

10th April 2012.  
Senate Economics Committee  
S.G.64  
Parliament House.  
Canberra, ACT 2600.

Mr. & Mrs. P. & L. Randles

Dear Sir,

My wife and I understand that we are at Liberty to make a sub-mission with regards to the ill treatment that we have experienced with our dealings with Bankwest, Western Australia.

We respectfully request that the committee may give consideration to our sub-mission.

#### HISTORY.

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We have a small family property development Company , called 'Cottage Holdings' Pty Ltd. For over 20 years we have been fund supported by Bankwest , on several successful developments.

During 2006, we once again received approval from Bankwest, to purchase a vacant development site in central Fremantle. W.A. As in line with all previous loans, the loan was based upon our own supporting equity that we had in our private residential address. Bankwest fully supported our aim to develop a new site at 20 Norfolk Street Fremantle, subject to providing further funding for construction , based upon attaining City of Fremantle approvals.

We received Development approval in September 2007 and Bankwest were then notified accordingly. The Bank then advised that all that was then required was for us to present a Building contract price. We liased closely with the Bank Officer and arranged a meeting to present the requested building contract sum. Upon presentation of the building contract , the attending Bankwest Officer, advised that Bankwest had received notification from its parent Company , H.B.O.S. that there was no more money for residential development construction . Up until that moment, we had no prior knowledge that we were affiliated with a Company known as H.B.O.S. This meeting was in late February 2008.

Bankwest subsequently then gave us official notice to pay them , both our existing home loan facility that was in place prior to the application for the investment loan and the debt owing on the development site. Both the home loan and the development loan had their own individual and separate account numbers . The debt

on both accounts attracting individual capitalization amounts with individual statements posted to us monthly.

Throughout the following few months we sort the assistance of a finance broker to refinance each of the two Bankwest loan facilities.

The home loan account outstanding balance being \$3.2million . This was comfortably supported by the recent sworn value on our home of \$5.75million.

The other loan account on the development site was \$1.9m against the most recent sworn valuation of \$3.4m. Further to this , Bankwest also were aware that we had a separate vacant building lot next to our home. This lot recently sworn valued at \$1 million. Bankwest were aware of each of the security values of these three properties as they had requested the sworn valuations.

As in all our previous dealings with Bankwest , they were holding our titles.

By late April 2008, we received Official instruction from Bankwest, that our facilities were required to be paid by 31<sup>st</sup> July 2008.

On 6<sup>th</sup> June 2008, we received a full approval of \$3,200,000 from Commonwealth Bank against our home loan facility . This Official approval was to completely clear the loan facility on the home. We subsequently notified Bankwest that we would be settling the home loan account in full. We were sent a mortgage discharge document which we signed and returned to the bank , as per their instruction. The formal unconditional approval letter of \$3,200,000 from Commonwealth Bank was also sent to the Bank.

On 26<sup>th</sup> June 2008, we received an e-mail from the Bankwest Officer that we had been dealing with, who stated that he had received instruction that the Bank “would not accept settlement on our properties unless all debt in the names of P. & L. Randles and Cottage Holdings were repaid in full in one payment” . “Once finance has been approved to take out the Cottage Holdings facility, then the bank will settle on the full debt.”

This was totally unreasonable and unconscionable , as following the intended full payment of the home loan , our remaining debt to Bankwest , was only \$1,900,000 against our development site. The bank knew that the remaining supporting equity against the remaining \$1.9m was the very recent sworn valuations on the development site of \$3,400,000 plus our vacant building site of \$1million plus . (The bank had recently requested these valuations).

The Commonwealth bank approval of \$3,200,000 against our home sworn valuation of \$5,750,000 was a normal loan pertinent to lending policies and criteria.

To rearrange the refinancing out of Bankwest , required two very different types of refinance applications. This was because the facilities were completely different to each other.

We protested to the Bank , but nothing happened. We then proceeded to try to refinance or borrow against the development site , which became progressively difficult as finance institutions started to close doors because of the Global Financial Crisis. Also , whilst Bankwest continued to hold us to ransom on the outstanding home loan , with the threat of default looming by 31<sup>st</sup> July 2008, all of the new potential funding supporters for the development facility payout of the remaining \$1.9m , became aware of our situation and very cautious . Bankwest should have known and would have known that the upcoming default , meant that we would not be able to refinance. On 31<sup>st</sup> July 2008 , we were placed in default by Bankwest and placed on 19.3% interest penalty over the entire debt which collectively had reached \$5,200,000. All efforts to refinance then became a nightmare , as all possible lenders for our Bankwest facilities became aware of our default status.

We sort the assistance of a finance broker who started to get interest in support of refinancing the development debt of \$1.9m, but the problem of holding the Commonwealth Bank approval became more and more difficult as more than two months had elapsed since the rejection of the unconditional approval of \$3.2 million.

Given the status of the Bankwest default, and before we could attain the support for the development site refinance, the approved Commonwealth bank loan fell away.

Bankwest continued to hold us at these high interest rates for two years , at a rate of \$100,000 interest per month (\$3,000 per day). The final payment due to pay them out by June 2010 being \$7,300,000. This equated to an extra \$2,200,000 in interest which had accrued since June 2008.

During September 2009, we applied to the Federal Court to intervene and support us in what we explained was a major injustice. The Solicitor for Bankwest advised the judge that we had made no effort to pay ANY of the loans off since being provided with the loan facilities. This comment is probably on the Hansard notes of that hearing.

Bankwest eventually evicted us from our home and properties in April 2010. This appeared to co-inside with the depletion of our equity. The Bank then took over the possession of our home and the other two properties and proceeded to arrange for auctions on each of the properties.

The auctions were arranged for June 2010, but just before the auction, we received support from a wealthy friend and ANZ bank who viewed the treatment that we had received by Bankwest as unconscionable.

Upon our notification to Bankwest that we would now be able to pay them out, we received the settlement statement for \$7.3 million. Also included in the statement was a further payment that Bankwest had arranged for over \$100,000 to the Real Estate Agent who had attended the few home openings relating to the auction. This is very unusual practice to pay an agent when the property has been withdrawn from sale.

The effects on my family has been devastating to say the least. My children have suffered in their schooling. My wife has experienced ill health and although , as a

family we have somehow managed to stay together, we have been financially crippled by the unconscionable actions of this bank.

To our amazement, we understand that in June 2008 , when we offered full settlement of our main loan facility, that Bankwest and its parent Company, H.B.O.S. were insolvent .

It would seem that during 2008, Bankwest may have employed desperate measures against its existing borrowers in an attempt to stabilize its dwindling parent Company (H.B.O.S.) funding support.

Yours Sincerely

Mr. & Mrs. P. & L. Randles.