bank.

Regardless that the time-barring period is three (3) years in respect of the customers' restitution claims, the time-barring period is suspended if the customer (or the bankruptcy estate or the estate of deceased person etc.) is not and ought not to be aware of the restitution claim. However, the absolute limitation period - regardless of whether the time-barring period is suspended - is ten (10) years, pursuant to Section 3(2), no. 4.

In our view, customers' or guarantors' restitution claims against Danske Bank will be subject to the general time-barring period of three (3) years, but the time-barring period will be suspended for a maximum of ten (10) years until the customer becomes or ought to become aware of its restitution claim.

There may be special cases where Danske Bank perhaps would be able to argue that the customer ought to have been aware that the payment(s) made to Danske Bank were not correct as they were time-barred or not actually owed. However, we only expect this to be relevant in very few cases.

Therefore, for the purposes of EY's data analysis, we recommend that it is assumed that the time-barring period of customers' restitution claims against Danske Bank will be suspended which means that the model should consider all restitution claims that have a Due Date less than 10 years back will not be time-barred.

We note that there may be special cases where Danske Bank from a legal perspective would be legally obliged to go a bit further back in time than 10 years, but this will most likely only be a in a limited number of cases. We do therefore not believe this is something that is relevant for EY to take into account in their data analysis at this point in time.

#### 4.2.3 *Special rules on time limitation in respect of certain claims under criminal cases*

As described above, claims in respect of restitution (*condictio indebiti*) and liability for damages against Danske Bank will be time-barred at the latest after 10 years of the unjustified collection.

In that connection we note that it may be possible for customers to file an already time-barred claim against Danske Bank according to the rules on Ancillary Proceedings.

In these Ancillary Proceedings, time-barring of claims does not prevent a defendant from being liable to pay damages or Compensation to the injured in connection with the criminal case where the accused is found guilty. Such a claim can also be asserted under a separate lawsuit within 1 year of final decision in a criminal case where the defendant is found guilty, or within 1 year of the defendant adoption of a fine or other criminal sanction.

The decisive point is that a criminal case is actually carried out, and by implication that the specific injured can be identified - however, it is unclear whether a more general decision will be sufficient to initiate such a process. The rules on time-barring is regulated in respect of the time-barring period for criminal charges. For the identified potential criminal offence there is a limitation period of 10 years.

Claims that have been time-barred before the time-barring of the criminal charges cannot by implication be involved in such Ancillary Proceedings. At this moment initiation of Ancillary Proceedings seems unlikely.

#### 4.3 **Set-off right or obligation to pay out debt collected on an unjustified basis?**

If (i) the customer has a valid claim (for restitution or liability for damages) against Danske Bank, and (ii) Danske Bank has a valid claim against the customer, it is our preliminary assessment that Danske Bank will be entitled to set-off the customers claim against Danske Bank in Danske Bank's claim towards the customer.

Due to the limited time for our input, we have not been able to analyse whether such a set-off would be permitted under the applicable regulatory conduct of business requirements, including prudent debt collection practice, good business practice etc. Further, we have also not conducted an analysis of any tax-related impact.

#### 4.4 **Interest on Compensation amounts**

In the situations where Danske Bank is obliged to Compensate the customer for a loss, interest will as a starting point accrue from the date the customer paid the debt Danske Bank was not entitled to collect.

The rate of interest is determined pursuant to Section 5 of the Danish Interest Act (at present 8.05%).

It is possible it will be relevant to distinguish between situations where Danske Bank is able to set-off the customer's claim against other debt owed by the customer and situations where Danske Bank will actually need to pay out an amount to the customer. We have not had time to analyse this in detail yet.

#### 4.5 **Regulatory conduct of business requirements**

Section 43 of the Financial Business Act provides that Danske Banks must be operated in accordance with honest business principles and good practice within the field of activity. This obligation is fleshed out in Executive Order on Good Business Conduct.

We have considered whether this requirement entails a requirement for Danske Bank to Compensate customers in respect of those of the customers' claims against Danske Bank that have become time-barred. Our preliminary view is that that no such Compensation requirement will apply in that case as we would expect the time-barring rules of the Limitation Act to prevail over any obligation to compensate customers pursuant to the conduct of business requirements.

We have also considered whether Danske Bank will have an obligation to notify those of the customers that have been impacted by the root causes and in respect of which Danske Bank has collected debt Danske Bank was not entitled to. Our preliminary view is in that respect that Danske Bank will be obliged to make such notification unless it would unreasonably cumbersome. We recommend that this is analysed in further details and any decision in this respect should probably be discussed with the Danish FSA.

#### 4.6 **Specific situations assessed**

##### 4.6.1 Introduction

We have below set out our assessment in respect of Danske Bank's obligation to Compensate customers (or guarantors) in the following four situations:

- 1) if Danske Bank has collected debt that was time-barred;
- 2) if Danske Bank has collected debt that was not owed;
- 3) if a customer has suffered a loss due to a claim from the Tax Agency resulting from an incorrect reporting of data by Danske Bank; and
- 4) if Danske Bank is not able to evidence with a customer's debt has become time-barred.

##### 4.6.2 Situation 1 - Collection of debt that was time-barred

The customer will have a restitution claim against Danske Bank in a situation where Danske Bank has collected debt that was time-barred.

The customer's claim is subject to the general three (3) years' time-barring period, but the period will be suspended for ten (10) years because the customer will typically not be aware of the restitution claim.

##### 4.6.3 Situation 2 - Danske Bank has collected debt that was not owed

The customer will have a restitution claim against Danske Bank in a situation where Danske Bank has collected debt that was not actually owed.

The customer's claim is subject to the general three (3) years' time-barring period, but the period will be suspended for ten (10) years because the customer will typically not be aware of the restitution claim.

##### 4.6.4 Situation 3 - Loss due to claim from the Tax Agency resulting from incorrect data reporting

Since Danske Bank has reported incorrect data in respect of the customers' debt owed to Danske Bank and the interest payments made, the Tax Agency may claim damages from customers that have received too high a tax deduction as a result of the incorrect data reported by Danske Bank.

The customers will in turn get a recourse claim against Danske Bank for the same amount as the amount claimed by the Tax Agency.

In our view, the Tax Agency will most likely be able to resume the tax assessment of customers 10 years. In the cases where the Tax Agency has a claim going up to 10 years back, the Tax Agency will also have a right to claim interest on the amount up to 10 years back. Detailed rules apply in respect of determining the restitution level, see Section 62a of kildeskatteloven.

[@EY, in respect of the impact assessment, please note that Section 5(8) of Ligningsloven provides that: "*Renteudgifter mv., jf. stk. 1, kan først fradrages ved opgørelsen af den skattepligtige indkomst i det indkomstår, hvori betaling sker, hvis renteudgifter mv. for tidligere indkomstår i samme gældsforhold ikke er betalt inden udgangen af indkomståret*".]

#### 4.6.5 *Situation 4 - Unable to evidence if debt is time-barred or not*

In situations where Danske Bank is not able to evidence whether a customer's debt is time-barred or not, e.g. because Danske Bank cannot prove when the Due Date of the debt is, Danske Bank will in our view have to waive the claim for the debt.

## 5 ISSUES NOT CONSIDERED

We have considered the following issues out of the scope of this memorandum:

- Any claims for indirect or consequential damages, e.g. customers that have suffered an indirect loss as a result of Danske Bank having collected an amount Danske Bank was not entitled to;
- Any compensation that Danske Bank may be obliged to pay as a result of Danske Bank having entered into a settlement agreement or repayment agreement with a customer on the basis of Danske Bank stating that the customer's debt was X amount while it actually was a lower amount, e.g. if it has appeared to the customer that the customer received a discount of 25% while the customer actually - due to the incorrect debt information - only received a discount of 10%. The customer may in such situation - depending on the specific facts - be able to claim to be put in a situation as if a 25% discount had actually been granted. This may be relevant to analyse further at a later point in time;
- Issues arising out of or in connection with PF or the "Home issue"; and
- Any questions of foreign law.

## ANNEX 1 - LIST OF AGREED TERMS

Below we have prepared a non-exhaustive list of defined terms relevant to this project. The list should be updated on an ongoing basis based on the agreement between Danske Bank, EY and Plesner regarding which terminology to use in connection with the project.

|   |  |
|---|--|
| "Ancillary Proceeding"                      | means a judicial enforcement of a civil claim filed and growing out of the prosecution of a criminal offence. In Danish " <i>adhæsiionsproces</i> ".   |
| "Barring of Claim"                          | means preclusion of a claim. In Danish " <i>prækclusion</i> ".   |
| "Co-debtor"                                 | means one of two or more debtors who are joint and separate liable to the same debt.   |
| "Compensation"                              | means set-off, refund or repayment.  |
| "Debt Relief"                               | means in court debt-restructuring. In Danish " <i>gældssanering</i> ".   |
| "Document of Indebtedness"                  | means an instrument of debt and serves as a legally enforceable evidence of a debt and the promise of its timely repayment. In Danish " <i>Gældsbev</i> ".   |
| "Due Date"                                  | means the last day for payment without unpaid amounts being subject to a late payment charge or additional collection efforts. In Danish " <i>forfaldsdag</i> ".   |
| "Dunning notice"                            | means a notification sent to a customer, stating that it is overdue in paying an account receivable and where a fee off DKK 100 is attributed to the debt. In Danish " <i>Rykkerbev</i> ".   |
| "Executive Order on Good Business Conduct"  | means executive order no. 330 of 7 April 2016, as amended.   |
| "Guarantor"                                 | means a person who guarantees to pay a borrower's debt in the event the borrower defaults on a loan obligation (totally or partially).   |
| "Interruption"                              | means a break in the continuity of the limitation period.  |
| "Limitation Period"                         | means a certain period limited by the applicable rules on statute of limitation after which debt collection cannot be enforced.  |
| "Liquidator"                                | means either (i) a person appointed by the shareholders to liquidate a company, (ii) a person appointed by the probate court to liquidate a company.   |
| "Overdraft Account and "Overdraft Facility" | means a credit agreement made with a financial institution that permits an account holder to use or withdraw more than they have in their account, without exceeding a specified maximum negative balance. In Danish " <i>Kassekredit</i> ". |
| "Perception"                                | means the debtor's admission of the existence of the debt. In Danish " <i>erkendelse af gæld</i> ".  |
| "Proff of Claim"                            | means a notice of claim in an estate (bankruptcy, decedent estate, debt relief, etc).  |
| "Root cause"                                | means the actual reason for the occurrence of a problem.   |
| "Suspension"                                | means postponement of the limitation period.   |
| "Time-barred"                               | means barred by the passage of time under a statute of limitations. In Danish " <i>forældet</i> ".   |

DRAFT

*Phase 2:*  
*Data analysis and considerations within debt collection*

Project Athens - 01-July-2020  
Version 0.3



# Introduction

- The following analysis has been performed in accordance with instructions from Danske Bank A/S (Danske Bank) and founded upon the description of main root causes prepared by Plesner Advokatpartnerselskab (Plesner) set out in their memorandum of 13 December 2019 (the "Main Root Cause Memorandum")
- Ernst & Young (EY) have been tasked by Danske Bank to estimate and execute the redress of customers affected by the flaws identified within Group Recovery & Debt Management (GRDM), specifically relating to data quality issues in the two centralized debt collection systems; Debt Collection System (DCS) and Personlig Fordring (PF)
- The flaws have affected the customers registered in the two systems which can be segmented into three main customer groups;
  - i. Customers with debt incorrectly registered in the systems, but have not made any repayments
  - ii. Customers subject to incorrect collection of debt, however the over-collection can be offset in the customers' outstanding debt
  - iii. Customers subject to incorrect collection of debt that are eligible to receive compensation
- The scope of the data analysis and the focus of this report has been to identify affected customers that are likely to be eligible to receive compensation as a direct consequence of the main root causes (customer group (iii)), as well as estimate the total financial impact of such remediation. Further, EY has been tasked to assist Danske Bank in executing the outpayment to affected customers
- The reasoning behind the approach outlined above relies on Danske Bank's ambition to compensate customers, that have suffered a direct financial loss due to root causes, as soon as possible while being mindful of the important task at hand of rectifying every customer that have been impacted by root causes, although it has not led to a direct net financial loss (i.e. customer groups (i) and (ii))
- The remediation of customer groups (i) and (ii) will focus on correction of cases while notifying affected customers respectively that their debt has been corrected or that their claim against Danske Bank have been offset in their outstanding debt
- The programme governance structure has been revised in June 2020 to ensure a clearer remediation focus and speed of execution with a programme timeline for completion set to end of Q3 2021, subject to changes pending dialogue with authorities and further calculations. See pp. 23 and 24 respectively
- The remediation of customer groups (i) and (ii) will be executed by a dedicated workstream 'Portfolio trimming and Clean up' that will identify, rectify and inform the selected customers impacted by root causes (i.e. debt incorrectly registered)

## Key terminology and definitions

- **Compensation**
  - Means either set-off, refund, redress, restitution or repayment (dependent on context)
- **Due date**
  - The last day for payment without unpaid amounts being subject to a late payment charge or additional collection efforts
- **Over-collection**
  - Amount of the collected debt that Danske Bank did not have a legal justification to claim (due to i.e. wrongly calculated outstanding debt and partial (or total) time-barring of debt)
- **Overpayment**
  - Identical definition to over-collection, taking the customer's perspective
- **Redress**
  - Total compensation that Danske Bank is obliged to pay affected customers (adhering to remediation principles approved by Project Athens Steering Committee) that have suffered a direct financial loss (over-collection). Total redress amount can include compensation due to direct financial loss, indirect loss and a time-value component.
- **Offset**
  - If the customer's existing debt exceeds the prescribed redress amount, then Danske Bank will be entitled to offset the customer's claim against Danske Bank as outlined in Plesner draft memos (13. December 2019 and 8. April 2020). However, this assessment relies on the assumption that the opposing claims are originating from the same legal relationship (i.e. connexity)
- **Time-barred**
  - Means barred by the passage of time under a statute of limitations

# Agenda

|                                  | Page | Question  |
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| Evaluation of correction process | 08   | 1         |
| Scope of the remediation         | 09   | 2         |
| Customer segmentation            | 12   | 3         |
| Financial impact                 | 15   | 4         |
| Remediation plan                 | 21   | 5         |
| Appendix                         | 25   | 1,2,3 & 5 |

# Executive Summary

- Project Athens analysed the identified data quality related issues in Group Recovery and Debt Management (GRDM) that led to two ORIS filings in the summer 2019
- A project team from EY have led the data analysis and delivered conclusions in two previous reports in end December 2019 and in end January 2020
- The external law firm, Plesner, has performed legal assessments under instruction of the Bank and the analysis in this report builds on the legal basis provided by them

**In these previous reports, EY concluded the following:**

- Four root causes had affected about 106,000 customers, of which estimated 24,000 could be entitled to a redress as the impact of the root causes could be offset in the remaining debt for the rest. Examples of the four root causes can be found in appendix pp. 27-30
- The root causes relate to improper and incorrect integration of existing loans into the IT systems supporting the debt collection process and dating back to when the systems were introduced (1979 and 2004)
- Because of the root causes, the Bank has potentially (i) collected debt [fees, interest and principal] that potentially was time-barred at the time of collection (ii) collected debt based on wrongly calculated principals and/or (iii) treated guarantors and co-debtors as primary debtors, leading to potential over-collection. The data analysis considers all three types of over-collection (i,ii,iii)
- The root causes has been isolated to two systems, *Debt Collection System* (DCS) and *Personlig Fordring* (PF), and impacted Denmark only as manual processes mitigated the impact in other countries (pending 2<sup>nd</sup> line approval)
- Insufficient governance set-up within GRDM and controls in the internally developed systems had failed to catch incorrect input entered into the systems at the time of implementation as well as in the following years

- 402,000 customers had been through the two systems
- 152,000 of these could safely be removed as they belonged to other legal entities, where manual processes had mitigated the impact
- Further 105,000 customers could be removed as they never paid anything on their debt, and hence could not have overpaid
- Additional 24,000 customers could safely be removed as they entered the systems and paid their debt before any interest could have time barred (within 3 years)
- Finally 15,000 customers had entered the two systems through validated channels and confirmed to be correct
- This leaves 106,000 customers at risk of over-collection and hence a redress for direct loss
- It is from this group of customers that EY estimates that 24,000 (23%) customers have suffered direct losses that exceed their remaining debt, and hence need to be redressed
- The redress should also include indirect, consequential and tort related losses that both the four root causes, but also a series of other practices in GRDM had caused for the customer (e.g. wrongful reporting to the RKI, customers having to take out expensive loans to pay their debt or settlements made on incorrect data)
- These indirect losses cannot be calculated, but should be treated in a new claims handling process.

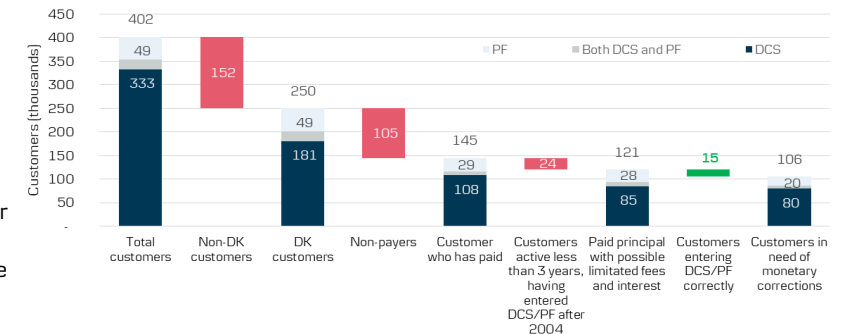
**Redress approach is dependent on data availability:**

- EY will apply a data model approach to identify customers in scope for redress only where sufficient electronic transaction data exists (i.e. after 2010). The model is applicable for 20,000 customers in DCS. Calculation of the potential redress to the remaining customers in scope (86,000) requires manual review

- Calculation of the potential redress to the remaining customers in scope (86,000) requires manual review. To reduce manual workload a repayment ratio of at least 80% is implemented leaving 43,150 customers for manual handling. The repayment ratio is set based on empirical data on overpayment ratios, including uncertainty factor and will exclude customers extremely unlikely to be in scope for redress
- See complete breakdown of customer redress actions and non-actions illustrated in decision tree on p. 14

**This report answers the following five questions:**

1. Can the project assure that the root causes currently are sufficiently prevented from causing additional and refundable losses for customers?
2. What is the scope of the redress the Bank is going to pay back to the impacted customers?
3. How can the project segment the customers into cohorts?
4. What is the estimate of the financial impact of the redress?
5. How does EY suggest to execute the remediation?



