

T W & J E RUDDLE,

June 24th 2009

COMMITTEE SECRETARY,
Parliamentary Joint Commission on Corporate & Financial Services,
P.O.Box 6100
Parliament House
CANBERRA ACT 2600

Our names are Thomas William Ruddell and Joan Evelyn Ruddell . We were self-funded retirees, now we are pensioners on the Old Age Pension Our ages are 72 and 69 years . We had a Margin Loan from C.G.I. (CBA) and a mortgage on our house with the BOQ. We first joined Cassamatis Securities in 1998 as our Financial Advisor who now are Storm Financial

Our portfolio was formed for our retirement so we would be self-supporting and not relying on handouts from the Government.

The portfolio was performing reasonably well over the years with no sign of a Margin Call. When the market started to fall in September 2008 we waited for confirmation as to our position, but to no avail did we receive any advice from our financial advisor or CGI. Our financial advisor was gagged we found out later and we had no communication from CGI.

We wanted an explanation as to how our portfolio ended up with an LVR in excess of well over 90% and were not notified that we had reached over our margin call

. Had we been notified of the intention of CGI to redeem our investments we would have at least been able to consider the possibility of providing extra funds to lower our LVR . We were not given this opportunity despite being contactable on a daily basis by C.G.I for the cost of a phone call was all that was needed

We received a reconciliation Report from Storm dated 05/01/09 that our current LVR was at 128.03% when sold down.

Once we were sold down these monies were to stay in cash as a way of protecting ourselves against further market falls, or so we thought. As interest was prepaid to 30th June 2009

If the market stabilised our option to start switching back into the market could be considered as we could have found more funds to help. This meant that we were effectively forced into a position by CGI that they deemed our fixed loan needed to be paid down, plus break cost for interest charge would occur. We were forced into a situation that required some explanation. We did not receive any communication from CGI as to when we were exactly sold down and for how much.

We were monitoring our accounts on the Internet as I had access to Internet banking set up for all our accounts and printing our statements on a daily basis. The statements did not reconcile as CGI were not up to date because of their inability to process the relevant information.

That was not acceptable from a large institution such as the CBA which was to have the most up to date equipment for their banking and financial purposes.

We have been a customer of the CBA for over 48 years and never for one moment expected to be treated in this manner or to hear how they have not given a duty of care to any one of their many clients.

We have a mortgage with the BOQ and have enclosed a letter stating that situation also.

We hope this committee will investigate the involvement of these banks in providing finance for investors and hope and pray that this situation does not occur again

In closing we have one question that we would like answered

"When the shares were sold down who bought the shares and where did all the money go?"

Yours faithfully,

T W & J E Ruddell

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Dear Sir/ Madam

Re Bank Of Queensland

My husband and my self were clients of Storm Financial since 1998 with a Margin Loan from Colonial Geared Investments and a house loan with C.B.A. Last March we were advised by Storm to pay out our loan from CBA and go with the Bank Of Queensland as they were offering a better deal. The valutors came and valued our Residential home (at that time) and our house at Groper Creek. When the loan was approved the paper work completed it was posted down for us to sign and then returned in envelope supplied by Storm Financial. Never at any time were we contacted by the Bank Of Queensland by phone or told to make an appointment by phone for them to discuss the loan details That was March 2008.

After the collapse of the share market with our Margin Loan with Colonial Geared Investments, we than contacted the Bank Of Queensland North Ward Branch to work out what we could do as the payments on the Mortgage were on a monthly basis interest payable only. Our circumstances had changed dramatically and we had applied for the pension because were were now fully retired, with very little income. I had a small inheritance from my mother and some money in the bank. We were advised to pay that off the mortgage as to decrease the monthly interest payments.

We had previously advertised our home for sale and were intending to move to Townsville to be closer to our family and grand children. I had mentioned that to Mr Matthew Buchannan and he had suggested that we could purchase a home in Townsville using the same loan that had been approved for our investments. My reply was that our financial circumstances had changed and we were now on the pension we would not be able to service the loan, I then asked if there was a means test his reply was No because when loan was first approved that procedure was done, and it was not necessary for it to be reviewed. That Loan was for \$392.000.00 And we are 72 and 69 years of age and duration of loan was for 347 months.

I once again suggested that we would find that loan very hard to service because all that we were earning was under \$2000.00 per month from the pension. That was not their worry as the loan was for 25years.I could purchase a home in the suburbs but not in the outlying areas.

That proved to us that they were not interested in our plight only if we defaulted they would have a house they could sell and probably make a profit. Surely if clients did not have the income to service a debt, shouldn't they give it some consideration about their right advise. Where is their duty of care in their banking practises for their clients?

We have since sold our family home and paid out the mortgage and are living down Groper Creek. What we are concerned about is that these home mortgage loans have been given out so freely without consideration for change in circumstances money wise and also age wise. Please review all Banks Practises and set some guidelines in place so this situation does not raise its ugly head again

We have paid out our Margin Loan with CGI and mortgage with BOQ and have very little money left.

But we thank God we are both still able to watch our grand children grow up and to encourage them to not make the same mistakes

Yours faithfully

Tom & Joan Ruddell.....