

Legal Liability for Financial Advisors in Australia and Singapore: A Comparative Perspective

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This paper considers the legal liability regime for financial advisors, namely certified public accountants and auditors, in Singapore and Australia. Examination of the comparative aspects in which lawsuits against financial advisors are commenced provided an analysis of the legal and commercial environment and the regulatory regimes of the two common law jurisdictions considered. A qualitative, legal case-study method was used to meet the following objectives: (i) description of background information for the lawsuit, (ii) explanation of information collected, and (iii) analysis of the information in the context of the research topic. The law cases were evaluated to consider a range of issues including the court jurisdiction, main issues contributing to the litigation, types of alleged errors and findings of liability. Consequently it appeared that even though the two countries have similar regulatory regimes for financial advisors, there were a surprising range of differences in the legal and commercial environment in which claims were brought by parties. These differences highlighted the positive and negative aspects of the varying approaches and allowed the paper to make a range of recommendations for Australia, Singapore and the accounting profession at large. These recommendations include a strict approach to legal liability for advisors, enacting measures to limit the liability of advisors and the requirement and importance of good corporate governance approaches.

Field of Research: (Business Law and Accounting) - Financial Reporting Errors, Fraud Detection, Negligent Misstatement, Negligent audit, Corporate Governance, Proportionate Liability, Public Accountants, Auditors.