# Executive Summary (cont.)

## Question 1: Root causes sufficiently mitigated?

- EY's assessment of the red- / green mitigation process introduced in July 2019, has shown there are at least three instances where the customer still can be over-collected from. These are:
  - The customer is following a payment plan settled prior to July 2019
  - The customer is making an "unscheduled"/un-agreed payment
  - An estate handling or a bankruptcy is completed before the Bank resubmits the correct claim
- The assessment has however shown that enforcement of the mitigation process has been strict and that cases are being manually reviewed prior to e.g. court proceedings/foreclosures to ensure proper mitigation of the known data quality issues
- EY has reviewed 100 new cases and not been able to identify any among these that have led to over-collection, but EY concludes that the process lacks controls and 2<sup>nd</sup> line review. An internal risk assessment has been initiated on 3<sup>rd</sup> March 2020, and conclusions are pending
- EY recommends independent review from 2<sup>nd</sup> and 3<sup>rd</sup> line and tight process control going forward, but do not recommend that this should stall the redress execution as no evidence of over-collection have been found

## Question 2: Scoping

- Plesner<sup>1</sup> concludes that the four root causes have led to the majority of the issues identified; however, five additional significant side issues have been identified and assessed. These are: Impact on other countries, broker fees from *home*, GDPR concerns, outsourcing to debt collection agencies (DCAs) and credit rating (RKI) reporting. Additional (10) issues and concerns exist and is currently being analysed and qualified

EY concludes that:

- Country dimension:** The four root causes have not had an impact beyond Denmark as manual processes have mitigated the incorrect data

in the systems. Pending 2<sup>nd</sup> line review

- home fees:** In facilitating voluntary deficit property deals (DK: "underskudshandler") on behalf of customers, established process within GRDM has been to not negotiate the fee proposal from real-estate agent *home*, while fee proposals from other real-estate agents should be negotiated. This may have led to customers paying too high a fee to *home*, eventually leading to a higher remaining debt after the property was sold off. Although investigations into the matter has shown, that a basis for comparison of what the "right" fee should have been is a very difficult process, it is assessed that this issue should lead to a redress for the customers in relevant cases. However, as the issue is unrelated to the root causes, the exercise of potentially redressing these customers should be separated from the main redress execution in Project Athens
- GDPR concerns:** Processing of incorrect data is not adherent to the GDPR regulation. This in turn may lead to indirect losses for the customers. It is the conclusion, that from a legal perspective the processing of the incorrect data is not a "data breach" as defined by GDPR, and hence the Bank is not required under the GDPR to proactively communicate to affected customers. Potential direct losses for customers, stemming from the Bank's processing of flawed data, is already covered by the redress approach. Customers substantiating an additional indirect loss (e.g. tort, cf. the GDPR, sec. 82 ) could be entitled to an additional redress. Estimated size of potential fine (if any) is in the range of 7.5 mDKK, based on the very limited precedent available
- RKI reporting:** The Bank is under no regulatory requirement to report customers that are sent for debt collection to credit reference agencies, such as RKI. Customers, who are unrightfully (or with incorrect data) reported to RKI, can claim a loss and should be entitled to a redress. As the likelihood of the entire principal being time-barred is limited, EY concludes that the majority of the customers have been reported correctly to RKI, and only interest might be time-barred leading to additional redress, provided that the customer can substantiate a loss

- Debt collection agencies:** On the outsourcing to DCAs, the four largest providers (19k out of 40k cases) have been contacted and a reconciliation of their data been undertaken. Conclusion is that the outsourced customers are included among the 160,000 customers mentioned on previous page. Data flows have however been flawed flowing back from the DCAs, leading to potential mis-matches in the active- / passive status. Up to 950 customers could potentially have paid on their debt, without it being properly registered in DCS and hence appearing as non-payers in DCS. These are recommended to be added to the redress portfolio
- An overview of the investigated five side issues stated above is included on p. 9
- Further risks and issues, e.g. incorrect charged court fees, potential conduct related issues and incorrect settlements are currently being investigated. See pp. 10-11 for an overview of remaining items and concerns

## Question 3 - Customer cohorts

- 402,000 customers (private and commercial) have been handled in the two systems. Of these the Bank can safely exclude:
  - Non-DK portfolio (152,000) - pending 2<sup>nd</sup> line review
  - Customers who haven't paid anything - non-payers (105,000)
  - Customers who have been active less than 3 years in DCS after 2004 and customers who entered PF less than 3 years ago- i.e. less than the limitation period for fees and interest. An conservative cut-off period of 2.5 years is applied for DCS (24,000)
  - Customers correctly calculated and entered into DCS and PF (15,000)

(continued on next page)

<sup>1</sup> "Memorandum on root causes and obligation to compensate customers - 13.12.2019.docx"

## Executive Summary (cont.)

- This leaves 106,000 customers in scope for potential over-collection
- These can be split into 80,000 customers in DCS and 26,000 customers in PF
- 20,000 of the customers in DCS can be re-calculated as original loan data exists electronically.
- The remaining 86,000 (60,000 in DCS and 26,000 in PF) have to be manually reviewed in order to determine whether the Bank has over-collected from them
- As the majority of these customers have not fully paid their debt and since the corrections performed by the BAU team stay below 20% of the principal, it is safe to assume that repayment rates below 80% of the principal would allow over-collection to be offset in the remaining debt<sup>1</sup>
- Hence manual handling can be reduced to 43,150 customers
- Customers with repayment ratio below 80% would be treated as a part of the BAU, but would not be entitled to a redress
- The cohorts for redress are therefore 20,000 customers that can be re-calculated and 43,150 customers which cases have to be manually reviewed
- 24,000 customers are estimated to be entitled to redress. 7,500 of these are identified<sup>2</sup> and the remaining customers are expected to be identified by manual handling

### Question 4 – Financial impact

- The distribution of the over-collection is a skewed normal distribution with an average of 1,600 DKK<sup>3</sup>. Across both systems the total estimated over-collection [excl. interest compensation] sums up to 49.6 mDKK – see p. 18 for an overview of redress composition
- To this should be added an unknown amount of indirect, consequential and tort related losses that customers have suffered and reported

through a claims process built for the redress. These claims can come from beyond the customer group at risk of over-collection, as customers could have suffered losses aside from direct over-collection – e.g. by agreeing to settlements on time-barred debt, by keeping customers in debt beyond the time-barring or by paying legal and default fees that should have been covered by the Bank

- Based on experience from previous remediation project, EY assesses that the risk of a large number of customers filing claims for indirect losses is low
- Plesner concludes in their memorandum “Set-off right in relation to debt collection on an unjustified basis”, that Danske Bank is legally obliged to compensate customers according to the Danish Interest Act section 5
- Customers that are eligible to receive interest compensation as part of their redress either have no current debt, or no outstanding debt after offset is performed. See p. 17
- The Tax impact of the redress paid to the customer has to be agreed with the Tax Authority (probably in a binding ruling). Current assessment is however that if the Bank redresses beyond the legal obligation of 10 years, the redress will be taxable for the customers
- The incorrect tax filings on behalf of the customers have led to customers, potentially having had to high deductions in their tax income statements, which the Bank should repay to the Tax Authority on behalf of the customers. This is however deemed a minor issue as correct, internal tax marking (DK: “Restance markering”) within the DCS and PF systems, has led to limited incorrect interests filings to the Tax Authorities
- Hence, with the level of uncertainty currently present, it is impossible to estimate the total financial impact for the Bank of the potentially incorrect tax filings
- Root cause specific examples of customers’ tax handling and proposed redress methodology are being presented to Tax Authority to achieve

approval (and binding ruling) on taxation of redress and adjustments in tax filings

- It should be noted that re-assessment of the tax assessments will involve substantial burdens and challenges for the customers, the Danish Tax Authorities and for Danske Bank
- EY recommends to align the redress methodology with the BAU correction approach to insure consistent treatment of customers independently of whether they need redress or not (e.g. during offset)

### Question 5: Remediation plan

- As the customer cohorts have been identified and the analysis signed off by the Steering Committee, EY propose to initiate the execution of the remediation
- Due to the limited scope of customers (24,000 est.) and size of over-collection (DKK 1,600 on average) a direct communication to the impacted customers is recommended
  - A series of training material and IT tools should be developed to ensure proper support for the first line organization to qualify the dialogue with customers. The tool for the claims process would have to be developed, tested and deployed quickly and prior to Day Zero
- In the letters to the entitled customers they will be asked to substantiate indirect losses within a time limit (suggested 4-6 weeks). Further, the letter will contain information about the expected compensation amount
- A revised programme governance structure has been put in place to effectively realize the ambition of completing the remediation of the two customer groups not entitled to a compensation ((i) & (ii)) by end of Q2 2021

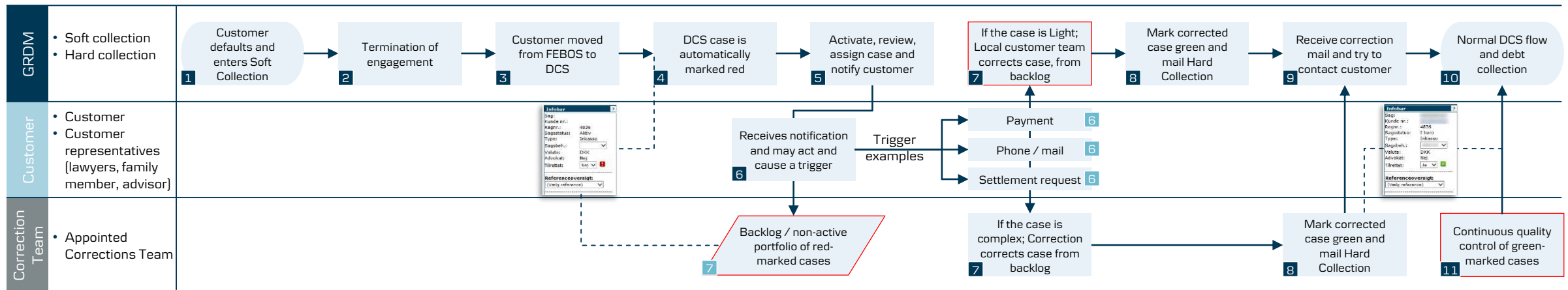
<sup>1</sup> Although, customers entering DCS in 2004 have to be manually reviewed regardless of repayment ratio due to root cause 3 and 4 | <sup>2</sup> See p. 12 for further description of estimate

<sup>3</sup> Moving number as further calculations are performed, further additional redress is possible due to indirect losses

# Ensuring that no new over-collection cases are created is a prerequisite for executing a remediation. EY review has identified a manual working process

- Evaluating the current correction process\* put in place since 16<sup>th</sup> of July 2019, revealed a manual but working processes that enforce control and avoid generation of new over-collection cases

| Process risks  | Has the tap been turned off?   |
|--|--|
| <p>EY has assessed associated risks and concludes the following:</p> <ol style="list-style-type: none"> <li>The process has few controls and has not been subject to an internal risk assessment yet</li> <li>Local customer teams can immaturely mark Light cases green or use non-standardized operating procedures compared to the procedures applied in the Correction Team</li> <li>Resource constraints prevent the Correction Team from handling cases proactively which increases the backlog of in-active cases which could expire down the line if not attended to</li> <li>Seemingly correct green DCS cases could be wrong since quality control is conducted once a month</li> <li>Customers could repay the debt based on information previously taken from Netbank or annual tax return [rare but could happen] which could lead to over-collection</li> <li>Customers could have been granted debt relief, which had been judged before 17<sup>th</sup> of June 2019, and fulfills his/her obligations leaving Danske Bank with more money than they should</li> <li>Untimely re-submission of estate and bankruptcy cases could cause the executor to process the case based on incorrect claims</li> </ol> | <p>EY has not been able to find cases that would increase the volume of redress, but...</p> <ul style="list-style-type: none"> <li>Assessment has shown that there is a risk that the current mitigation process could generate new cases of over-collection</li> <li>EY has reviewed 100 new cases and not been able to identify any amongst these that have led to over-collection, but EY concludes that the process lacks controls and 2nd line review</li> <li>EY recommends independent review from 2nd and 3rd line and tight process control going forward, but do not recommend that this should stall the redress execution as no evidence of over-collection have been found</li> </ul> |



\*See appendix pp.31-32 for process description and further details | \*\*Process steps that poses the biggest risks have been marked with red in the process flow illustrated above

# Four root causes have led to the majority of the issues identified, however five side issues have been identified and investigated

| Description  | home fees   | GDPR concerns  | Country dimensions   | RKI reporting  | Court cases / DCAs   |
|--|---|--|--|--|--|
| <ul style="list-style-type: none"> <li>Documented practice within GRDM never to negotiate fees with <i>home</i> when approving property deals</li> <li>Undocumented practice when approving property deals in insolvent estates where GRDM have recommended <i>home</i> to the estate handler, despite the existence of lower offers from competitors</li> </ul> | <ul style="list-style-type: none"> <li>Processing of incorrect data is not adherent to the GDPR regulation and a fine is plausible (2.5-7.5 mDKK)</li> <li>Some customers could be entitled to redress (10-20 tDKK), if they can justify a loss i.e. tort</li> <li>Processing of incorrect data does not require the Bank to proactively communicate to all customers</li> </ul>  | <ul style="list-style-type: none"> <li>The four root causes have not had an impact beyond Denmark as manual processes have mitigated the incorrect data in DCS</li> <li>The other side issues investigated in Denmark can as result also be ruled out</li> </ul>   | <ul style="list-style-type: none"> <li>Customers who are unrightfully (or with incorrect data) reported to RKI, can claim a loss and should be entitled to a redress</li> <li>The Bank is under no regulatory requirement to report customers that are sent for debt collection to RKI</li> </ul>  | <ul style="list-style-type: none"> <li><b>Court cases:</b> Legal proceedings conducted prior to June 17th 2019 are potentially based on incorrect documentation</li> <li><b>DCAs:</b> Flaws in the data flows between Danske Bank and DCAs can lead to discrepancies in the customer's payment status</li> </ul> |  |
| Analysis Phases  | Status - 28-Feb   | Status - 28-Feb  | Status - 28-Feb  | Status - 28-Feb  | Status - 28-Feb  |
| <ul style="list-style-type: none"> <li>SteerCo decision to resolve <i>home</i> issue within a separate project, coined Project Agency Fees</li> <li>Quantitative analysis of property deals in insolvent estates is not started</li> <li>Plesner is reviewing internal policies for managing conflict of interest</li> </ul>                                     | <ul style="list-style-type: none"> <li>Approved remediation principles entail treatment of GDPR losses as indirect losses, where a process to handle customer claims will be built</li> <li>A panel will treat these customer inquiries and asses documentation of their indirect losses</li> </ul>   | <ul style="list-style-type: none"> <li>EY data team and local teams have performed data sample checks which found no cases eligible for redress</li> <li>All local teams have documented their analysis, confirming there is no issue and was signed off by [redacted]</li> <li>EY has compiled documentation on SharePoint for 2<sup>nd</sup> line review*</li> </ul> | <ul style="list-style-type: none"> <li>Approved remediation principles entail treatment of losses related to RKI reporting as indirect losses, where a process to handle customer claims will be built</li> <li>A panel will treat these customer inquiries and asses documentation of their indirect losses</li> </ul>  | <ul style="list-style-type: none"> <li><b>Court cases:</b> Quantitative assessment of closed cases with legal action since 2004 is initiated to estimate potential redress amount</li> <li><b>DCAs:</b> Data received from 2 DCAs. See appendix p. 33 for initial analysis and current findings</li> </ul>       |  |
| Comments   | <ul style="list-style-type: none"> <li>Plesner assessed that a case-by-case approach is required to determine whether Danske Bank has incurred liability towards the affected customers using <i>home</i></li> <li>EY has built a financial model to narrow the scope of potential redress worthy property deals (based on voluntary deals only)</li> <li>Compensation can either be based on individual assessment or model</li> </ul> | <ul style="list-style-type: none"> <li>Plesner has not covered the potential consequences related to personal data transferred to 3rd parties</li> <li>Danske Bank Group Deputy DPO and Regulatory Affairs to liaise with Plesner and coordinate communication to the DPA and/or DFSA to get sign-off on approach</li> </ul>   | <ul style="list-style-type: none"> <li>SteerCo decision to close the issue regarding root causes in DCS pending positive 2<sup>nd</sup> line review</li> <li>Once approved, Project Athens (Regulatory Affairs) should notify local FSAs</li> <li>This will reduce remediation scope to Denmark and allow discharge of country representatives in Operating Committee</li> </ul> | <ul style="list-style-type: none"> <li>EY concludes that the likelihood that a customer has been reported to RKI with a time-barred principal is very low, and hence that the error is confined to the root causes</li> </ul>  | <ul style="list-style-type: none"> <li>Adjacent to Triage stream, three EY resources have been onboarded to uncover:                             <ul style="list-style-type: none"> <li># of outsourced cases</li> <li># of cases with mismatch</li> <li>Average deviation as % of principal</li> </ul> </li> <li>EY recommends to include the mismatched customer cohort in the portfolio for redress, and investigate further</li> </ul> |

Further concerns include incorrect charged legal fees, conduct related losses and incorrect settlements which will be further investigated. See next page

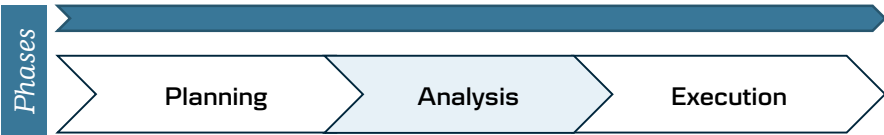


# Additional potential side issues analysed prior to Day Zero

- EY has applied the same procedure utilized to investigate the Country Dimension issue, which overall involves *Planning, Analysing* and *Execution* Phases
  - Planning: Mobilize dedicated team, draft action plan, conduct initial interviews and gather necessary data for analysis
  - Analysing: Analyse and evaluate collected data within dedicated team and with business SMEs
  - Execution: Finalize report and supporting audit trail and utilize report as a guideline for (potential) compensation and/or implementation according to remediation principles
    - Responsibility and completion of the last phase (*Execution*) is handed over to internal Danske Bank project managers

| #   | Investigation Topic                          | Description - based on output from work sessions conducted during Q4 2018 to Q3 2019 with representatives from GRDM, Group Non-Financial Risk and Compliance  |
|-----|--|---|
| #1  | Legal fees allocated towards court cases     | <ul style="list-style-type: none"> <li>• Clarification needed on the process for how legal fees are allocated towards court cases and who is responsible (Danske Bank or customer) for the fees</li> <li>• Current understanding is that fees are paid by customers although they should be paid by Danske Bank</li> </ul>  |
| #2  | Interest rate on defaulted mortgage loan     | <ul style="list-style-type: none"> <li>• If the customer has obtained the mortgage from Realkredit Danmark (RD) through referral from local Danske Bank branch, then an agreement in place between RD and the bank stipulates that the bank has to provide a 20% guarantee towards RD in case the mortgage defaults. The interest rate on the debt owed to RD and the bank will often differ</li> </ul>         |
| #3  | Outsourcing to DCAs                          | <ul style="list-style-type: none"> <li>• Issues of concern requiring further investigation into case handling, customer agreements, payment visibility, DCA financial reporting, proper reconciliation of data between the bank and DCAs and data flow between DCAs and Danske Bank</li> </ul>  |
| #4  | Court cases involving other creditors        | <ul style="list-style-type: none"> <li>• Issue regarding cases which have gone to court with incorrect data and where decisions made on allocation of estates have impacted other creditors</li> </ul>  |
| #5  | Legal fees incorrectly merged with principal | <ul style="list-style-type: none"> <li>• Issue regarding cases where court fees have incorrectly merged with the principal amount (similar to RC1)</li> </ul>   |
| #6  | Treatment of ill customers                   | <ul style="list-style-type: none"> <li>• How do we process customers who have gone into default, then paid towards their debt after which they become ill rendering them not able to pay? Are these customers allowed to go into default a second time?</li> </ul>  |
| #7  | Interest application in DCS & PF             | <ul style="list-style-type: none"> <li>• Issue regarding cases where the correct procedures have not been followed in order to adhere to limitation rules, various products, effect on cases of not following happy-flow patterns, effect on customer agreements if interests have affected principal, rates and market changes</li> </ul>  |
| #8  | Central bookkeeping and Group Finance        | <ul style="list-style-type: none"> <li>• Item of interest related to (1) supplementary booking process and (2) information flow between group finance and central bookkeeping. More clarity required on the topic of information flow between the two</li> <li>• Identification of additional stakeholders (Group Finance). Further work required to understand full impact on Group Finance</li> </ul>         |
| #9  | Risk markers practice                        | <ul style="list-style-type: none"> <li>• Potential issue linked to process of how we manage markers: if markers are not in place and we provide credit to customers where we should not; or if markers remain for longer than necessary and customers stay in bankruptcy for longer than required</li> </ul>  |
| #10 | Evaluation and use of Tableau data           | <ul style="list-style-type: none"> <li>• Potential issue as Tableau data is used for various decision making processes (i.e. data feeds into risk assessments). Due to further lack of analytical competencies and GRDM expertise in those who are reviewing such data, potential risk lies with what conclusions we are drawing out of the tableau data (in particular related to risk assessments)</li> </ul> |

# Status on remaining potential side issues



## Overall status - (and path to green)



- Planning phase complete; Analysis phase nearly done while considering each issue's potential impact on redress
- Confirmation that side issues will not impact Day Zero as pilot customers have been adjusted accordingly
- Handover of non-Athens side issues with no impact on Day Zero or redress initiated

| Side issue                                      | Analysis status | Comments  | Impact on   | → | Day Zero/Redress | Closed / Open |
|---|-----------------|---|---|---|------------------|---------------|
| #1 Legal fees allocated towards court cases     |                 | Sample check indicates that higher than allowed legal fees has been charged to some customers. Implicated customers removed from pilot. No issue for PF   | High impact on redress as the correct legal fee requires case investigation |   |                  | Open          |
| #2 Interest rate on defaulted mortgage loan     |                 | Review interest rate practice in PF. Handed over to   | No impact   |   |                  | Closing       |
| #3 Outsourcing to DCAs                          |                 | EY separate DCA report is finalized   | No impact on pilot payout, but will impact redress in subsequent batches    |   |                  | Closing       |
| #4 Court cases involving other creditors        |                 | Potential liability towards other creditors. Plesner has provided legal opinion on how to address issue and potential liability towards third parties   | No impact on Day Zero but redress of other creditors is likely              |   |                  | Open          |
| #5 Legal fees incorrectly merged with principal |                 | Confirmed no systemic issue for DCS and PF  | No impact on Day Zero or redress  |   |                  | Closing       |
| #6 Treatment of ill customers                   |                 | No legal conflict. Issue is related to conduct. A Conduct Risk policy draft is due year-end, that will reference protection of vulnerable customers.  | No impact   |   |                  | Closing       |
| #7 Interest application in DCS & PF             |                 | No systematic errors in interest application in DCS and PF. However, interest rate practice in PF needs review (same outcome as side issue #2')   | No impact   |   |                  | Open          |
| #8 Central bookkeeping and Group Finance        |                 | Root causes in DCS have potentially resulted in inaccurate reporting in the Bank's central bookkeeping system (KRS). PF needs further investigation   | No impact on Day Zero or redress  |   |                  | Open          |
| #9 Risk markers practice                        |                 | The Bank received an injunction based on its manual risk marker practice some years ago. New SOPs and policies have been implemented to mitigate risks  | No impact on Day Zero or redress  |   |                  | Closing       |
| #10 Evaluation and use of Tableau data          |                 | Known issue since 2018 and mitigating actions has been in place since. No formal risk assessment seems to be conducted based on GRDM data exhibited in Tableau. Separate track is already working to resolve data feed issues | No impact   |   |                  | Closing       |

