

## 180,000 retail investors in Norway, backed by the Norwegian Consumer Council, win in a landmark Supreme Court ruling against the country's largest bank (DNB)

The 180,000 retail investors who participated in the largest class action lawsuit ever in Norway were awarded 350 million NOK in damages. This represents an estimation of the excessive fees these investors paid during the five year period of 2010 to 2014. They were led to believe they were investing in actively managed funds when they in reality were putting their money into index hugging funds.

In 2015, the Norwegian Consumer Council initiated legal action against DNB demanding price reductions for 180,000 financial retail consumers who paid too much for a low-quality savings product. The Supreme Court has ruled in the investors favour who can now expect to receive a total of 350 million NOK that has been overpaid to the asset manager.

The proceeding in the Supreme Court lasted six days in January 2020. The unanimous verdict was finally made official at 10:00 AM today. The Norwegian Consumer Council won on all counts, and DNB also has to pay the legal costs associated with the case.

- The principle in this case has now been clarified and resolved: If you have paid for a service you have not received you are entitled to a refund – and most importantly, this principle also applies when it comes to financial services. This verdict holds tremendous weight and significance for financial retail consumers, says Inger Lise Blyverket who is Director of the Norwegian Consumer Council.

- The 180,000 retail investors that are part of the class action lawsuit will be contacted by DNB for reimbursement instructions. DNB will handle the payments to the consumers, and the Norwegian Consumer Council will monitor the process to ensure that the damages are paid out in accordance with the Supreme Court ruling, says Blyverket.

DNB will contact all the affected customers within three weeks. If you, contrary to expectations, is not contacted during this period, we recommend that you contact DNB yourself or check out DNBs Q&A homepage for affected retail investors (<https://www.dnb.no/dnb norge>).

### A clean-up is both necessary and expected

The Supreme Court verdict gives the Norwegian Consumer Council reason to expect that other banks and fund management companies that have made similar mistakes now will clean up on their own initiative.

- DNB is not the only bank that has operated with fees of this size on funds that are managed too close to the benchmark. We urge all banks that have received similar criticism from the Norwegian Financial Supervisory Authority (Finanstilsynet) to consider whether they also should pay back excessive and overpaid fees to their customers, says Blyverket.

The class action lawsuit that the Norwegian Consumer Council has tried in court on behalf of the 180,000 retail investors has lasted more than five years, required roughly 16 million NOK in total legal costs and a massive amount of work on the part of the Consumer Council.

- But it has been worth it. Consumers will now have a greater opportunity to get a refund from their bank and asset manager if they have paid too much for an investment or savings product. The verdict help in safeguarding the rights of retail investors in Norway and makes savings for pensions and retirement less risky, says Blyverket.

### Historic verdict extends across borders

This verdict is the first of its kind, and we have noticed considerable interest from other countries.

- The verdict is important not only for retail investors in Norway, but also for financial retail consumers in other countries. There has been an ongoing interest in the case from abroad during the trial. We are also aware that the financial supervision authorities in the EU and numerous national financial supervisors have put resources into combatting practises where retail investors pay active management fees for index hugging funds. Many consumers, as well as asset managers and regulatory authorities, are now looking to Norway because of this case and the verdict from the Supreme Court, says Blyverket.



*Photo: The Norwegian Consumer Council. Attorney Jens Henrik Lien, director of The Consumer Council Inger Lise Blyverket, attorney Steinar Mageli and DNBs attorney Frode Innjord in the Supreme court of Norway.*