

Submission to Senate Inquiry
"Effects of the GFC on the Australian Banking Sector"

29th May 2012.

**Economics References Committee
PO Box 6100
Parliament House
Canberra, ACT, 2600**

Dear Senators,

Please find enclosed my submission that relates to how I/my business was treated by Bankwest after it was acquired by the Commonwealth Bank of Australia during the GFC in late 2008.

Bankwest via their correspondence have breached their duty of care to me as consumer

Outline of My Experience with Bank west Limited:

1. I was approached in August 2006 to take finance from a Bankwest representative for purchase of two Investment properties.
2. I was told that the facilities would be interest only for 5 years and then I could renew them, but that Bankwest would offer good quick finance for Investors.
3. Bankwest have by their own admittance, admitted that they loaned me just short of under a million dollars knowing I was Asian, couldn't speak fluently and yet loaned me money I couldn't afford. Bankwest should take responsibility for me as a consumer for this.
4. Bankwest have admitted that they obtained their own valuations allowing them to loan me more than what the properties are worth. I have now lost hundreds of thousands of dollars and are simply unable to recoup this.
5. I am endeavouring now to sell these properties years later, and Bankwest fail to accept prices on Contracts of sale which my real estate agents have offered to the bank in attempt to clear the debt; which I believe will be higher than if they auction them. I know this because I know what other people are selling properties for in the same building. I have a rightful claim against the bank if they kept on allowing interest to rise and then at the end of the day auction my properties months down the track for less money that what my buyers have offered to them.
6. Bankwest told me that they recently have had completed what they referred to as a "kerb side" or "real Property valuations" done on the said properties. I know that they would be close amounts to the sums my Buyers have offered. I

- know this because between myself and the two buyers we have spoken to 5 local agents & 2 reputable valuers.
7. On the grounds of the above disclosure by the bank, they have still failed to accept the valuations and are attempting to hold me responsible for a massive debt that I have never been able to afford. They only continue to prejudice my position with the growth of interest if they choose to auction the properties whereby buyers are then alerted of "mortgagee sales", and the possibility of lower offers by buyers becomes evidently realistic.
 8. Regarding any shortfall, after having to sell these two properties at the market value, I would like to say that the bank has been negligent in putting a consumer into a Business loan to start with. My options under the Consumer credit code were never explained to me, just the pitch of what good deals Bankwest offer people to loan money.
 9. Bankwest were aware I purchased the two properties in a Trust which is "shelf" vehicle for purchasing and that I was a consumer borrower. Then why was I sold into a Business loan that I didn't even have my rights as a Consumer disclosed or explained.
 10. Bankwest continued to loan to me more money than they believed I could afford. They also organised the valuations to loan me very high amounts of money on properties now their own valuations show are not worth half the money they loaned to me.
 11. In addition the short term 5 year facilities have run out and now the bank wont renew the facilities as they say – now the properties are worth less, and that I cannot afford the loans. Well my position remains the same! Why did they loan me the money in the first place and pressure me to loan money that I could never repay?
 12. Now the bank says that I cannot repay? When they are the ones who valued the properties in the first place saying I had over 30% equity in the Properties. Isn't this misrepresentation by the bank, for the sole purposes of them making a financial gain from me?

Impact:

Due to Bankwests negligence I have lost hundreds of thousands of dollars in deposits paid and stamp duty to take out this high loan as a Consumer. I have worked hard my whole life to save this money which I will never get back. I have also this Potential Shortfall debt which Bankwest wants me to agree to pay, yet they know I have now no money and face bankruptcy if I cannot settle with them. I have had to approach the Ombudsman for help as I am now desperate.

Bankwest have also been taking the rent from my tenants and paying my mortgages with the rent and yet have kept me on default interest. The bank helps no one but itself and hides behind its fine print whilst making money off consumers like me and taking our life savings.

Conclusion:

I have attempted to settle with the Bank but Bankwest remains stubborn in their effort to avoid all responsibility in unfair lending to me as a Consumer firstly, but secondly they were happy to "make the deal work so they could get their money out the door", but fail to work with me as a desperate older lady now I have lost everything to Bankwest.

Yours Faithfully,

Ms Lulu Mu