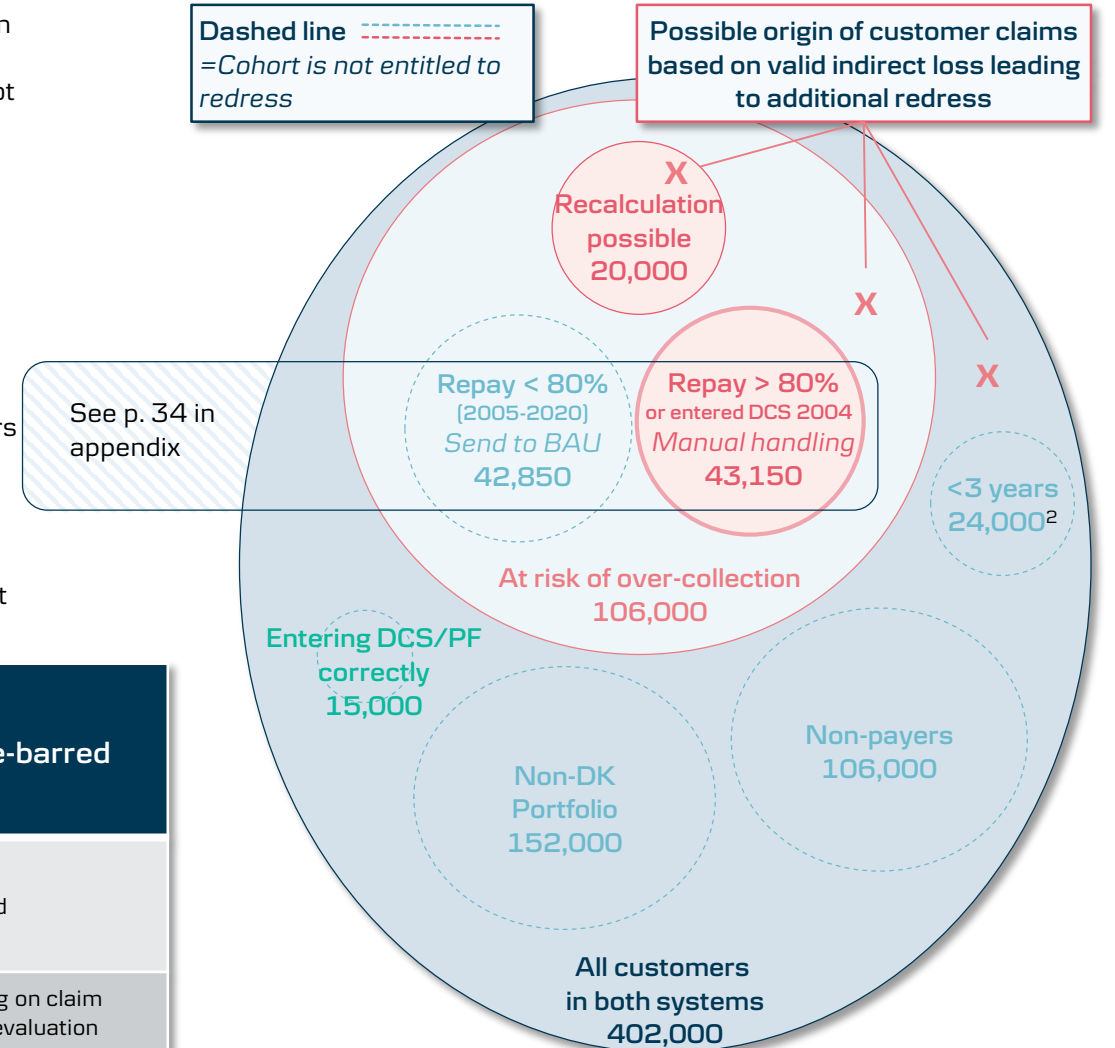
On track  
 Requires Attention  
 Not on track, requires attention  
 Completed

= Impact on Day Zero  
 = Impact on redress

# Segmenting the customers into cohorts and splitting between direct and indirect losses

- On top of direct losses from over-collection indirect losses should be redressed as well, which creates an dependency upon a loss committee
- Of all the customers (402k) who have been in the two systems, 106k have been affected by the four root causes to such an extent that they have potentially been subject to over-collection
- 42.85k customers of these have paid less than 80% of their principal and impact from root causes are assumed to be offset in their remaining debt<sup>1</sup>. These are therefore sent to the line organization for data cleansing, but out of scope for redress
- Of the remaining 63k customers, 20k of these can be recalculated as loan data exist in electronical format
- The last 43,15k have to be manually reviewed to determine whether they are entitled to a redress
- These customers should be redressed based on the direct loss that the Bank have caused them, however indirect losses exist beyond this customer group
- Pp. 10-11 contain a summary of all concerns that potentially could have caused losses to the customers (home fees, GDPR concerns, settlements, etc. are examples hereof)
- EY has created a model that will identify the over-collected customers and calculate the direct loss that the customer is entitled to in redress
- This should form the basis for the redress, but all customers can potentially substantiate any indirect loss they have suffered. As such, it is necessary to inform all customers that are identified with incorrect debt registered in DCS and PF so the customer is able to state a claim of indirect loss

| Scope for redress cohort | Valid                                       |  |   | Time-barred                            |
|--------------------------|---|--|---|--|
|                          | Non-payers                                  | Offset possible  | In scope for redress                                |  |
| <b>Direct loss</b>       | Excluded as over-collection is not possible | Excluded as impact from root causes can be set off in the remaining debt | Identified through EY model and entitled to redress | Is included                            |
| <b>Indirect loss</b>     | Depending on claim type and evaluation      | Depending on claim type and evaluation                                   | Depending on claim type and evaluation              | Depending on claim type and evaluation |

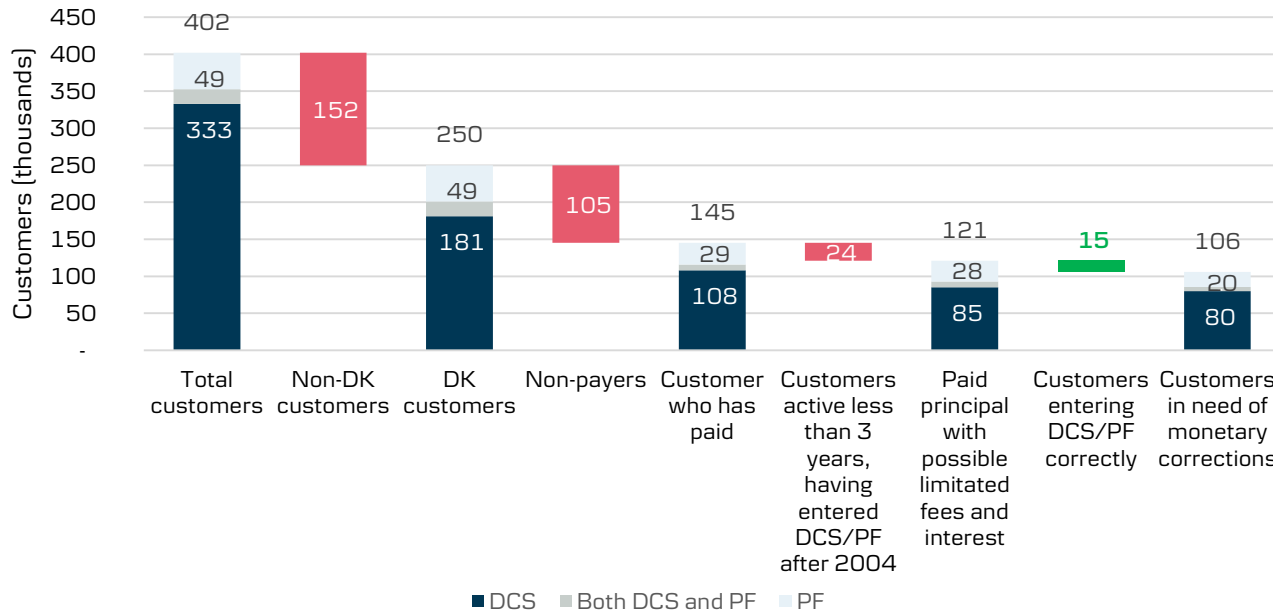


<sup>1</sup>See p. 34 in appendix | <sup>2</sup>p. 35 in appendix for further description of the filter removing customers active less than 3 years in the systems

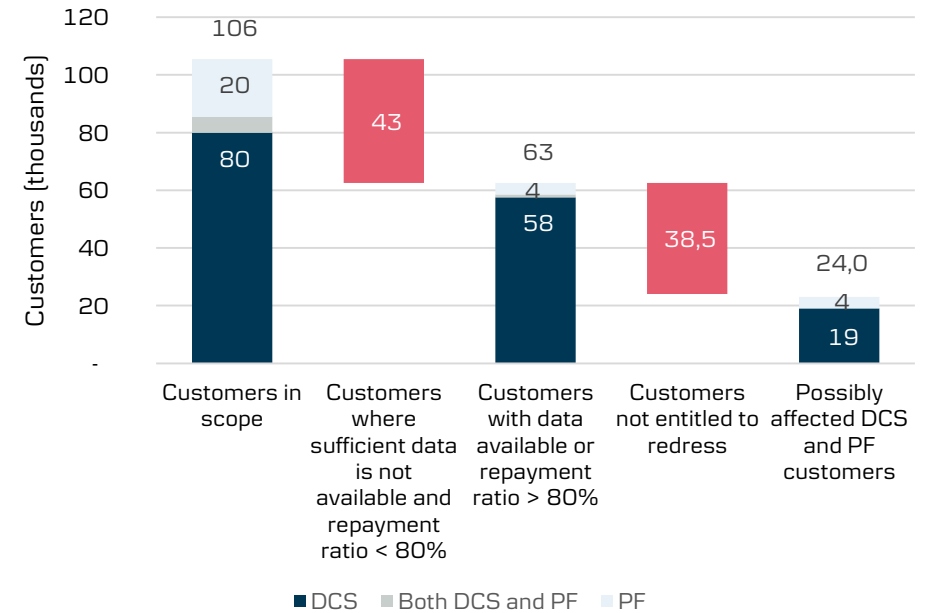
# Customer segmentation - Top-down logic for identifying customers in scope and at risk of customer impact

- Before calculating potential impact, the customer population can be narrowed down to customers that are in scope, where calculations are feasible, and where monetary corrections are needed - resulting in 24,000 customers that are at risk of an impact

**Waterfall of customers potentially in scope**  
Number of customers in scope



**Waterfall of customers ultimately at risk of impact**  
Number of customers at risk of over-collection



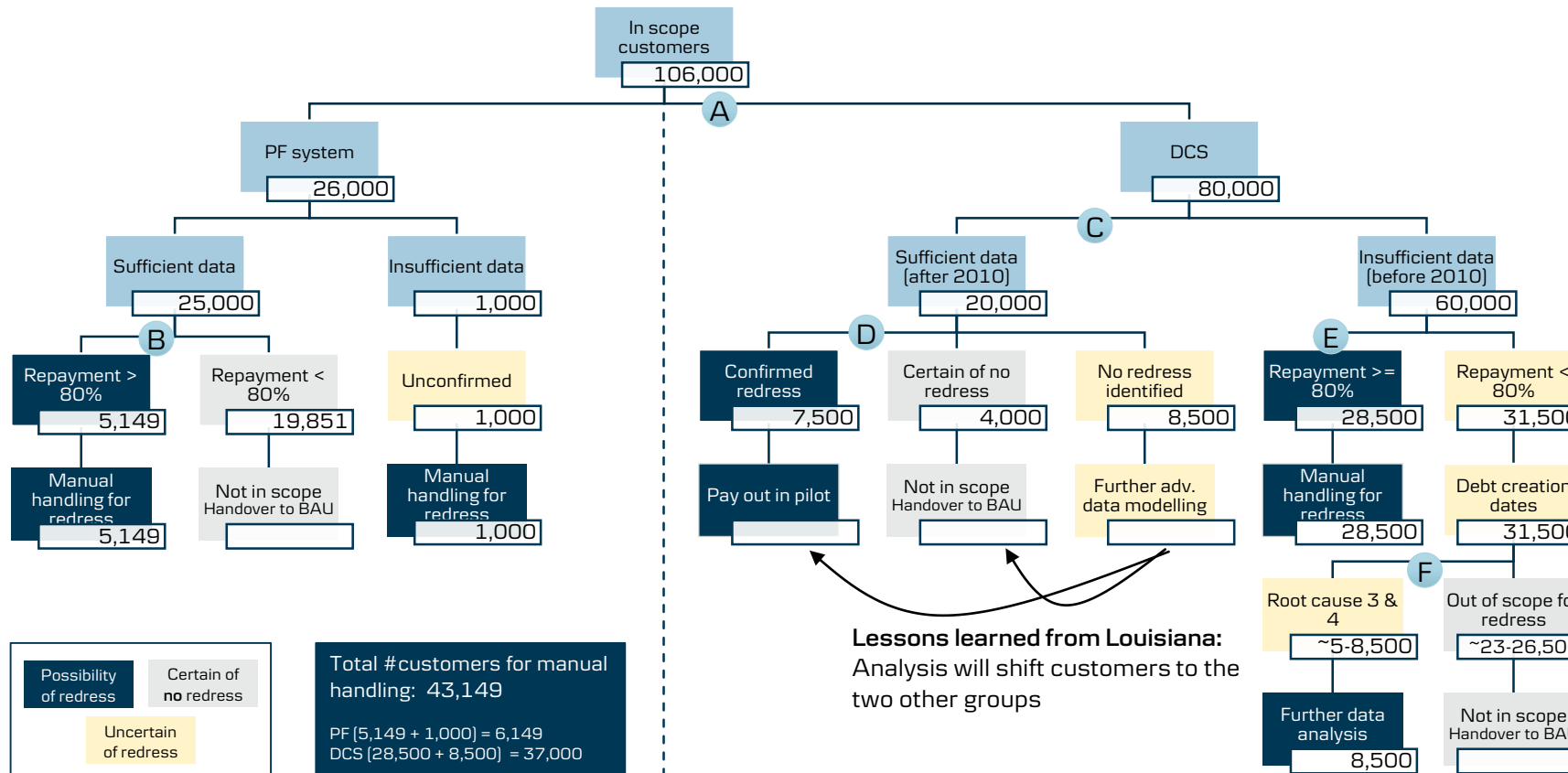
The waterfall above shows how the total population of customers in DCS and PF can be narrowed down to the customers that are potentially in scope. Customers are filtered out if they are registered in DCS in other Group countries [Non-DK customers], haven't paid anything or have been active less than 3 years in DCS after 2004 and entered PF less than 3 years ago, as well as customers where no issue was identified. The resulting 106,000 customers are considered in scope.

The waterfall above seeks to further reduce the number of customers to focus on customers that are likely to receive a compensation. Estimation of impact will be performed on these, taking potential offset in remaining debt into account. Please note that customers entering DCS in 2004 are part of the 63k cohort illustrated above regardless of their repayment ratio which is due to the potential impact from root cause 3 and 4.

*It is now becoming possible to indicate the volumes and means to redress relevant customers. Further analysis including manual review required to provide precise picture*

**Breakdown into customer redress actions or non-actions**

*Entire customer portfolio - no 10 years limitation*



**Infliction point logic**

- A. Account for ability to apply advanced modelling for analysis in DCS system
- B. Apply empirical data about overpayment ratios, including uncertainty factor, to exclude customers extremely unlikely to be in scope for redress
- C. Apply detailed data modelling where transaction data quality enable accurate answers
- D. Apply advanced data modelling to identify customers relevant for redress
- E. Apply empirical data about overpayment ratios, including uncertainty factor, to exclude customers extremely unlikely to be in scope for redress
- F. Analyse debt creation dates to identify root cause 3 and 4 issues
  - i. For RC3, all previous BG cases<sup>1</sup> are identifiable and are potentially exposed to RC3 - this amounts to 5,000
  - ii. RC4 can not be readily identified in the data but exists in the form of physical case documents. These amounts to 6,000 cases where 50% have been checked resulting in 10 cases in scope for redress

<sup>1</sup>Legacy cases from BG Bank. BG Bank became part of Danske Bank Group in 2001 as part of the merger with Realkredit Danmark. In 2007 BG bank was discontinued

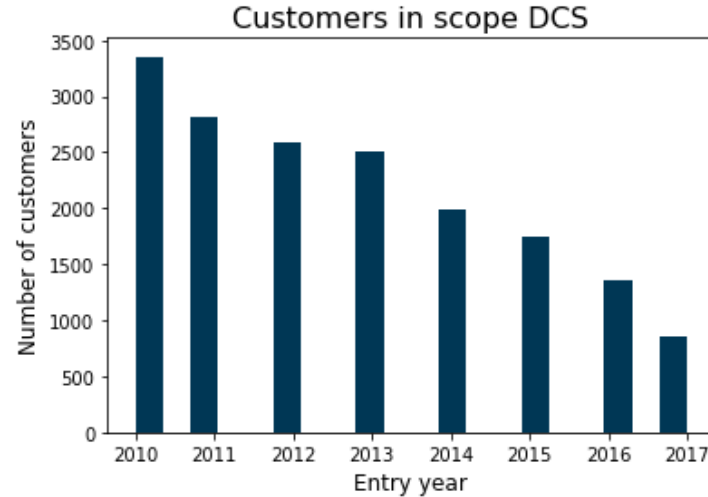
# Financial impact analysis - Bottom-up estimation of over-collection in DCS where re-calculations are possible

For customers in DCS with available FEBOS data 20,000 customers are at risk of over-collection

**Cohort characteristics:**

The cohort consists of ~18,800 private customers and ~1,200 corporate

Out of these ~7,500 customers are estimated to be entitled to redress



For the customers in scope where transaction data is electronically available, the customers entering DCS earlier are more probable to be affected by over-collection

DCS is affected by root cause 1-4

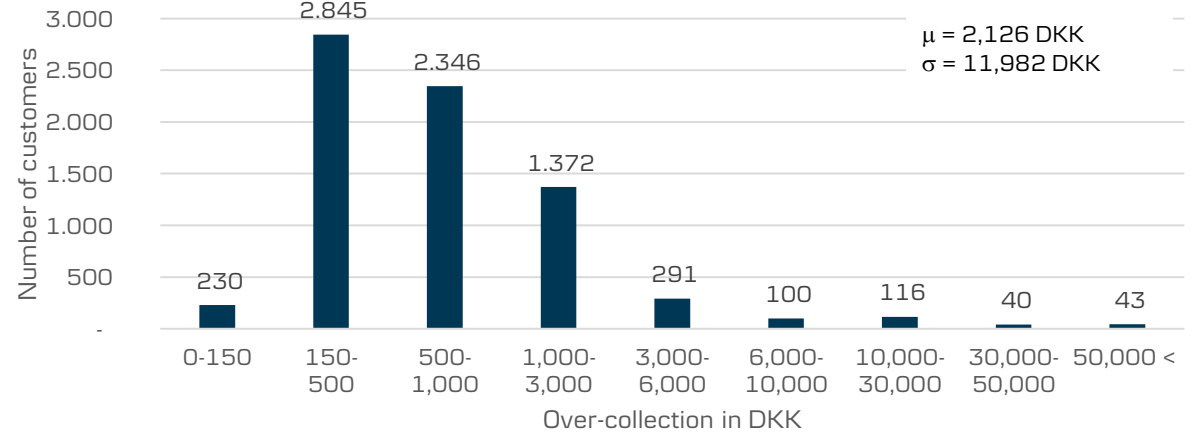
## Over-collection estimate: 11.6 mDKK

The estimate of over-collection amounts to approximately 11.6 mDKK excluding interest compensation (for time value of money), but accounting for set-off

The individual over-collection is at a customer level and log-normally distributed as shown below



Distribution of estimated over-collection  
DCS customers with available FEBOS data (7,383 customers)



# Financial impact analysis\* – Estimated over-collection from customers in scope for manual handling

For customers where manual handling is required, the total number of customers at risk of over-collection is equal to 43,150

**Cohort characteristics:**

These customers have repaid at least 80% of their principal (except customers entering DCS in 2004 that are potentially impacted by root cause 3 and 4)

**37,000** customers are in DCS. However, assuming similar characteristics as cases with available FEBOS data (previous page) ~**11,500** customers are estimated for redress

