



## Westpoint investors can recover losses through PI insurance

9 July 2009 | by Benjamin Levy



The NSW Supreme Court of Appeal has ruled that investors in failed property company Westpoint can recover their losses through professional indemnity (PI) insurance that was taken out by the financial planning group Quantum Securities.

Quantum took out PI insurance with QBE Australia.



Allegedly inappropriate advice to invest in Westpoint was provided by financial planner and Quantum authorised representative Andrew Chen. He advised clients to invest almost \$6.9 million in Westpoint's Bayshore and Mount Street development in Port Melbourne and North Sydney respectively.

Law firm Slater and Gordon launched a class action in 2007 on behalf of 59 investors in the failed property group who lost millions in investments in the two developments. The developments went into liquidation in December 2005.

QBE claimed in court that the PI insurance could not be used to cover the financial losses from this advice, however, the NSW Court of Appeal ruled that the PI insurance could be used to cover investors' losses if the class action was successful.

Ben Whitwell of Slater and Gordon said investors had jumped yet another hurdle to recover the money they lost from inappropriate financial advice.

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