

THE IMPAIRMENT OF CUSTOMER LOANS- SUBMISSION.(V1)

SUBMISSION TO THE PARLIAMENTARY COMMITTEE ON CORPORATIONS
AND FINANCIAL SERVICES (PCCF)

12/July/2015

My submission to the current inquiry into Bank Engineered Defaults is through my own experience six years ago with the National Australia Bank.

Without writing dozen of pages about the events which went on for 22 months, resulting with my bankruptcy in 2009, as you will read the other submissions, the theme is very familiar: The banks do engineer defaults, and the National Australia Bank is the most ruthless and aggressive at it.

The events and the lessons learnt can be summed up as it follows:

THE NAB DOES WHAT IT WANTS

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Funding was frozen suddenly on an apartment block I was developing in inner West Melbourne in early 2008. No reason or explanation was given.

Various guarantees were in place over multiple properties.

For 3 months silence from the NAB until finally my many calls to the relationship manager

resulted in a meeting organised for April 2008 with the Strategic Business Services, which I did not understand at the time, has the role of grinding the defaulted client into the ground.

At the time of freezing the loan for the development, the interest had increased to default rates of 21.3%, or in dollar terms \$55,000.00 per month interest.

The meeting was held at the Carlton Business branch, with _____, my personal banker and _____ from the Strategic Business Services..

I suggested to both that if required I could sell up every thing or seek re-finance. The Beginning of the GFC was on the horizon, but there was still the possibility to get re-financing.

“ we can work things out.....”

_____ explains, they wanted extra money into the developments and to source it from “friends and family “ if I did not have it. They would than release the frozen facility to complete.

_____ asked that the money to be contributed (borrowed by my family) was to be given to him and _____ so that they could administer it.

My family disagreed with their demands and would only borrow if I could administer the money towards the development.

My family did borrow the money and gave it to me to push the development to the stage where than the NAB would release the rest of the funds as per the agreement with _____ of NAB.

18 months later, I was still waiting for the NAB to release the funds, as agreed in the April meeting in 2008. They continued to pile on the interest and eat into my collateral. Silence and no explanation of what was happening and would only reply when contacted by me.

I lodged a complaint with their dispute resolution/complaints department about the treatment and the arrogance of _____. He did not speak to me until I retracted the complaint.

The clients whom had purchased the apartments were waiting for settlement.

My family had no other funds to give me and help me.

The NAB froze my own personal account because of what they call a “a rod of offset”.

This led to my bankruptcy, being unable to pay my creditors with whom I had payment arrangements.

Everything was sold off by the NAB.

I did not have other sources of income, I had now lost my builders licence due to the bankruptcy.

My family and I ate at my Mother and Fathers home for six months .We did not have one dollar.

Desperate times, Senators but once we began to research and contact other victims, we soon realised that institutions like the NAB had obtained a licence “to kill” since the banking and

financial sector had been deregulated. Our research via the internet revealed cases such as

and his partners, the number of countless businesses, farmers and investors.

The banks would engineer the default, and use its infinite resources being financial and intellectual to grind the defaulted customer into the ground and sell up all the assets held as security.

THERE IS NO HELP FOR ANYONE WHOM HAS BEEN GIVEN THE TREATMENT BY THE NAB OUT THERE.

You become a prey for solicitors!

Our solicitor kept us on ice for twelve months, promising to start proceedings against the NAB. We then found out he had been negotiating with the NAB to purchase the apartment block I had done all the hard work on.

The search for other solicitors revealed another lesson, they either will not take on the bank because of the too big to tackle syndrome or they treat the case as a source of cash flow. One solicitor in Sydney had taken our case on until a search on the internet revealed that he had been disqualified to practice. Another litigation firm took 12 thousand dollars to tell us over a 15 minute meeting that the bank is too big.

THE GOVERNMENT DEPARTMENTS THAT SHOULD HELP..

Our letter to ASIC answered with a generic generated reply which they must have as a template, telling us that we needed to get legal help.

FOS, insignificant and unprofessional and the case way above their \$250,000 ceiling on claims. This is a brief description of what my self and my family endured and experienced for 22 months initially and then for 3 years afterwards trying to get some justice.

WHAT WE NOW KNOW

The NAB engineers the defaults by stopping funding at any time they want. One of the many tactics they use with trusting clients.

The client now the victim of a well planned attack is mentally distressed by the silence and the lack of explanation. The finger is pointed at the client by the bank and made to feel the culprit.

As with my case, the bank officers then use the desperation that sets in, to unconscionably and deceptively co-hers the client to contribute even more, and in my case using funds from family members.

The line in the sand will be moved as the months progress and the default interest accrues until the customer is financially dead.

As stated...." I do what I want when I want because I work for the NAB".

THE BLACK HOLE EFFECT.

Will the NAB and the other banks be allowed to swallow every thing that comes near them.

I understand the size of the Australian banking industry and the importance they play in the overall economic contexts, but at what cost? By deceiving and lying to hard working and honest Aussies? How many letters or emails do all the MP and Senators receive every week about banking and financial matters by former banking clients now victims. It cannot be ignored, there must be some truth to all these "claims" and "allegations" and Ethical Classes will not solve what is culture within the industry, from the top down.

Kindly consider a Royal Commission, it will benefit many generations of future Aussies whom will be "giving it a go". Respect is gained through leadership and making the decisions at the right time, the time is now right for the Royal Commission into the banking and financial sector.

Kind Regards
Dario Pappalardo