**6,150** are in PF and likely to be entitled to redress

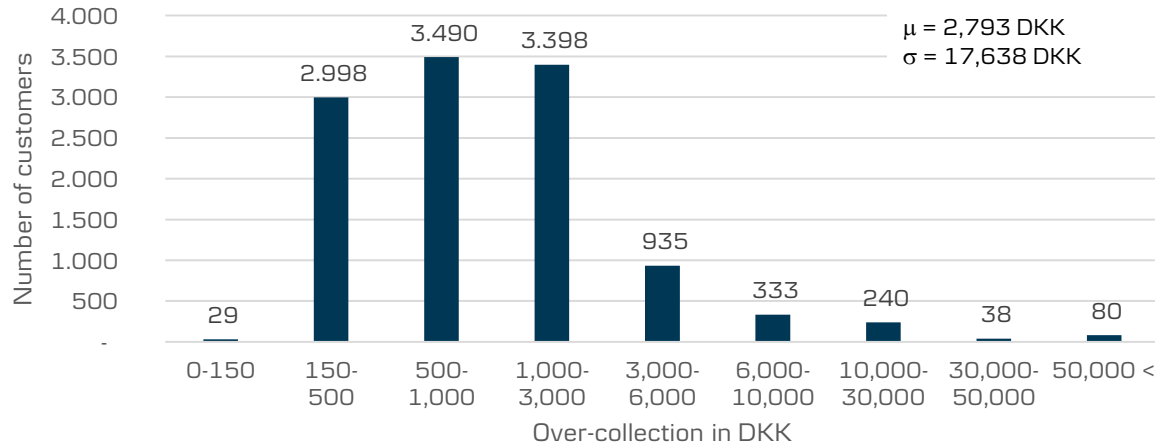
**Over-collection estimate: 38 mDKK**

**DCS: 25 mDKK**

**PF: 13 mDKK**

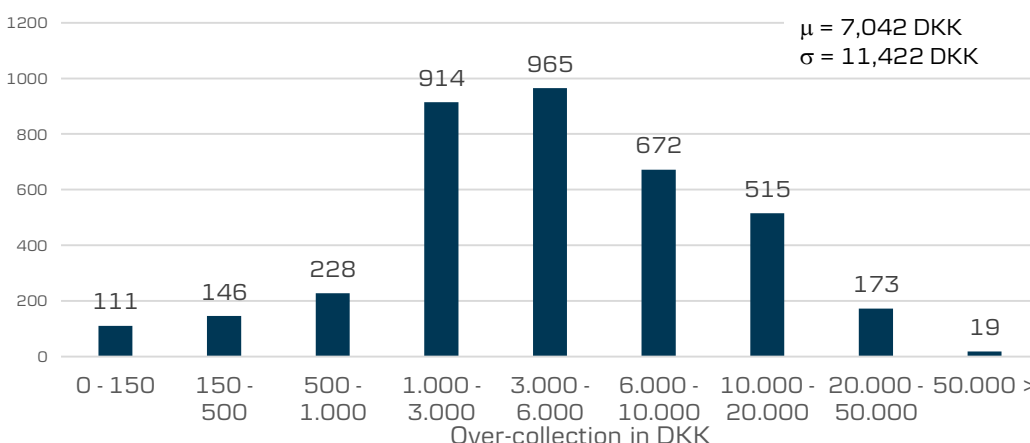
**DCS**

Distribution of estimated over-collection\*\*  
Customers with repayment ratio > 80% estimated to be entitled to redress (11,541 customers)



**PF**

Distribution of estimated over-collection  
Customers with repayment ratio > 80% estimated to be entitled to redress (5,149 customers across 3,743 cases)



\*All over-collection estimates on this page is based on statistical estimates I

\*\*The estimated over-collection is based on the assumption that the cases follow the average characteristics identified by the cases with available electronic FEBOS data

# Customers will be compensated for time-value of money by adding a interest compensation to their redress

Plesner concludes that Danske Bank is legally obliged to compensate customers<sup>1</sup> according to the Danish Interest Act section 5

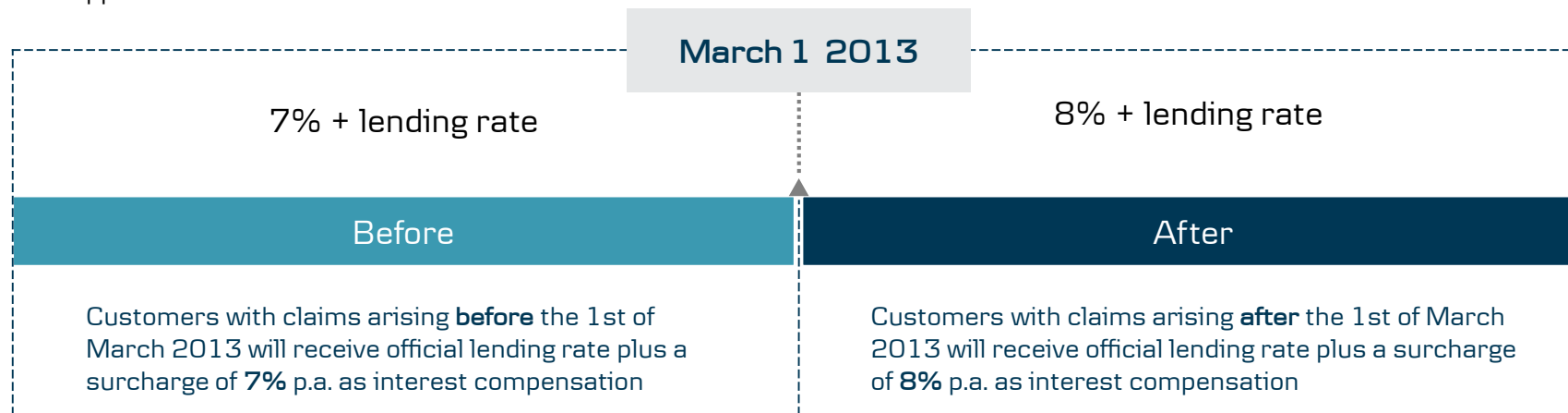
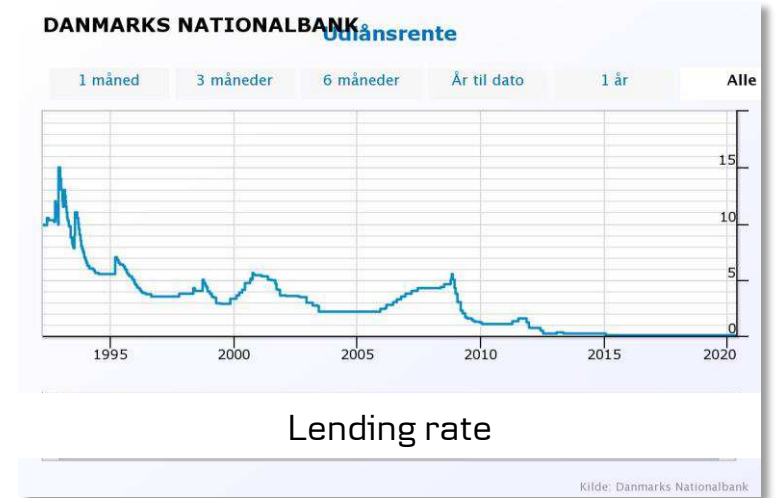
Customers included in pilot will receive interest compensation accordingly

Interest compensation is calculated as simple interest (i.e. not compound)

The rate will equal the official lending rate (stated semi-annually) plus a surcharge of either 7% or 8% p.a. dependent on the vintage of the customer's claim (see below)

The lending rate varies significantly over time - se development illustrated in graph to the right - and have been equal to 0,5% p.a. since July 2015

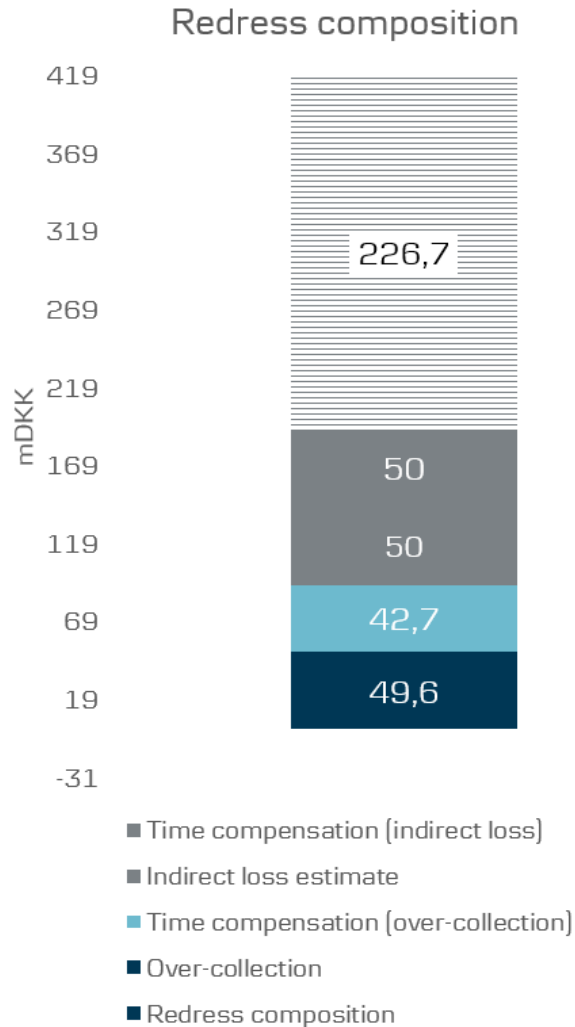
See appendix p. 36 for more background on legal basis and implementation of interest compensation principles and calculation of sample case on pp. 37-38



<sup>1</sup> Customers that are eligible to receive interest compensation as part of their redress either have no current debt, or no outstanding debt after offset is performed



# Financial impact analysis - Redress composition



### Over-collection

Over-collection is just one of the parts of the redress amount for a customer. Over-collection stems from the four root causes identified

For customers with electronically available FEBOS data over-collection is estimated to 11.6 mDKK

Customers in scope for manual handling in PF, over-collection is estimated to 13 mDKK

Customers in scope for manual handling in DCS, over-collection is estimated to 25 mDKK

In total, estimated over-collection amounts to:

**49.6 mDKK**

### Interest compensation

Interest compensation is paid to eligible customers as a time compensation for the period that Danske Bank had collected the debt on an incorrect basis.

The estimate provided below uses the minimum of when the debt entered DCS or PF and 10 years.

See appendix p. 36 for more background on legal basis and implementation of interest compensation principles. Appendix pp. 37-38 contain walkthrough of a sample customer case from the pilot batch (case 'H') incl. the interest compensation calculation

Estimated interest compensation for over-collection:

**42.7 mDKK**

### Indirect losses

Indirect losses refer to any loss incurred as a consequence of identified root causes

Indirect losses will be gathered through the claims process that the programme will establish prior to Day Zero

No statistical modelling has been made to estimate the amount of these indirect losses. While EY expects that the number of claims will be limited the claims that do arise are, however, expected to be significant. EY estimates the indirect losses to 50 mDKK - although a lot of uncertainty is tied to this number

Adding a conservative time compensation of 50 mDKK, puts the combined indirect losses at approximately:

**100 mDKK**

# Financial impact analysis - Tax impact

## Tax impact (high level)

### Direct tax effect

*Wrongfully collected debt which according to Danske Bank/Plesner was time-barred "Condictio Indebiti"*

- ▶ Post 31 December 2009: Claiming refund of previously paid debt (interest, fees etc.), which is time-barred, may be reclaimed by the customer without taxation, assuming that the refund occurs less than 10 years from when the payment was made
- ▶ Prior to 31 December 2009: Repayment by the Bank to the customer of paid debt (interest, fees, etc.), which is time-barred, is taxable for the customer, if the refund occurs more than 10 years from when the payment was made. Such taxation will be based on a "gift-like" consideration

### Interests

- ▶ Any interest (or time compensation) paid by Danske Bank to debtor on redress amount should be taxable as interest

### Indirect tax effect

*Interest and fee deduction*

- ▶ Interests are generally deductible if the interest amount for previous years have been paid. Fees are as main rule not deductible but special rules may apply
- ▶ In some cases of wrongfully collected debt interest deducted is reversed when the Danish Tax Authorities re-assess within three years period (ordinary re-assessment deadline) when there is no arrears mark ("Restance markering")
- ▶ In cases where arrears mark has been made the debtor has not received deduction of interests. Information shows arrears mark occurred in 51% - 68% of the cases implying that a large part of debtors have not received interest deduction and therefore minimizing indirect tax effect
- ▶ Other indirect tax effects (if any) are still under investigation

### Tax reporting

- ▶ Applicable to all customers in DCS and PF incl. debtors that have not paid on debt
- ▶ Based on examples, the wrong tax reporting appears in following cases:
  - Too large principal amount
  - Wrong debtor status
  - Interests amount
  - No arrears mark, etc.
- ▶ Currently being analyzed how to correct and how far back in respect of data and tax reporting rules

## Recommendation

- Danske Bank to consider time period of redress amount given direct tax effects for customers prior to 2009
- Dialogue with the Danish Tax Authorities regarding direct and indirect customer tax effects and reporting correction approach
- Potential VAT issues should be analyzed further
- Binding ruling of the customer taxation of redress amount to be considered by Danske Bank
- Further work on root cause 1-4 examples to assess tax effect and additional root causes (if any)

## Examples

RC1

### Principal, interest and fees collapsed

- Too high principal amount (incl. fees and interests) was transferred into DCS. The derived effect is that the accrued interest amount is too high. The debt may be time-barred and hence wrongfully collected
- "Condictio Indebiti"-claim is not taxable
  - Interests on redress are taxable
  - The tax reporting is flawed and should be re-assessed

RC2

### Incorrect debt origination date

- When transferred to debt collection, the default date and not the relevant due date was used as the origination date of the debt. Danske Bank wrongfully collected the debt ("Condictio Indebiti")
- "Condictio Indebiti"-claim is not taxable
  - Interests on redress are taxable
  - The tax reporting is flawed and should be re-assessed

RC3

### Guarantors and co-debtors treated alike

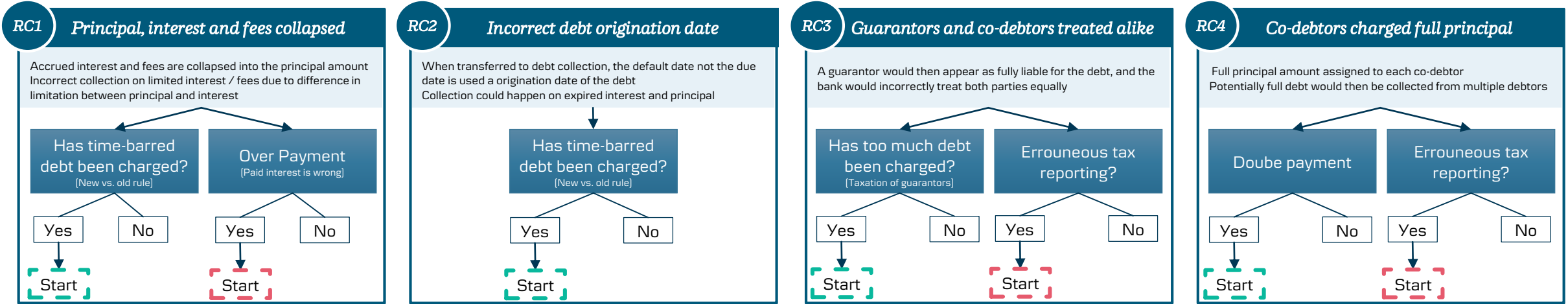
- Currently pending as data search is complex

RC4

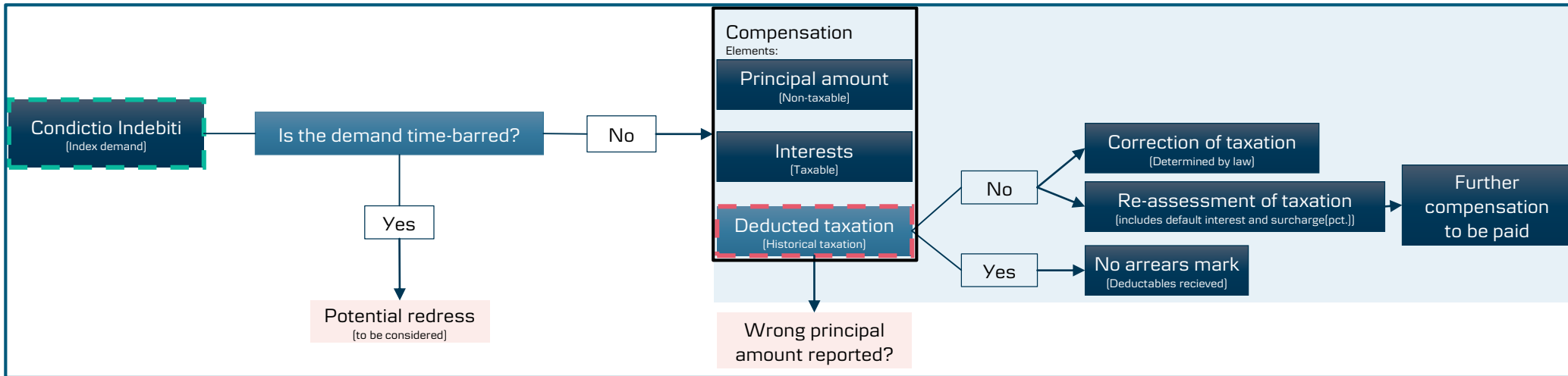
### Co-debtors charged full principal

- In DCS the debtor and co-debtor both were registered as main debtor. The debt was redeemed twice. Tax reporting of interests are non-existing but debt reliefs were agreed in 2016
- "Condictio Indebiti"-claim is not taxable
  - Interests on redress are taxable.
  - The tax reporting is flawed and should be re-assessed

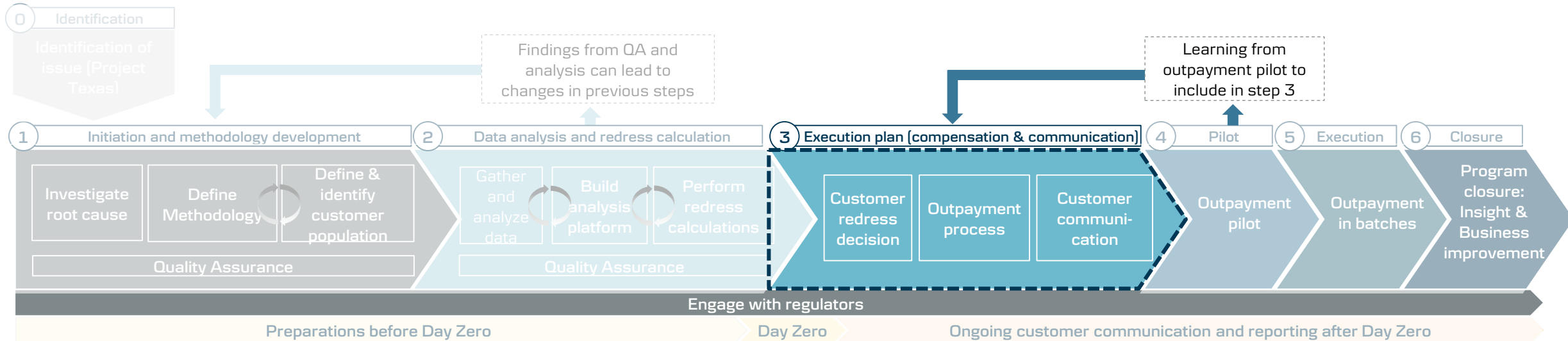
# Financial impact analysis - Overview of Tax consideration process



## Combined proces flow



# The project will move into execution phase - Based from EY redress methodology



## Main steps going forward

### Current Focus

#### Calculation:

- Agree on indirect / consequential losses
- Estimate impact of DCA data

#### Communication:

- Coherent communication strategy with Authorities
- Secure data for key messages in public communication

### Execution Phase

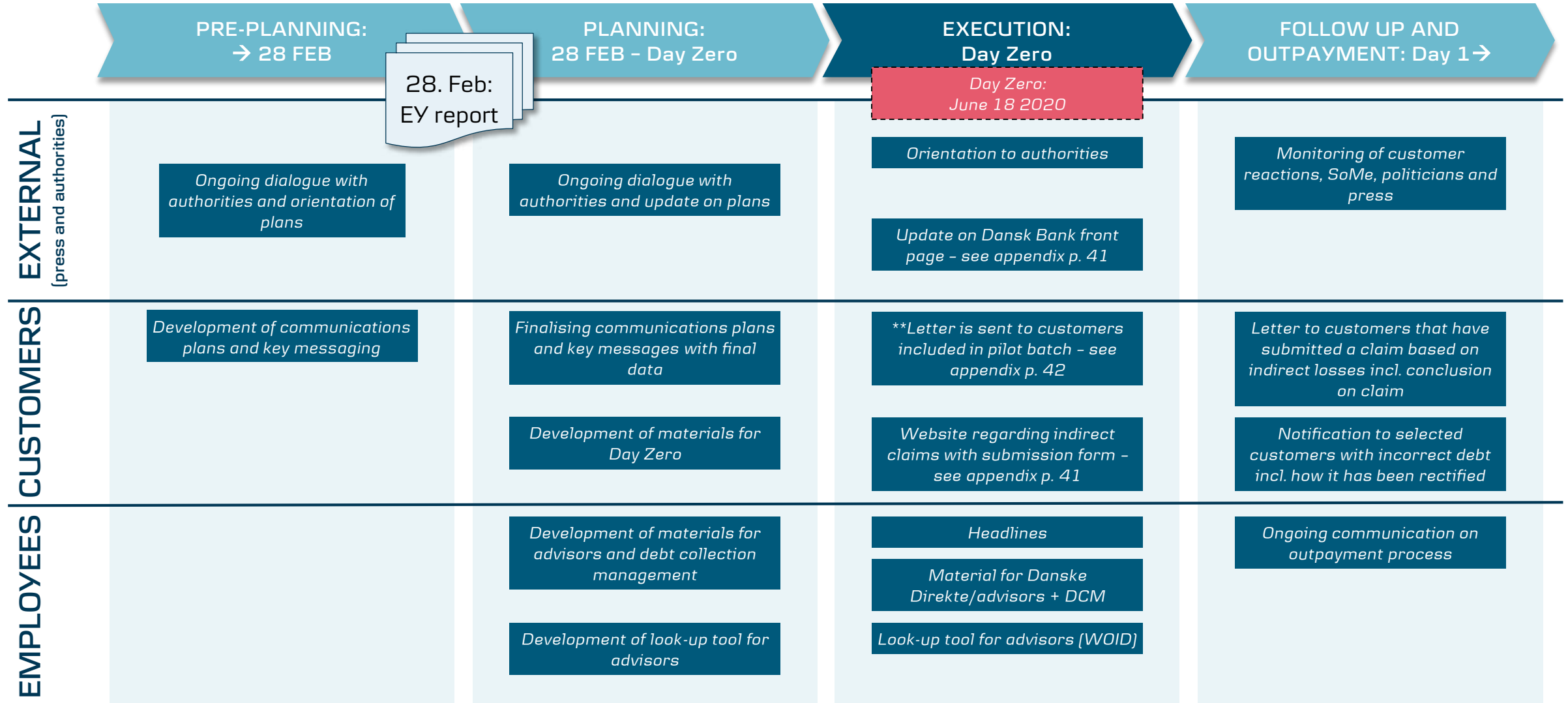
#### Compensation:

- Agree on date for Day Zero (proposed April 14 2020)
- Secure resources for execution, DOCS, Advisors, Implementation etc.
- Decisions on thresholds for calculations

## Considerations

- Remediation principles must be approved before execution
- Certainty that no new over-collection cases are being generated during execution
- Agreement on scope setting parameters - triage stream execution closed
- Legal advise from Plesner on remediation and compensation principles
- Organisation and governance for execution in place

# Communication planning\* towards Day Zero to customers receiving a compensation



\*See appendix pp. 39-40 for additional best practice methodology leading up to execution of Day Zero \*\*e-boks is delivered within 1-2 days. Physical letters is delivered within 2-5 days

# Remediation of customers that are not eligible to receive compensation on the basis of identified four root causes

A workstream dedicated to the remediation of customer groups (i) and (ii) will work towards identifying and rectifying customers with incorrect debt registered in DCS and PF

## Remediation of customer groups (i) and (ii):

- Programme structure has been revised and simplified to ensure a clear remediation focus and speed of execution
- A programme plan has been outlined with expected completion Q3 2021, subject to changes. See timeline on next page
- Specifically, the purpose of the stream; 'Portfolio trimming & clean-up' is to rectify incorrect data on customers debt with expected completion end of Q2 2021, pending further investigation
- The programme is committed to ensure a suitable communication is delivered to the impacted customers:

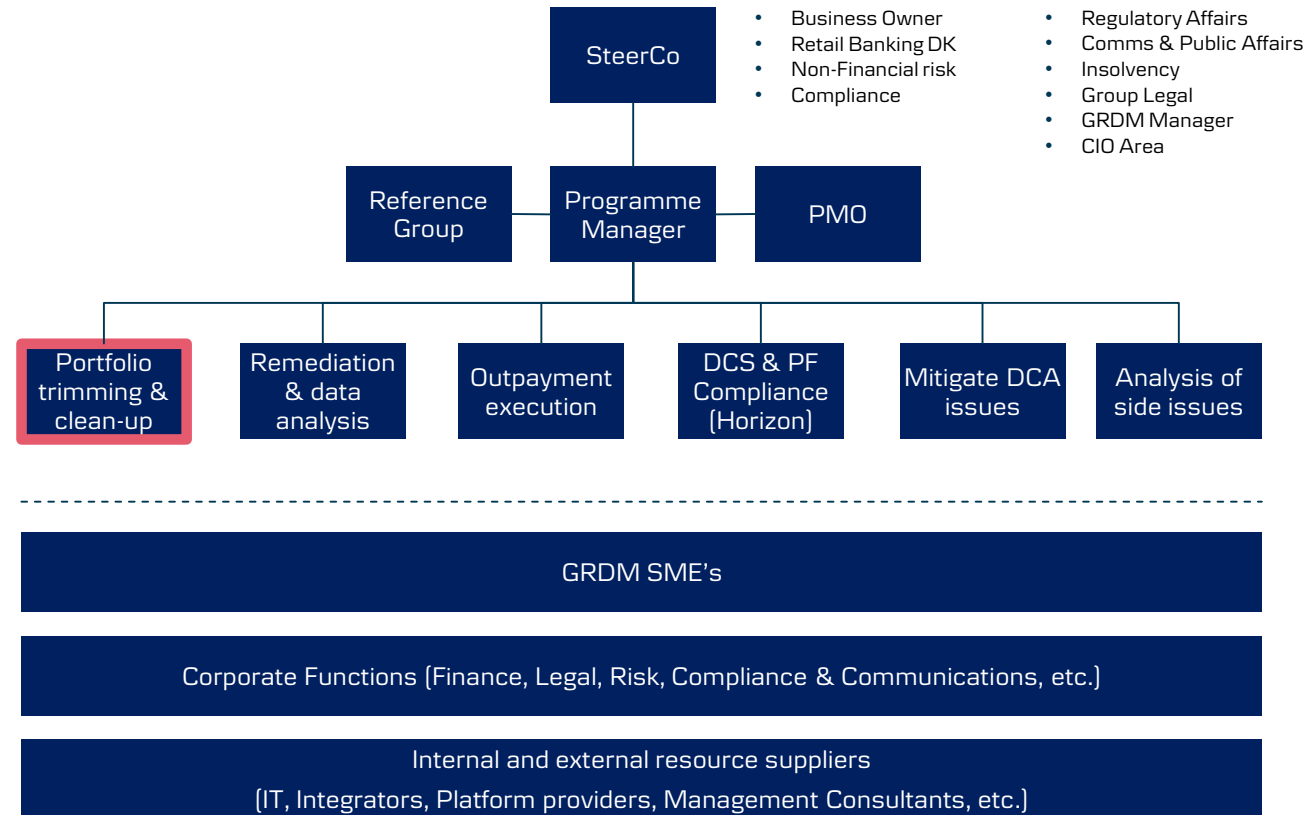
### Customer group (i)

- Customers that have debt incorrectly registered, but not repaid any debt will be notified about the correction hereof

### Customer group (ii)

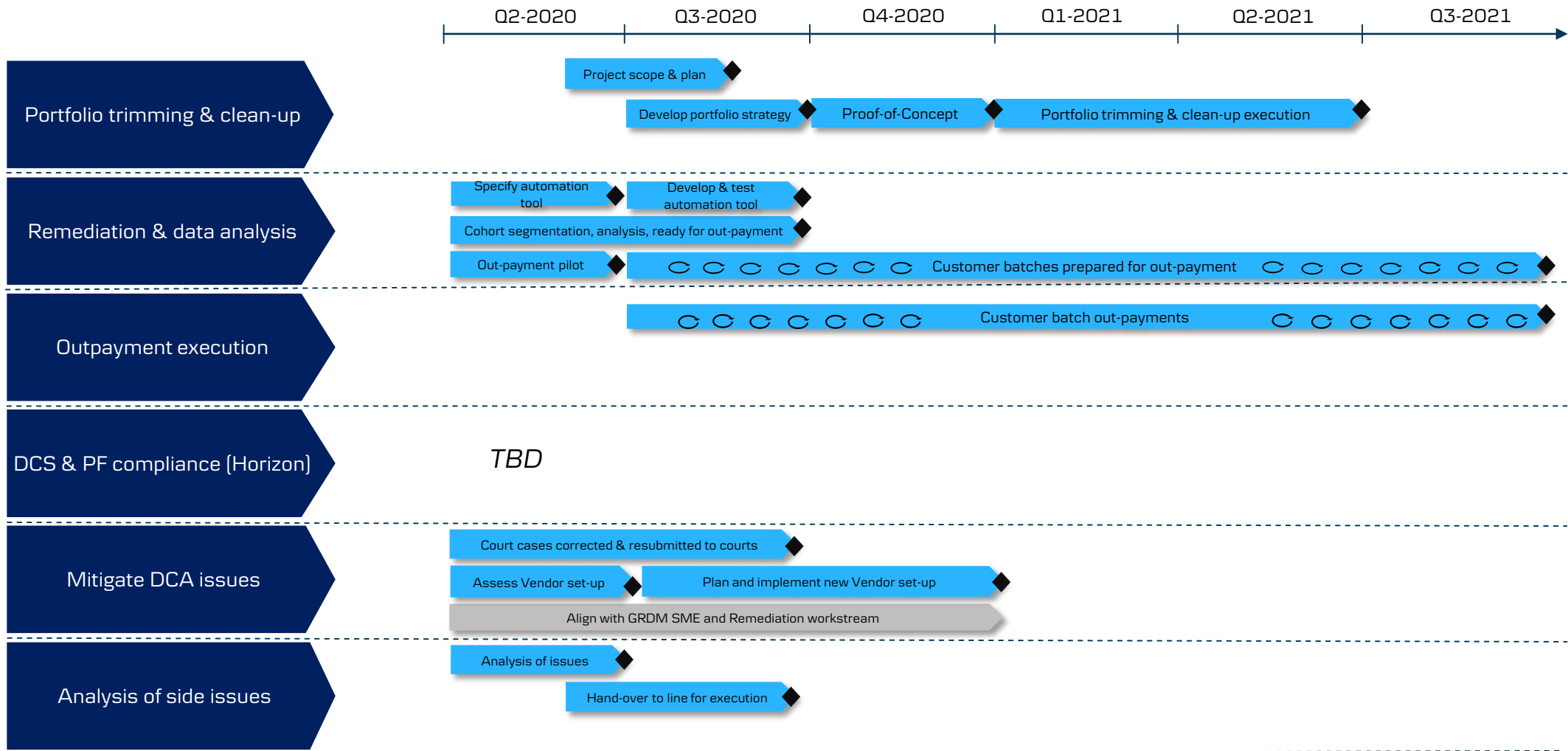
- Customers subject to over-collection, but have sufficient outstanding debt to allow offset will also receive adequate communication about correction of their case as they are identified and recalculated

## Programme governance structure (June 2020):



# Programme Athens timeline

Subject to changes following dialogue with regulatory bodies related to e.g. remediation principles, Tax treatment and further calculations etc.



◆: Decision milestones

# *Appendix*



## *Appendix overview*


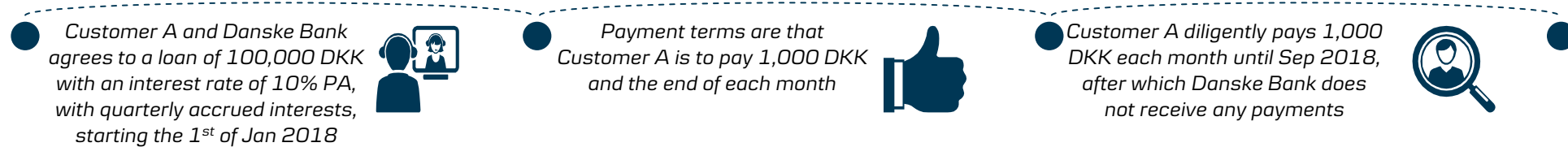
|                                  | Page  | Question |
|----------------------------------|-------|----------|
| Examples of the four root causes | 27-30 | NA       |
| Evaluation of correction process | 31    | 1        |
| Scope of the remediation         | 33    | 2        |
| Customer segmentation            | 34    | 3        |
| Financial impact                 | 36    | 4        |
| Remediation plan                 | 39    | 5        |

# Root Cause 1: Principal, interest and fees collapsed - Example

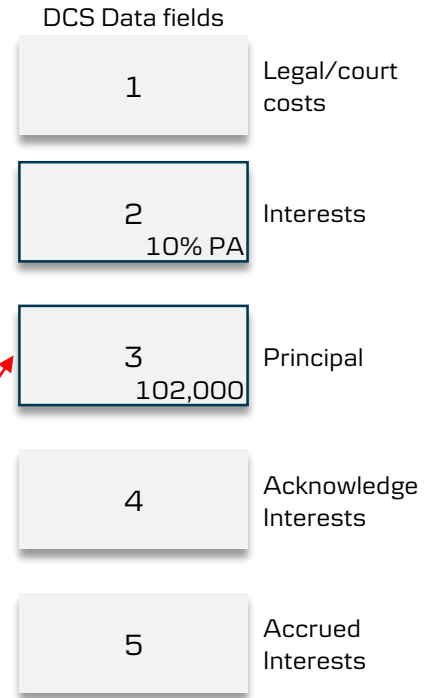
## Situation description

- a. When Customer A is transferred into DCS, the principal amount of 97,000 DKK is not moved into DCS's data field 3 - Principal. Rather, 102,000 DKK (interests plus principal) is incorrectly transferred to principal (field 3)
- b. As a direct result, the interests of 10% PA is now being calculated on an incorrect principal amount > 100,000 DKK resulting in an even higher monetary amount left for Customer A to pay
- c. Interest has a limitation of 3 years, and Principal has a limitation of 10 years. Danske Bank would ordinarily have 10 years to collect 97,000 DKK and 3 years to collect 5,000 DKK. Now that the combined amount is residing in Principal, Danske Bank runs the risk of losing out of the interest amount of 5,000 DKK, for which they have no claim to after 3 years

Danske Bank tries to contact Customer A and sends reminders [fee\*] each month. After the 4<sup>th</sup> reminder, Customer A is transferred into DCS

| 2018                     | Jan     | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Sep        | Oct        | Nov        | Dec        |
|--------------------------|---------|--------|--------|--------|--------|--------|--------|--------|------------|------------|------------|------------|
| Monthly payment          | 1,000   | 1,000  | 1,000  | 1,000  | 1,000  | 1,000  | 1,000  | 1,000  | No payment | No payment | No payment | No payment |
| Interests                |         |        | 2,500  |        |        | 2,500  |        |        | 2,500      |            |            | 2,500      |
| Principal amount [primo] | 100,000 | 99,000 | 98,000 | 98,000 | 97,500 | 97,500 | 97,500 | 97,000 | 97,000     | 97,000     | 97,000     | 97,000     |
| Balance [ultimo]         | 99,000  | 98,000 | 99,500 | 98,500 | 97,500 | 99,000 | 98,000 | 97,000 | 99,500     | 99,500     | 99,500     | 102,000    |



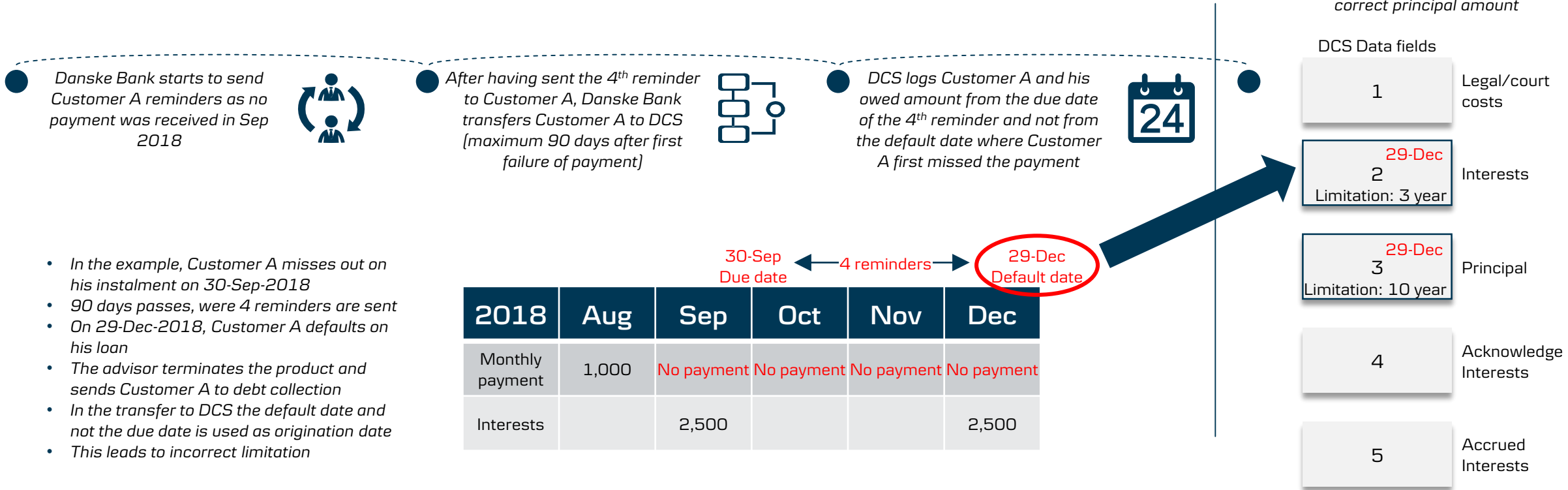
\* For the purpose of this example fees are not included. Each reminder is 100 DKK and will eventually be put into DCS's Interest data field

# Root Cause 2: Incorrect debt origination date - Example

## Situation description

- a. Interest has a limitation of 3 years, and Principal has a limitation of 10 years
- b. The incorrect origination date in DCS will make the debt appear 90 days younger than it actually is
- c. The due date is wrong and shifted in the customers favor so the outdated interests will appear to have a 3 years and 3 months expiring period instead of the legal 3 years
- d. Collection post expiration is therefore a large risk

Danske Bank now has Customer A in DCS, but with the wrong origination date along with the wrong principal amount consisting of interests, fees\* and correct principal amount



- In the example, Customer A misses out on his instalment on 30-Sep-2018
- 90 days passes, were 4 reminders are sent
- On 29-Dec-2018, Customer A defaults on his loan
- The advisor terminates the product and sends Customer A to debt collection
- In the transfer to DCS the default date and not the due date is used as origination date
- This leads to incorrect limitation

| 2018            | Aug   | Sep        | Oct        | Nov        | Dec        |
|-----------------|-------|------------|------------|------------|------------|
| Monthly payment | 1,000 | No payment | No payment | No payment | No payment |
| Interests       |       | 2,500      |            |            | 2,500      |

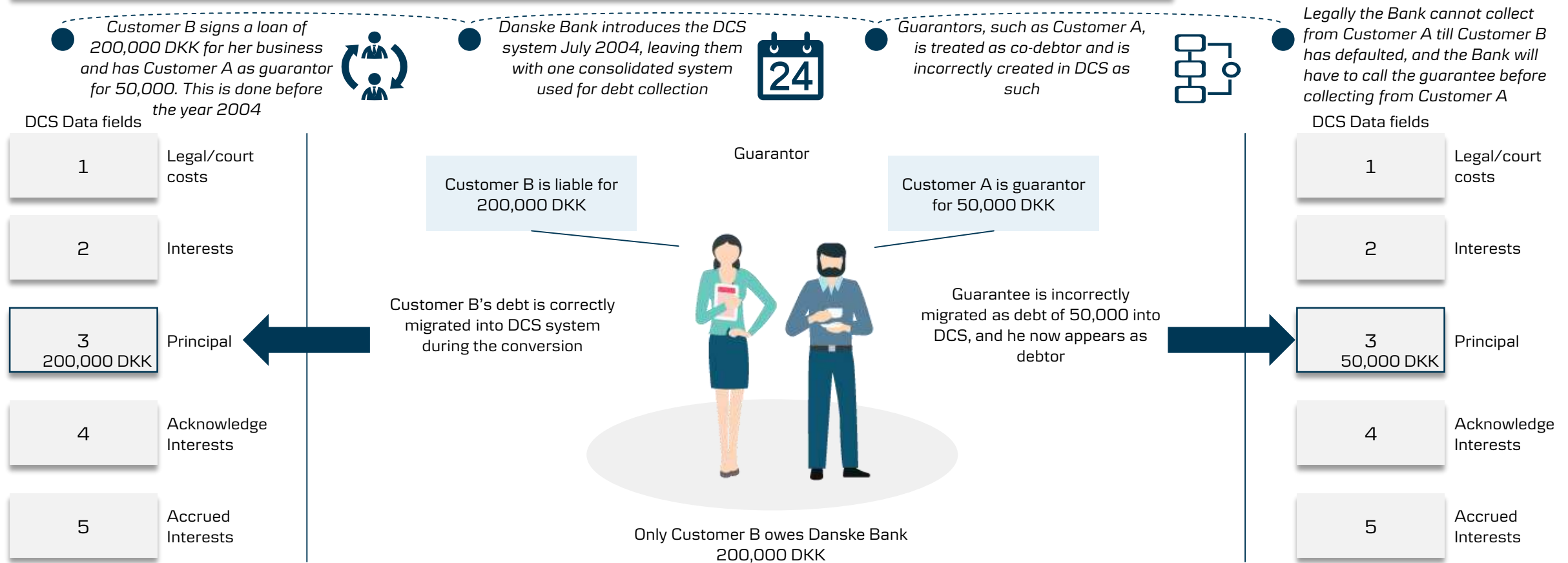
- DCS Data fields
- 1 Legal/court costs
  - 2 **29-Dec** Interests  
Limitation: 3 year
  - 3 **29-Dec** Principal  
Limitation: 10 year
  - 4 Acknowledge Interests
  - 5 Accrued Interests

\* For the purpose of this example fees are not included. Each reminder is 100 DKK and will eventually be put into DCS's Interest data field

# Root Cause 3: Guarantors and co-debtors treated alike - Example

## Situation description

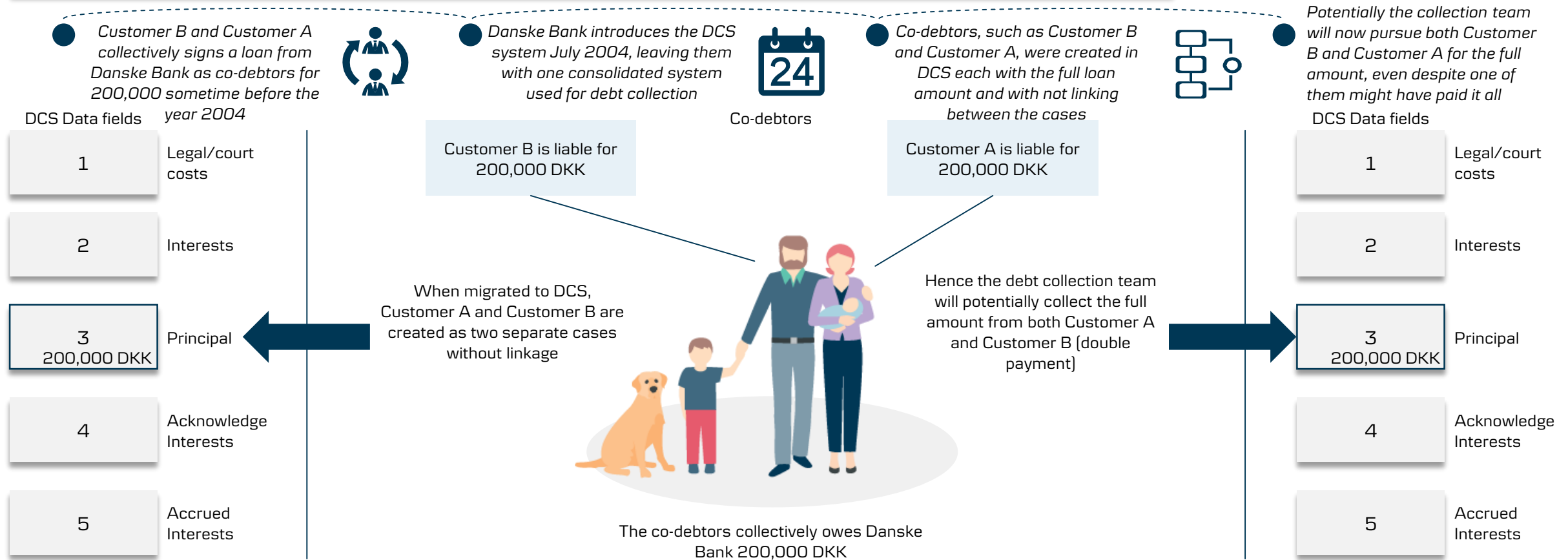
- a. During the conversion into DCS in 2004 there were no differentiation between co-debtors and guarantors, as both (technically) needed an account in the system and no flag for marking them as guarantors existed
- b. Hence the Bank was not able to distinguish the two from each other and could potentially be pursuing the full debt from both individuals, despite that the guarantor could be liable for a smaller amount
- c. As a guarantee has to be called in order to be valid, the incorrect registration have led to incorrect collection



# Root Cause 4: Co-debtors charged full principal - Example

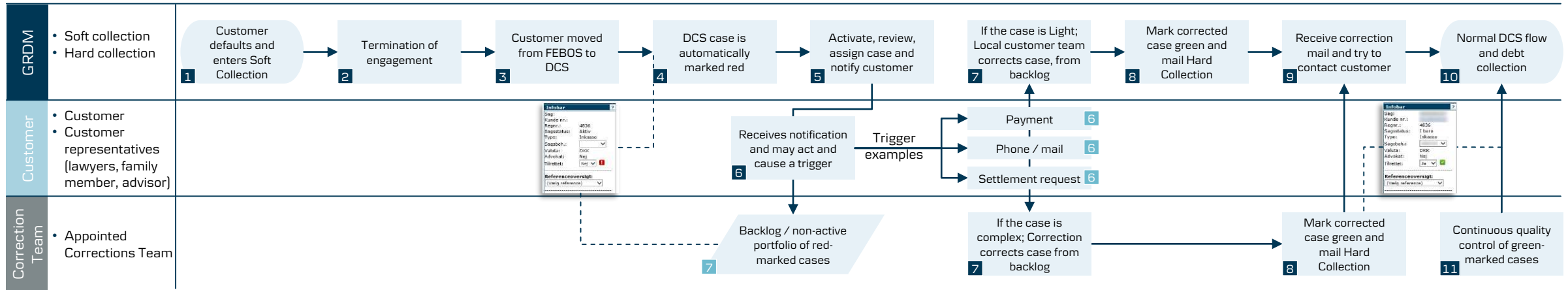
## Situation description

- a. When data was converted into DCS in 2004, the link between co-debtors was in some instances left out
- b. Hence the Bank was unable to correctly track the collection of the shared debt, and would treat the payments separately
- c. There have been instances where settlements have been agreed with each part of the shared debt, leading to a combined overpayment



# In order to ensure that no new over-collection cases are created, it is necessary to review GRDM's correction process including the implemented red/green case markings

- When Danske Bank became aware of the issues in DCS, GRDM implemented a manual failsafe process in order to minimize the risk of creating new issues
- In general, all Danish cases registered in DCS are considered incorrect and need correction before reaching out to the customer
- Each case transferred to DCS will (since 16<sup>th</sup> of July 2019) automatically be marked red, stating that it has not been reviewed by the Corrections Team
- Only cases that have been treated / corrected by the Corrections Team can be viewed as correct - exemplified by a green tick-marker post-correction
- Current correction process\* since 16<sup>th</sup> of July 2019 looks as follows:



## Flow description

1. An customer in FEBOS suddenly defaults on his loan e.g. missing payment and is moved to Soft Collection which initiates the Dunning Process
2. Dunning Process is unsuccessful and the engagement is terminated (4<sup>th</sup> reminder)
3. 10 days after termination the [customer] case is moved from FEBOS to DCS
4. When the case is registered in DCS it is automatically marked red
5. Hard Collection (Lithuania) activates the latent case in DCS, reviews the case, assigns the appropriate customer team if the case is deemed 'Light' or to the Correction Team ("Correction") if the case is more complex; the case is now in the backlog depository
6. The notified customer (or customer representative) could activate a trigger\* (e.g. make communicative contact, make a payment or send a settlement request)
7. If a trigger is activated it prompts either the local customer team (Light) or the Correction Team to locate, review and correct the case from the backlog of cases
8. Once the case is corrected it is marked green followed by a mail to Hard Collection that the particular case has been corrected
9. After receiving the mail, Hard Collection seeks to contact the customer in order to address the specific trigger
10. Regardless if customer contact happens or not, the green-marked case is now following normal flow in DCS
11. As a quality measure, a list of green-marked cases are reviewed by GRDM each month in order to double check that the case has been handled and corrected the right way

\* There are more triggers (externally and internally) but it is important to note that any handling of a red-case starts with a trigger

# Is it ensured that over-collection does not still occur despite implementing red/green mitigation process?

- Current correction process\* since 16<sup>th</sup> of July 2019 looks as follows:

| Infobar                                       |                      |
|---|----------------------|
| Sag:  |                      |
| Kunde nr.:                                    |                      |
| Regnr.:                                       | 4836                 |
| Sagsstatus:                                   | Aktiv                |
| Type:   | Inkasso              |
| Sagsbeh.:                                     | <input type="text"/> |
| Valuta:                                       | DKK                  |
| Advokat:                                      | Nej                  |
| Tilrettet:                                    | Nej                  |
| <b>Referenceoversigt:</b>                     |                      |
| <input type="text" value="(Vælg reference)"/> |                      |



- Locate a red-marked / non-corrected case
- Check basis information in DCS
- Determine expiration / statute of limitation for each account
- Assess which type of account needs correction (promissory notes, overdraft, overdraft facility etc.)

- Review bank statements
- Conduct correction(s) by utilizing appropriate correction table

- Create notification date for each stakeholder's CPR number pertaining the case
- Create playtast - predefined table for case comments

- When the case has been corrected, notification date and playtast has been correct, apply green tick in the overview image

| Infobar   |  |
|---|--|
| Sag:  |  |
| Kunde nr.:  |  |
| Regnr.:   | 4836   |
| Sagsstatus:   | I bero   |
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| Sagsbeh.:   | <input type="text"/>   |
| Valuta:   | DKK  |
| Advokat:  | Nej  |
| Tilrettet:  | Ja <input checked="" type="checkbox"/>   |
| <b>Referenceoversigt:</b>                           |  |
| <input type="text" value="(Vælg reference)"/>       |  |
| Opg.: 0 ( 0 klar)                                   |  |
| <b>Opgaver</b>                                      | <b>Klar</b>  |
| <b>Vælg næste aktivitet:</b>                        |  |
| <input type="text" value="Kontakt debitor dubiøs"/> |  |
| <input type="button" value="Tilbage"/>              | <input type="button" value="Gå til sag"/> <input type="button" value="Næste"/> |

Once a month a quality control of corrected cases marked green is conducted  If one or several elements are missing (e.g. notification date and/or playtest), the Corrections Team is alerted in order to rectify the administrative mistake

# Outsourcing to DCAs has not significantly impacted data quality

## Background for DCA stream

A task team within the project has been working to analyze and understand the data on customers who were outsourced to DCAs. The purpose is to determine whether or not the data quality is acceptable to proceed with the remediation project in its current form

## Review of the outsourcing to Debt Collection Agencies (DCAs) shows that flaws are minor

The total number of potentially outsourced and active DK customers in DCS is estimated to be **40,500**. EY has received data from the four largest DCAs<sup>1</sup>, which contained **21,700** unique costumers. The received data was then matched with data from DCS resulting in **20,750** matched costumers. **96%** of the matched customers had the correct status in DCS (i.e. active / closed). EY therefore concludes that the data quality issues with the DCAs should not postpone execution of remediation

## How the initial analysis was carried out

For this analysis EY built a total overview of the data in DCS. From here EY:

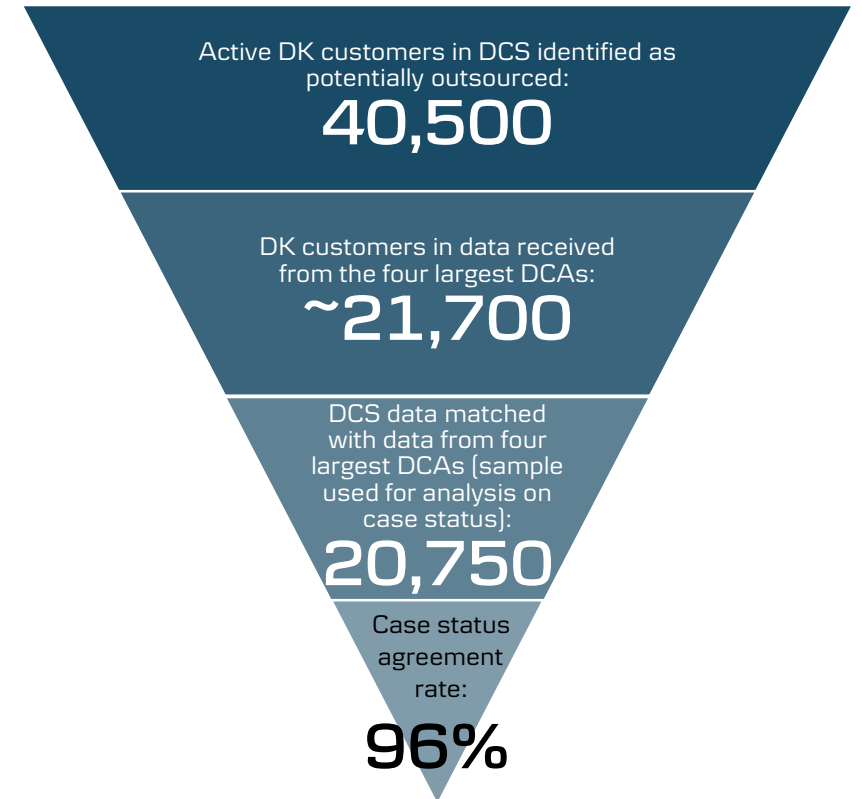
1. Isolated potentially outsourced data for the DK organization
2. Identified and focused on data associated with the 4 largest DCAs
3. Matched outsourced DCS data with data received from the 4 largest DCAs
4. Compared the case status between the matched DCS and DCA data

Throughout this process EY has validated relevant data and aligned across all EY data teams on the DCS project. Furthermore, EY has sparred with Danske Bank SMEs

## Next steps

The next steps are to:

1. Deep dive analysis of the exhaustive data foundation (a large sample was investigated for this analysis)
2. Analyze the data flow between Danske Bank (DCS and PF) and the DCAs



## Bias in data

Initial analysis of sample data has shown a modest error rate. However, EY needs to understand the rest of the data foundation and although the error rate is likely to resemble the sample error rate, further analysis is required to ensure that this is the case

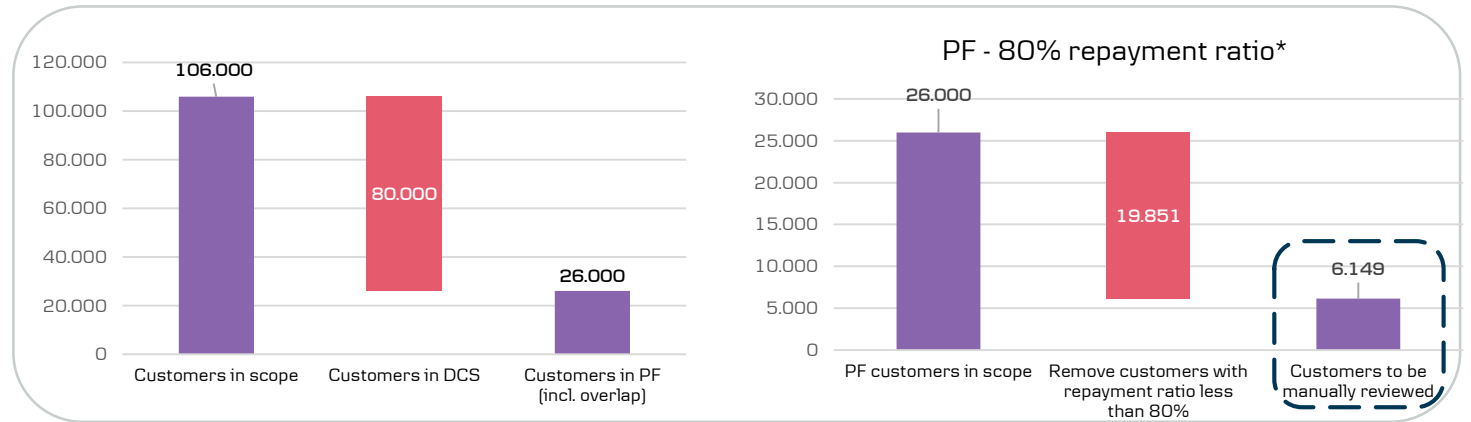


Project Athens - Question 3

The 106k customers in scope can be split between DCS (80k) and PF (26k)  
 A repayment ratio of 80% will yield 43,150 customers for manual handling

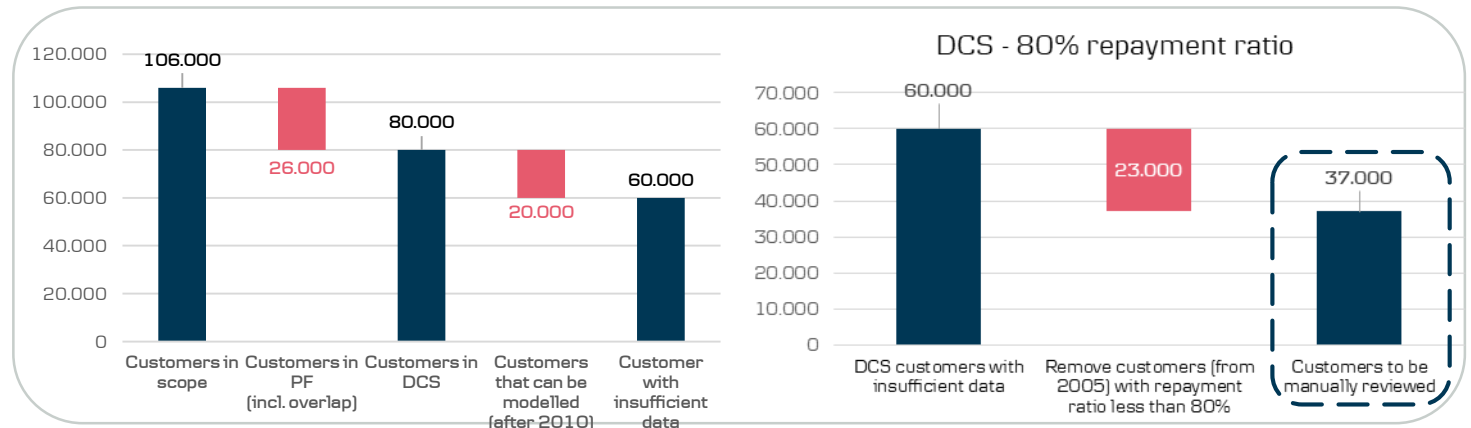
PF

- 26,000 customers in PF system are in scope for redress
- A repayment ratio (percentage of principal that has been repaid) of 80% will yield 5,149 customers to be manually reviewed
- This is under the assumption that lower repayment ratios will ensure that possible corrections can be offset in the remaining debt
- Additionally, 1,000 customers have insufficient data and as a result will have to be manually reviewed leaving a total of 6,149 customers for manual review



DCS

- 80,000 customers in DCS are in scope for redress
- 20,000 of these can be modelled by re-calculating the debt with data from after 2010
- 60,000 customers can not be modelled due to lack of data
- By reviewing the corrections made since June 2019, data shows that corrections remain below 20% of principal. Corrections are (for 98.5%) maximum 20% of principal
- Assuming that corrections can be offset in remaining debt, will allow for discarding customers with repayment ratios below 80% (28,500)
- However, all customers entering DCS in 2004 (8,500) have to be manually reviewed due to their potential exposure to root cause 3 and 4
- In total, 37,000 customers in DCS have to be manually reviewed



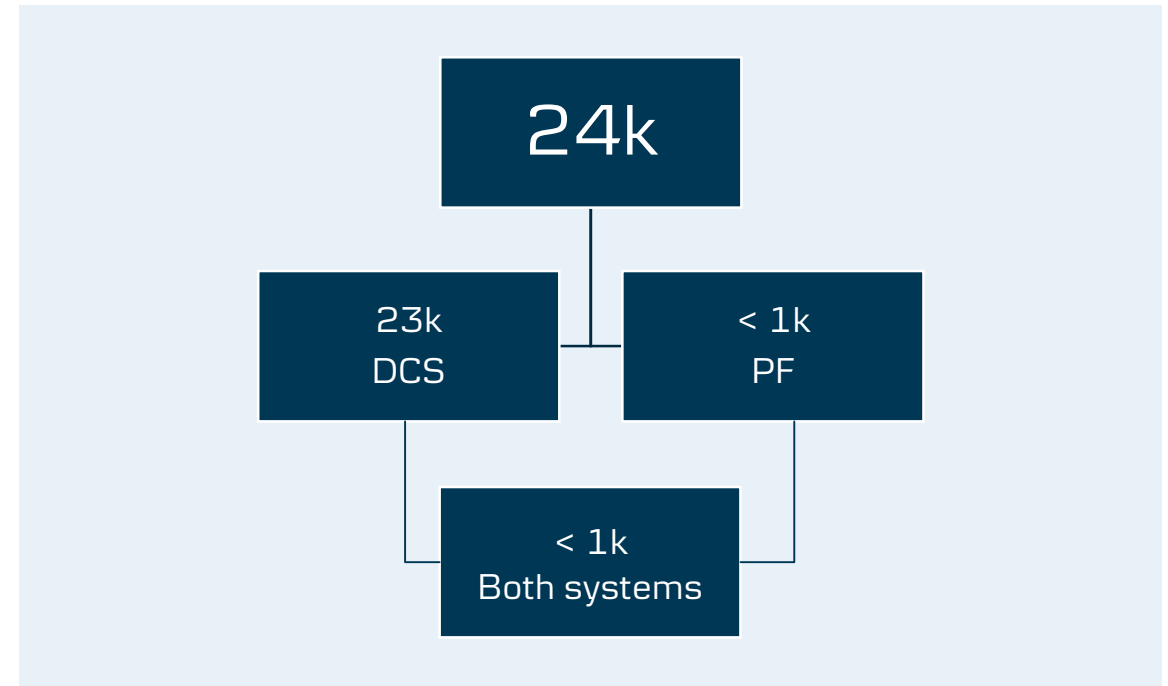
\* These are all customers that are potentially eligible, the actual number after further investigation is expected to change

*24k customers that have entered and left the two systems after 2004 and been there for less than 3 years. Hence they can not have been impacted by the four root causes*

**Characteristics of the cohort**

- All of these customers have been in the systems less than 3 years\*
- For **DCS**, customers who has been active less than 2.5 years in DCS are removed by this filter
- For **PF**, customers entered in the system less than 3 years ago are removed as no debt is at risk of being time-barred (arrears date will always be correct for PF)
  
- That principal, fees and accumulated interest might have collapsed does not lead to incorrect interest calculation as the interest is consistent across debt types
- Hence root causes 1 and 2 have not impacted the 24k customers:
  - **RC1 - Collapsing of fees, interest and principal**  
As interest rates are consistent across all debt types, collapsing of debt has no impact
  - **RC2 - Incorrect arrears date**  
Not an issue for PF customers as independent review ensures correct input date. Not an issue for DCS, as long as soft collection process is less than 180 days
  - **RC3 - Guarantors and co-debtors**  
Only applicable for DCS, but none are among the 24k as they are all after 2004. The root cause only occurred during the migration into DCS
  - **RC4 - Co-debtors charged full principal**  
Only applicable for DCS, but none are among the 24k as they are all after 2004. The root cause only occurred during the migration into DCS

**Breakdown of the cohort across DCS and PF**



**Areas of risk are non-systemic operational errors as e.g.:**

- Court fees being incorrectly collapsed when entering DCS. Interest should not be calculated on these fees. The issue is currently under investigation
- Duration of soft collection exceeds 180 days (standard duration is 90 days)

\* For DCS a conservative cut-off equal to 2.5 years is applied as a 'rolling window' throughout the period. For PF an exact cut-off equal to 3 years is applied going back to 2017, as the arrears date is correctly registered due to independent review in a foreclosure process

# How interest compensation will be implemented in redress calculations

## Legal basis for interest compensation

- Plesner has provided their legal assessment<sup>1</sup> of Danske Bank’s set-off right and when the bank is obliged to compensate customers and add interest to the customer’s compensation
- Plesner concludes that Danske Bank is legally obliged to compensate according to the Interest Act section 5, for customers with no current debt and when set-off in existing debt will not fulfil the customer’s restitution claim
- Such customers should receive compensation with attributed interest corresponding to the relevant process rate (in Danish ‘morarenten’) at the time of each overpayment made by the customer
- Customers that have been subject to over-collection, but have sufficient existing debt to allow for set-off should not receive interest compensation

## Implementation of interest compensation principles

### How to apply the interest rates on over-collection?

- From a legal perspective, Danske Bank is required to;
  - **Option 1a** - Add interest to over-collections incrementally as they occur (i.e. add interest to the individual over-collection from the time of the respective collection)
- Implementing such logic is impractical and instead EY suggest to;
  - **Option 2a** - Add interest on the entire over-collection amount starting from the time that the first over-collection event took place

• **Option 2a is chosen** as it will [always] result in a benefit for the customer as opposed to option 1a. Although, this might lead to unintended taxation as the interest compensation will fall beyond Danske Bank’s legal obligation

Tax effect of such interest compensation should be clarified with Danish Tax Authorities (pending)

### Which time period to apply?

- From a legal perspective, Danske Bank is required to;
  - **Option 1b** - Add interest from the point in time of each individual payment by the customer that was paid on an incorrect basis (i.e. time-barred or in excess of actual correct debt)
- Implementing such logic is impractical and instead EY suggest to;
  - **Option 2b** - Add interest from the earliest point in time that the customer theoretically risk overpayment - i.e. the first payment by the customer after 2.5 years in debt collection

• **Option 2b is chosen** as it will [always] result in a benefit for the customer as opposed to option 1b. Although, this might lead to unintended taxation as the interest compensation will fall beyond Danske Bank’s legal obligation

Further complexities such as interest compensation to customers with time-barred claims (i.e. older than 10 years), will have to be addressed by programme as fulfilment progress

<sup>1</sup> Memorandum prepared by Plesner the 8<sup>th</sup> of April 2020 - “SET-OFF RIGHT IN RELATION TO DEBT COLLECTION ON A UNJUSTIFIED BASIS”

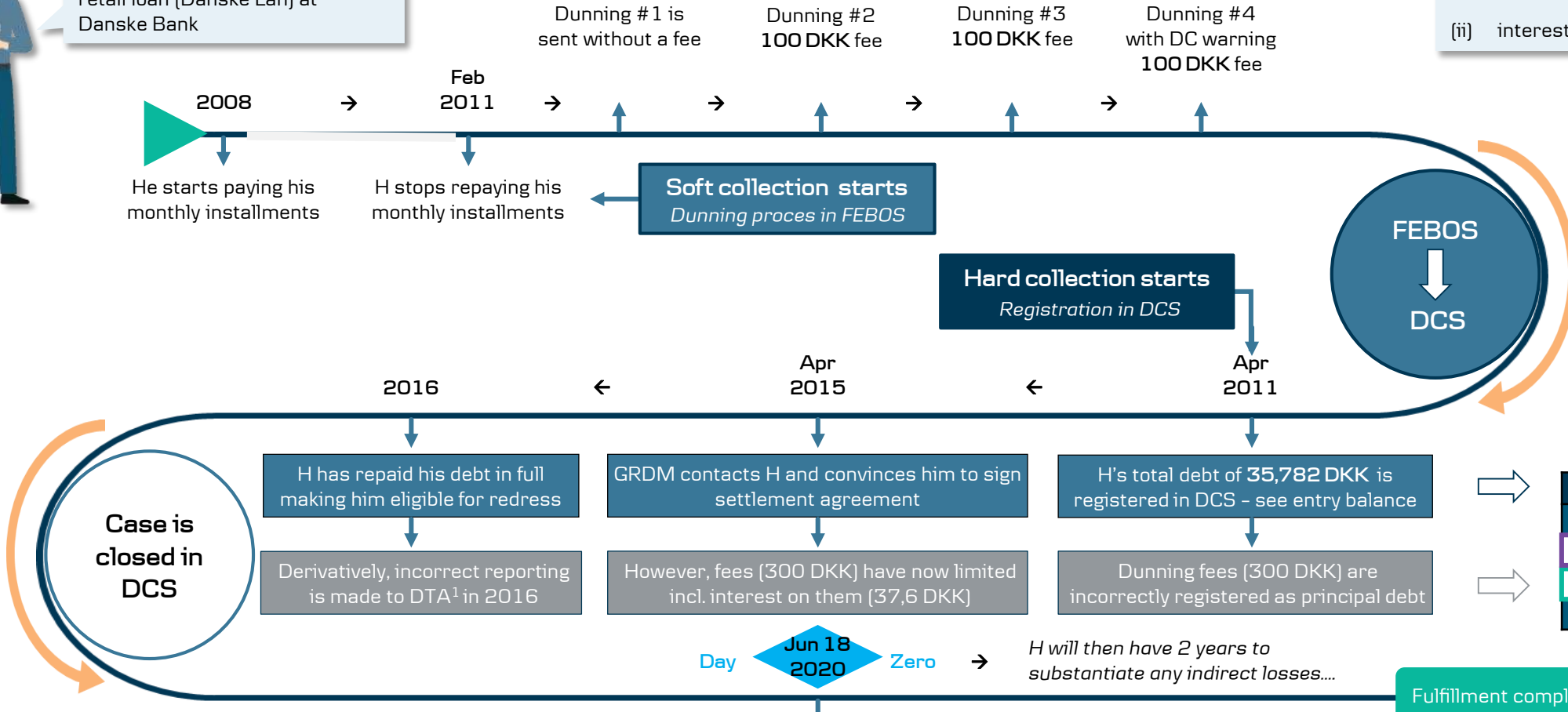
# Sample customer in pilot batch "case H"



H obtains an uncollateralized retail loan (Danske Lån) at Danske Bank

H have been subject to over-collection as he has repaid;

- (i) fees that were limited (DKK 300)
- (ii) interest on limited fees (DKK 37.6)



*Dunning fees are incorrectly collapsed with principal when migrated to DCS*

**Actual registration**

| DCS          |               |
|--------------|---------------|
| Data field   | DKK           |
| #2           | 929           |
| #3           | 34,853        |
| <b>Total</b> | <b>35,782</b> |

#2 Unpaid 'ordinary' interest + fees and penalty interest

Limitation = 3 years

#3 Principal

Limitation = 10 years

H will receive a compensation equal to 476,2 DKK<sup>2</sup>

<sup>1</sup> Danish Tax Authorities

<sup>2</sup> 476,2 DKK = 337,6 DKK (over-collection) + 138,6 DKK (interest compensation - See next page)

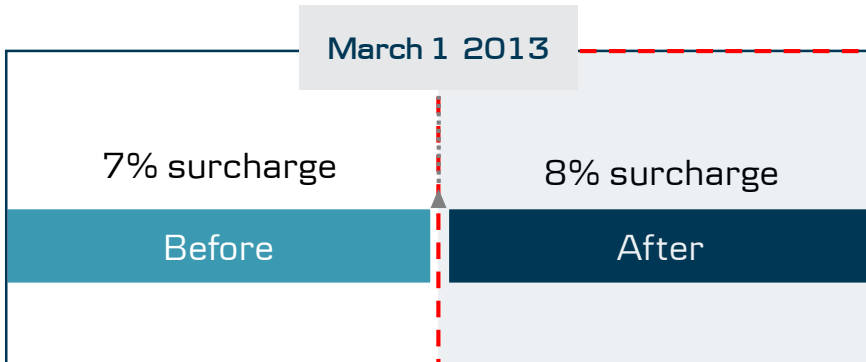
# Interest compensation - 'case H'

- H's debt was registered in DCS in 2011 and his first repayment was made on April 23 2015
- Thus, H's claim against Danske Bank fell after March 2013
- For simplicity, it is assumed that the entire over-collection amount occurred on this date to the benefit of the customer
- Interest compensation is calculated as simple interest (i.e. not compound) from date of over-collection until fulfilment date
- For H, the time period is April 23 2015 to June 18 2020 (Day Zero)

## Calculation of H's interest compensation

Total over-collection amount x Interest compensation rate (per day) x Number of days  
= Interest compensation amount

DKK 337.6 x (8.20% / 365 days) x 68 days + 337.6 x (8.05% / 365 days) x 1,815 days  
= DKK 138,6

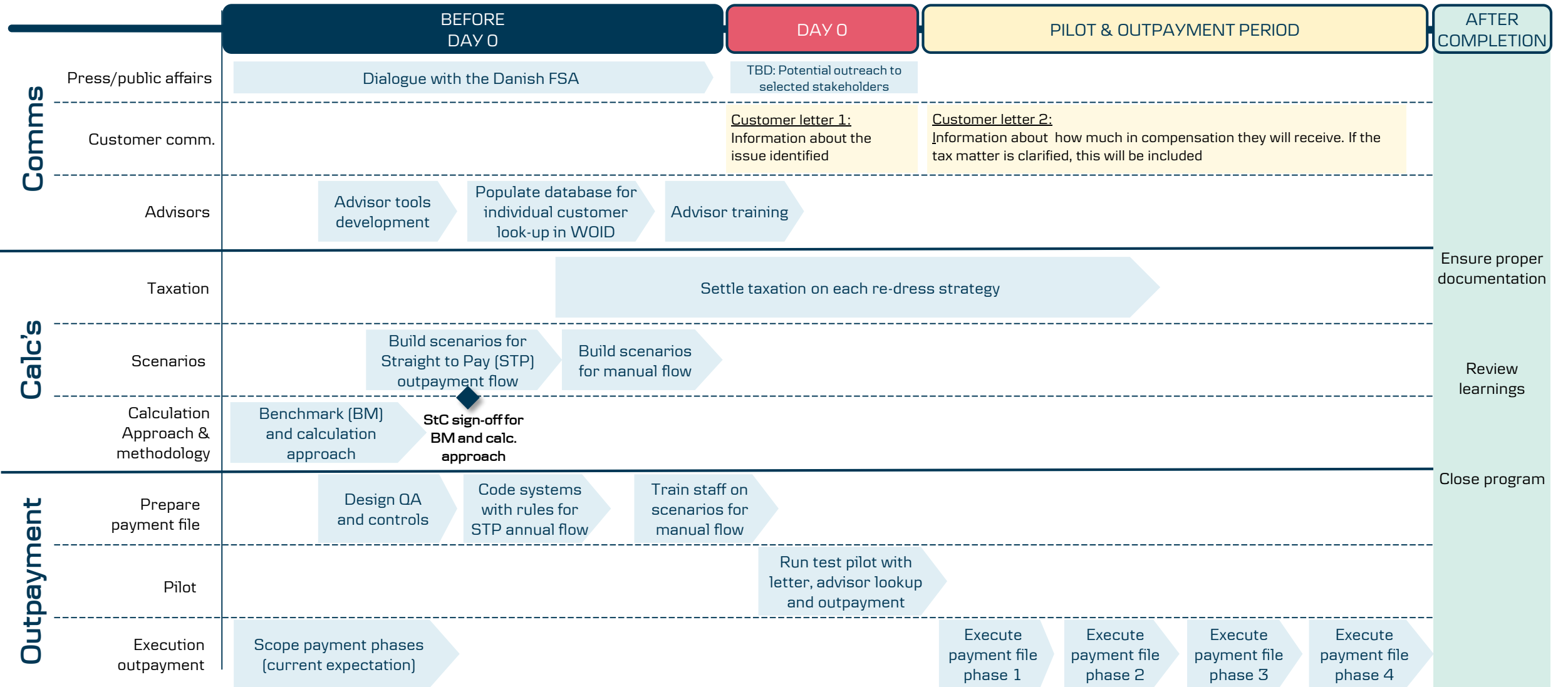


## Interest compensation rate

8.20% (April 23 2015 - June 30 2015)

8.05% (July 1 2015 - June 18 2020)

*Based on best-practice redress methodology, EY suggests to plan towards a Day Zero, with compensation commencing immediately after the press release*



# EY recommends to use best-practice communication approach and platform from previous remediation projects

## Communications Day Zero



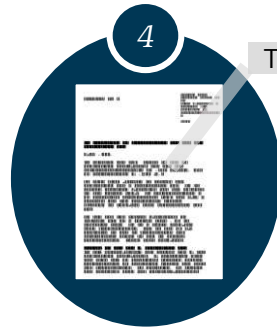
**Headlines**  
On at 9.00am



**Press release**  
Published at 9.00am



**Website**  
www.danskebank.dk/  
Athens



**Letter**  
Sent to affected customers with  
hotline campaign number

Tel.: XX XX XX XX

*Decision for SteerCo to agree on*

- EY suggests to use the familiarities of the communication approach, tools, platforms and training approach from previous remediation projects

## Material for advisers



**WOID**  
The "Regulations about investments" item, Q&A, background info, copies of letters to customers, calculation look-up



**Messages for customers**  
Available Monday morning - Overview of affected customers, possibility of proactive contact



**"Opslagsværk"**  
Find out whether a specific customer is affected and how. Find it on WOID

Her kan du beregne den forventede tilbagebetaling i forbindelse med de kunder, som har betalt for høje omkostninger i Flexinvest Fri i en periode i 2017 og 2018.

Indtast CPR:

Depotnr. 3026732522 for 111111-1112

**Kunden skal have godtgørelse fordi aftalegebyret har været for højt**

Beløbene er estimater  
Tidskompensationen på 8,05 % beregnes helt frem til udbetalingsdag beregnet frem til og med 25. september 2019. Beløbet, kunden får ud estimeret du ser nedenfor

|  |  |  |
|--|--|--|
| Flexinvest direkte omkostninger betalt i perioden    |  |  |
| Kunden burde have betalt                             |  |  |
| <b>For meget betalt</b>                              |  |  |
| <b>Kompensation på for meget betalt aftalegebyr</b>  |  |  |
| <b>Ændringer i underliggende fondes omkostninger</b> |  |  |
| <b>Godtgørelse</b>                                   |  |  |

|   |                 |
|---|-----------------|
| Flexinvest slutværdi                                | 201.021,14      |
| Alternativt henræknings (Konstantkonto) slutværdi   | 294.278,46      |
| <b>Kompensation vedr. afkast</b>                    | <b>7.307,32</b> |
| Flexinvest direkte omkostninger betalt i perioden   | 1.727,98        |
| Kunden burde have betalt                            | 0,00            |
| For meget betalt                                    | 1.727,98        |
| <b>Kompensation på for meget betalt aftalegebyr</b> | <b>156,67</b>   |
| <b>Godtgørelse</b>                                  | <b>9.191,96</b> |

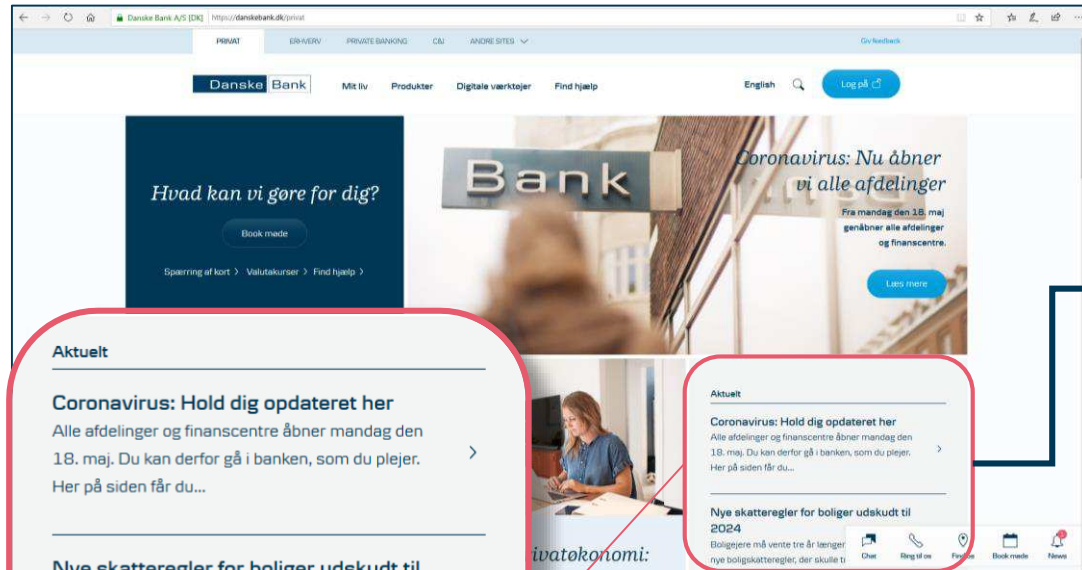
Se detaljer for beregningen >  
Download PDF

Årsag 1. Siden opdateret 29.10.2019. Data pr. 23.10.2019. Siden hentet af 8D9398

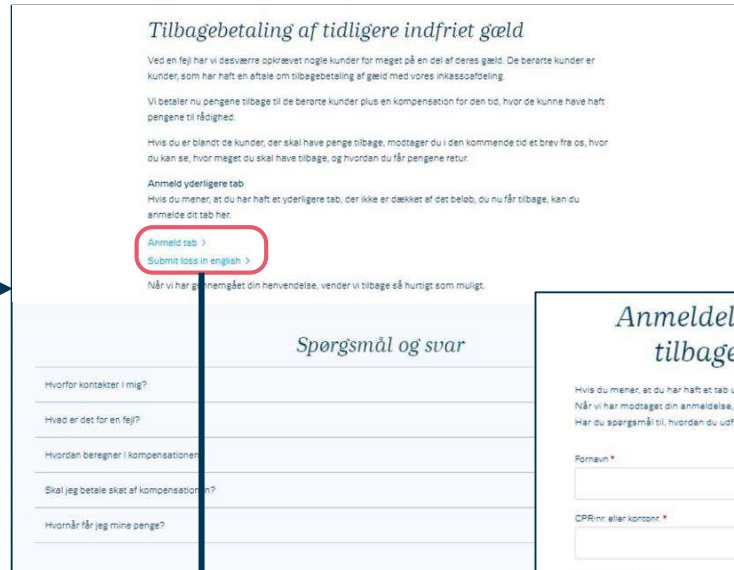
Project Athens - Question 5

# Announcement on the front page of Danske Bank's site links to a site with details on the issue; incl. Q&A and a form to submit claim based on indirect losses

**1** Danske Bank front page, 'Aktuelt'  
www.danskebank.dk/privat/kunde



**2** Athens site with details and form  
www.danskebank.dk/tilbagebetaling



**3** Indirect losses form [indirect loss form]

The screenshot shows the 'Anmeldelse af yderligere tab i forbindelse med tilbagebetaling af tidligere indfriet gæld' (Report of further losses in connection with repayment of previously repaid debt) form. It includes fields for name, email, CPR number, and phone number, along with a text area for describing the loss. A red box highlights the 'Anmeld tab' link from the Q&A page pointing to this form.

Application form will be available to all site visitors, but a review process is designed to filter away applicants without legitimate claims

Information to public will be announced under 'Aktuelt' on the front page of Danske Bank's homepage

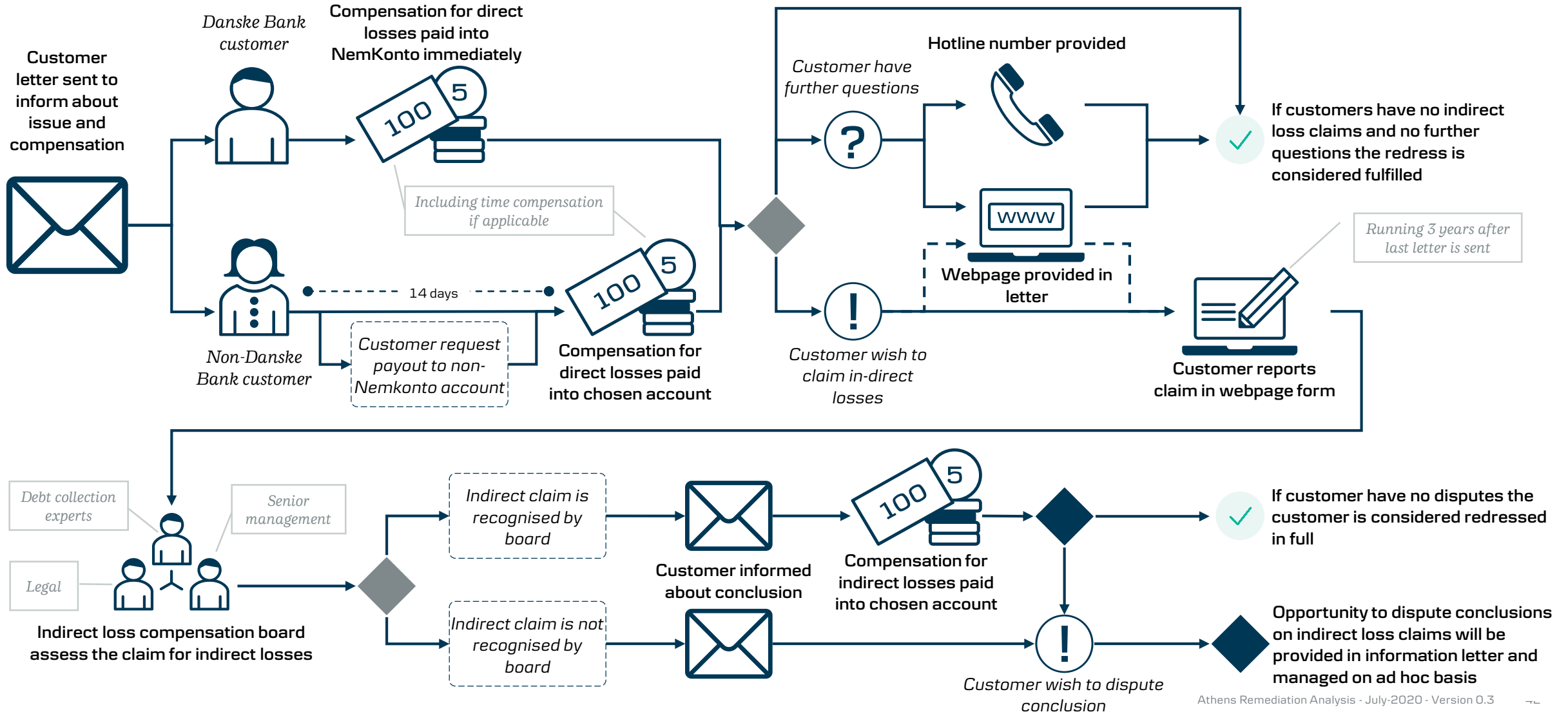
New updates under 'Aktuelt' when critical outpayment batches are due, e.g. when outpayments amounts are large

Detailed information on the issue are outlined with further details in Q&A setup

Link is also provided in the letter sent to customers in scope for outpayment



*The redress process is designed to ensure customers are compensated as soon as possible  
In addition to swift payout the process is designed to ensure proper consideration of customers indirect losses*



## BILAG 2.5 – YDERLIGERE PROBLEMSTILLINGER

Danske Bank er på nuværende tidspunkt ved at undersøge en række problemstillinger, der kan have været af betydning for vores kunder, og som er blevet opdaget i forbindelse med vores interne undersøgelse af inkassosagen.

Undersøgelserne af disse problemstillinger er i mange tilfælde på et tidligt stadie, men vi synes, at det er vigtigt at give en opsummering af dem. Konsekvensen af den enkelte problemstilling kan være forskellig for vores kunder og for os. Oversigten er ikke udtømmende, idet den igangværende undersøgelse kan bringe yderligere problemstillinger frem i lyset.

### *Afsluttede retssager om inkasso*

**Resumé:** Fejl i data i DCS og PF kan have påvirket en række afsluttede retssager, der involverer vores kunder. Dette kan have betydet, at udfaldet har påvirket disse kunder negativt, og i nogle tilfælde kan det også have haft betydning for andre tredjeparter, der har været involveret i den enkelte sag.

### *Rykkergebyrer*

**Resumé:** Når en kunde modtager et rykkerbrev, opkræves der et gebyr og renter pålægges rykkergebyret og opkræves hos kunden. Der er i banken nedsat en arbejdsgruppe med henblik på at identificere og dække eventuelle tab som følge af uretmæssigt tilskrevne renter på rykkergebyrer.

### *Modregning af kunders gæld mellem koncernselskaber*

**Resumé:** Risiko for mulig uberettiget modregning mellem koncernenheder. Denne praksis er nu suspenderet og afventer resultatet af yderligere undersøgelser.

### *Data vedrørende kunders kreditvurdering i DCS og PF*

**Resumé:** DCS- og PF-systemerne tildeler automatisk en kunde en D4-rating (den lavest mulige rating), når kunden misligholder sine afdragsbetalinger og derfor overføres til systemerne. Når en kunde har misligholdt et lån, vil kunden være ratet D4 i 5 år efter det tidspunkt, hvor gælden er fuldt indfriet. Der er indledt yderligere undersøgelser af, hvorvidt kunder uretmæssigt har været ratet D4 på grund af systemiske datafejl.

### *Inddrivelse af gæld hos sårbare kunder*

**Resumé:** Danske Banks metode til gældsinddrivelse hos sårbare kunder er ved at blive undersøgt, således at det kan fastslås, hvorvidt der tages tilstrækkeligt hensyn til disse kunders situation i inkassoprocessen. En koncernpolitik er under udarbejdelse for at sikre en retfærdig og hensynsfuld behandling af sårbare kunder på tværs af Danske Bank.

### *Renter på misligholdte lån*

**Resumé:** Problemstillingen vedrører situationer, hvor en kunde misligholder sin betalingsforpligtelse på et lån, og hvor der opkræves en forkert rente i misligholdelsesperioden. Indikativt kan oplyses, at den rente, som blev anvendt over for kunderne, var betydeligt lavere end standardrenten på misligholdte lån.

### *Tableau-data på grundlag af DCS og PF*

**Resumé:** Den dårlige datakvalitet i systemerne blev indberettet i Tableau, som er bankens interne database til opfølgning på KPI'er. Indberetningerne fra Tableau var derfor unøjagtige, hvilket medførte et mindre præcist grundlag for driftsmæssige beslutninger. Problemstillingen er løst af Customer Service Delivery. Der er ikke udarbejdet nogen risikovurdering på grundlag af de tidligere forkerte data.

### *Advokatsalærer i retssager*

**Resumé:** Foreløbige undersøgelser har indikeret, at der var fejl i allokeringen af advokatsalærer i specifikke sager før overgangen til DCS. Retspraksis er at allokere salærer tilkendt af retten og ikke de faktiske salærer. Dette forhold er undersøgt yderligere, og der foretages stikprøvekontrol. Midtvejs i forløbet er der ingen tegn på fejl.

#### *Advokatsalærer indeholdt i hovedstolen*

**Resumé:** I sjældne tilfælde kan der i bedragerisager være risiko for, at advokatsalærer fejlagtigt er medregnet i hovedstolen. Dette er imidlertid kun forkert, hvis de allokerede advokatsalærer er de faktiske advokatsalærer og ikke de af retten tilkendte advokatsalærer. Denne mulige problemstilling eksisterer kun, såfremt ovennævnte stikprøvekontrol mod forventning viser tegn på forkert allokering af advokatsalærer.

#### *Home-problemstilling – mæglersalærer*

**Resumé:** Dette er et område, hvor der kan have været en interessekonflikt vedrørende mæglersalærer i forbindelse med "voluntary deficit sales". Problemstillingen vedrører alene *home*, og proceduren er rettet i juli 2019, så der tages højde for eventuelle problemstillinger. Det udpegede team har identificeret problemstillingens karakter og konkluderet, at ejendommenes tilstand ikke blev taget i betragtning i den oprindelige analyse. Projektet har analyseret hele porteføljen af kunder med "voluntary deficit sales" og udarbejdet en grundig analyse af de godkendte salærer for salgspoteføljen.

#### *Unøjagtig skatteindberetning*

**Resumé:** Det er muligt, at Danske Bank som følge af hovedårsag 1 har indberettet et forkert rentebeløb til skattemyndighederne, hvilket i så fald har medført et forkert beløb for fradragsberettigede renter for nogle kunder. Kunder, der har lidt et tab som følge af forkert skatteindberetning fra bankens side, vil modtage fuld godtgørelse. Danske Bank har taget kontakt til skattemyndighederne vedrørende dette forhold.

#### *GDPR*

**Resumé:** Det er muligt, at der er visse dele af persondataforordningen, som Danske Bank ikke har overholdt som følge af fejlbehæftede data i DCS og PF, og Danske Bank er i kontakt med Datatilsynet vedrørende dette forhold.

#### *Inkassobureauer*

**Resumé:** Danske Bank outsourcer inkassosager til en række inkassobureauer, der handler på vegne af banken og bruger data, som leveres af banken. Banken er i gang med at vurdere og tage forbyggende tiltag i forhold til potentielle yderligere problemstillinger.

#### *Asset Finance – Nordania Finans*

**Resumé:** Der kan være privatkundeaftaler, hvor flere rykkergebyrer er blevet opkrævet flere gange, end det er tilladt. På baggrund af Danske Banks undersøgelse af beregningen af renter på gebyrer har Asset Finance fastslået, at der kan være en udfordring i forhold til opkrævning af morarenter på rykkergebyrer i forbindelse med bankens erhvervsaftaler.



# Project Data Quality

Conference call

24<sup>th</sup> October 2019

# Introduction

## Impact of system and control failures

### Facts informed by Danske Bank

- Approx. 600,000 cases (both active and historic) in the DCS
- 80,000 – 130,000 active cases
- Incorrect calculation of loans, interests, costs and fees
- Around 55 % of the active cases are estimated to be flawed (based on actually recalculated by the collection team today)
- The financial size of customer claims cannot be determined
- Interviews with employees supports view as to severity of the facts

### Risks

- Reputation
- TAX
- FSA
- GDPR
- Regulatory and Criminal Liability
- Financial risk
- Prudent Practice and Conduct

### Remediation

- Maintaining the reputation of Danske Bank,
- Reimbursement of suffered losses, and
- Develop a compliant debt collection framework

# High impact flaws

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## Examples of high impact flaws (pre and post 2004)

- Improper integration of existing loans into DCS in 2004 resulting in interest and fees being merged and added to a single field/entry in the DCS system, which uses the statute of limitation for the principle amount
- The time limitation for principal and interest is generally counted from the time the debt is entered into DCS rather than from the time the debt was established
- Statute-barred interest, costs and fee payments have incorrectly been included in settlement agreements entered with customers, and also in successful claims made against customers in courts, estates etc.

## The key impact of the system flaws

- Customers in risk of overpaying
- Customers have overpaid
- Customers have paid debt that was statute-barred
- Danske Bank has collected debt that was not owed
- Danske Bank has submitted inaccurate tax reports to the Tax Agency
- Inability to accept payments from debtors who wants to make total repayments on their outstanding debt

➤ **It is not possible to "auto-correct" the incorrect debt calculations**

➤ **An update to the DFSA should be provided**

# Tax

## Tax reporting obligations

- By law banks are required to report the interest of the customers on a quarterly and annual basis to the Danish Tax Authorities. These reports will affect the customers' ongoing tax returns.
  - The reporting deadline for Q3 2019 is on October 31, 2019.
- Danske Bank will not be able to submit an accurate report for all customers due to the systems flaws, and subsequent improper calculation of interest etc.
- It is a criminal offense to knowingly make inaccurate, misleading or incomplete reports.
- Historic tax assessments (10 years back) for the customers reporting might have to be re-opened and re-calculated due to inaccurate reporting.
- Pragmatic solution;
  - Engage with the Danish Tax Authorities og the Danish FSA to seek a preliminary plan of actions.

### Skatteindberetningsloven

**§ 58** Den indberetningspligtige efter denne lov bortset fra § 41, der forsætligt afgiver urigtige, vildledende eller ufuldstændige oplysninger, der resulterer i en for lav skatteansættelse, straffes med bøde eller fængsel i indtil 1 år og 6 måneder, medmindre højere straf er forskyldt efter straffelovens § 289. Stk. 2. Begås overtrædelsen i stk. 1 groft uagtsomt, er straffen bøde.

**§ 59** Med bøde straffes den indberetningspligtige, der forsætligt eller groft uagtsomt undlader at opfylde sine pligter efter § 23, stk. 1 eller 2, overtræder § 52, stk. 2, undlader at foretage indberetning efter §§ 1, 5, 6, 8, 11 a-19, 24-36, 37-40 eller 42, § 43, stk. 1, eller §§ 44-46 inden for fristerne i medfør af § 15, stk. 2, § 39, § 42, stk. 3, eller § 54, stk. 1-4, eller § 4, stk. 1, i lov om et indkomstregister, undlader at foretage genindberetning inden for den frist, som told- og skatteforvaltningen har meddelt efter § 54, stk. 5, eller undlader at opfylde pligten til at opbevare eller indsende materiale efter reglerne i § 56. Stk. 2. I forskrifter, der udfærdiges i medfør af loven, kan der fastsættes straf af bøde for den, der forsætligt eller groft uagtsomt overtræder bestemmelser i forskrifterne.

**§ 60** Der kan pålægges selskaber m.v. (juridiske personer) strafansvar efter reglerne i straffelovens 5. kapitel.

# Regulatory and criminal investigations (prior "page 12")

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## **The key tasks for Plesner in connection with the project is;**

- To describe the main flaws that have been identified in the system and associated processes,
- To analyse and describe the main regulatory legal risks resulting from the identified flaws, and
- To assist Danske Bank in identifying possible ways of solving the issues resulting from the system flaws

At present we have not made final assessments of whether or not Danske Bank is likely to be found in breach of the following (and some of the points are outside our scope of work), however, at this stage it may be too premature to rule any of them out:

- Market abuse
- Governance failure
- System and control failures
- Fit and proper / accountability of senior management
- Failure to manage conflicts of interest between Danske Bank and the customers
- Long term failure to address known regulatory non-compliance in the collection systems
- Potential Criminal charges (economic crime/fraud)



# Governance failures

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- The management body of a bank defines, oversees and is accountable for the implementation of the governance arrangements to ensure effective and prudent management of the bank.
- Danske Bank is expected to take reasonable steps to ensure continuity and regularity in the performance of their services, and employ appropriate and proportionate systems, resources and procedures to achieve this.
  - To our knowledge; Senior management at Danske Bank has been made aware of various system flaws pervasive in the debt collection department.
  - Furthermore, at implementation of the DCS the system was known to inhibit system flaws.
- To our knowledge neither compliance or internal audit have been made aware of, nor have they themselves identified the system flaws
- Interviews with employees supports the above. Furthermore, it is our understanding that senior management has been made aware of the ongoing faulty collection of debt.



# Fit and proper

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- Senior management must at all times have sufficient knowledge, professional competence and experience to perform their job concerned.
- Failure to address known system flaws might represent a long-term and repeat failure to address known regulatory non-compliance in the collection systems, which in turn might demonstrate a lack of adequate and timely remediation.
- The DFSA will likely initiate an investigation as to who knew what and when with particular focus on senior management.



# System and controls

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- Danske Bank is required to maintain robust systems and controls, as well as sound administrative and accounting procedures.
- System flaws (both pre- and post implementation of DCS in 2004) has resulted in inaccurate calculation of loans, interests, costs and fees.
  - Interests, costs and fees incorrectly forms part of the principal outstanding amount for the purposes of calculating new interests.
  - Statute-barred interest, costs and fees – and potential principal amounts - have incorrectly been included in settlement agreements, court decisions, notifications in various estates etc.
- There is a risk that Danske Bank may be found to have failed to properly adhere to organisational requirements under the Danish Financial Business Act.



# Potential Criminal Charges

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Specific obligations by law is imposed on the management and non-compliance or violation of such might lead to civil or criminal liability

- At present it cannot be ruled out that members of the management/and relevant decision-makers (historic and present) may become subject to criminal liability (fines and potentially imprisonment) due to having accepted continuing collecting of debt that were known to possibly be incorrect
- Danske Bank has made severe violations of proper debt collection management
- Danske Bank has reported incorrect data to the Danish Tax Agency

A more detailed description and assessment will require a greater insight in the individual cases, the underlying documentation, correspondence etc.

# Key non-financial risks (analysis not completed)

| Key non-financial risks                           | Comments   |
|---|--|
| <b>Reputational damage</b>                        | <ul style="list-style-type: none"><li>• Failure of a bank to perform 'basic' services such as calculating principal amounts, interest and fees on loans correctly</li><li>• Ongoing awareness of system issues poses a risk that this will be viewed as "yet another" example of bad culture in Danske Bank</li><li>• Sanctions from the authorities</li></ul>   |
| <b>Employees leaving</b>                          | <ul style="list-style-type: none"><li>• Stress and pressure</li><li>• Backlog of 1,500 customers who wants to make repayments, but are awaiting manual re-calculation of their debt</li><li>• Public disclosure risks causing huge increase in customer requests</li><li>• Increased work-load and possible bad press will increase the risk of resignation by employees in the debt collection team, and in particular in the correction team</li></ul> |
| <b>Accountability of management and employees</b> | <ul style="list-style-type: none"><li>• The authorities will likely initiate an investigation into accountability, with initial focus on the management and possibly also a subsequent investigation into individual employees</li></ul>   |
| <b>Pressure on organisation to fix issue asap</b> | <ul style="list-style-type: none"><li>• The DFSA will likely demand a timetable for resolving the issues including ongoing updates, primarily in respect of customers that have paid too much, but also in respect of a future state solution</li></ul>  |

# Key financial risks (analysis not completed)

| Key financial risks   | Comments   |
|---|--|
| <b>Repayments to the customers</b>                                      | <ul style="list-style-type: none"> <li>The obligation to repay customers will result in a net loss</li> </ul>  |
| <b>Depreciation of debt that is actually time barred</b>                | <ul style="list-style-type: none"> <li>Debt registered in DCS as 'owed', but which is actually statute-barred will need to be depreciated</li> </ul>   |
| <b>Tax related liabilities</b>  | <ul style="list-style-type: none"> <li>There is a risk that re-opening customers' annual tax assessments will result in "late payments" of the relevant taxes. Such a cost will likely be borne by Danske Bank</li> </ul>  |
| <b>Sanctions from Tax Agency/SØIK</b>                                   | <ul style="list-style-type: none"> <li>Risk of being fined for having reported incorrect data to the Tax Agency (Skattestyrelsen)</li> </ul>   |
| <b>Sanctions from DFSA/SØIK</b>   | <ul style="list-style-type: none"> <li>Breach of conduct of business rules (god skik) for collecting debt that was statute-barred, or otherwise not owed by the customer</li> <li>Governance failures for not resolving the issues despite escalation efforts made by employees and the continuation of debt collection whilst knowing that the calculations might not be correct</li> <li>Governance failures for not having sufficient systems in place</li> </ul> |
| <b>Damages for losses suffered by customers and other third parties</b> | <ul style="list-style-type: none"> <li>Customers and other third parties may claim against Danske Bank for damages for the consequences of incorrect debt collection</li> </ul>  |
| <b>Fine for GDPR-non compliance</b>                                     | <ul style="list-style-type: none"> <li>The DCS contains incorrect data on customers' debt and other personal data in breach of GDPR.</li> </ul>  |
| <b>Work to fix issues may be costly</b>                                 | <ul style="list-style-type: none"> <li>Due to the number of customers impacted by the issue, the costs in fixing the issue will likely be sizeable. Work on re-calculating debt correctly will take a lot of effort and resource. The need to resolve the impact on customers' tax returns may be costly. Finding a new solution for debt collection will naturally also be costly (we understand this aspect is already ongoing)</li> </ul>                         |



# Governance structure

*To respond to the new requests from DFSA the programme is now organized to handle both remediation and BaU activities*

