

Submission to:

Parliamentary Joint Committee on
Corporations and Financial Services

While this submission does not relate to collapse of an institution, I suggest that several of the Inquiry's Terms of Reference apply:

- 1 The role of financial advisors
- 2 The general regulatory environment for these products & services
- 3 The need for appropriate disclosure
- 6 How the interests of consumers can best be served
- 9 The need for legislative or regulatory change

The investments concerned were in non-superannuation products and services, and "of a kind through which people commonly make financial investments --" and "provide a custodial or depository service --"

Margy Hopkins

This Submission concerns the disclosure by CBFC (8 years after my husband's decease, 6 years after finalisation of the Estate with Taxation and Probate obligations completed) of 2 Term Deposits totalling \$17,000. I am co-Executor with one of the beneficiaries.

Nothing among the deceased's documents alerted executors, solicitor or accountant, to outstanding deposits. The investments were made through the Commonwealth Bank, which handled Brian's transactions over many years, and the Bank itself was notified of his decease. Probably he was unaware that Term Deposits were held by a separate entity. Advises he received pre-date decease - his frailty at that time could account for lack of response - who is to say he did not respond? But our address has not changed; notification would have been easy.

Please refer to copies of correspondence attached, particularly regarding interest paid on the capital, and the number of years it was held. Note that the Corporation's policy changed in 2002; apparently deposits already held were not subject to that change - whatever it was!!

I have already registered a complaint with the Financial Ombudsman Service Ltd; and I hope to do likewise with ASIC.

However I note that I must wait for formal acknowledgment of this submission before I do that.

The details of the submission are not necessarily confidential, but I imagine they may feed into a long litany of such complaints; hopefully to lead to reform of procedures under which clients put their trust - and their money - in financial services.

Attachments

Payment slips for Principal and Interest (copies)

Letter ~~from~~ ^{newly} to CBFC 28/3/09 (copy)

Letter from CBFC 6/4/09 (copy)

COPY

28th March, 2009.

The Chief Executive Officer,
CBFC Limited.
GPO Box 2867
Melbourne 3001.

28 March, 2009.

Dear Sir,

REFERENCE : Investor No.48421584
48421577

Loan No., A-361-QR, A-371-H7.
Cheques Received 61943/1, 61944/1

We thank you for the cheques, now deposited in a newly opened account for the Estate of Brian Besley O'Loughlin. You will realise that this deposit has been a complicated procedure since the Estate was settled by 2002. On 18th March, 2009, I telephoned your office, requesting a review of interest paid on each of these Loans. The required written request is hereby made.

The statutory seven years for holding documents having passed, documentation on these loans is sparse and I have sent to you that which was available.

Our queries arise from the puzzling picture presented by our calculations. For example:

on \$11,000 (SA 371-H7) \$2,953.73 represents something like 3% flat rate over almost nine years since maturity! What happened to interest accrued since 31/03/2000? Had you rolled-over the debenture stock on maturity a higher rate of interest could apply, as indicated on your schedule at the time. I note your proviso that interest ceases on maturity - nothing about 'hanging onto' the money! What happens to the Principal? Interest, according to your statements of 31/03/2000 was paid into Account No.1004082, Commonwealth Bank in Southport, 4215. Why would the Principal not have been credited to that account?

A further reminder and notification should have been sent - annually, perhaps. Do you know how often that would have been required? Once, just once! By the end of 2000 I had taken over my husband's affairs, being much his junior.

Holding the Principal at a low rate of interest through years of rising rates without advising the owner, whose address remained unchanged, is in my view, exploitative.

I hope you will conduct a review on both Loans, and that it produces a more realistic yield.

In the event that you are unwilling to do so please advise the appropriate channels through which I may lodge a formal appeal.

Yours faithfully,

(Mrs) M. E. O'LOGHLIN

CCs

CBFC Limited

ABN 26 008 519 462
Member Commonwealth Bank Group

CBFC Limited Registry

Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

GPO Box 2867
Melbourne VIC 3001

Telephone 1800 244 872
Facsimile (03) 9473 2535

COPY

Investor No: 48421584 & 48421577 Document No: 09-COR-1263258
Our Ref: 1472587

6th April 2009

Dear Mrs O'Loughlin

CBFC LIMITED ESTATE LATE BRIAN BESLEY O'LOGHLIN

We refer to your letter dated 28 March 2009 and your telephone conversation of 6 April 2009 with our office regarding your concerns over the treatment of matured investments.

We would like to clarify that it has always been our standard procedure to issue maturity notices approximately 3 weeks prior to the maturity date of CBFC Limited Debentures.

As the maturity notices (a copy of which you have previously forwarded) were not returned to either extend or redeem the loans, the investments were held.

As stated in the CBFC Limited Prospectus: "We will not automatically extend the term of, or repay, your debentures when they mature. Our obligation to pay interest ceases at maturity".

However, matured funds have been accruing interest from the maturity date up to and including 31 December 2008. The at-call interest is calculated based on a 3.00% p.a. interest rate. Please note, this payment was calculated on 31 December 2008, rather than accrued during this period.

The principal and interest were paid by Cheque Numbers 251478 and 251479 which were presented on 26 March 2009.

Should you wish to take this matter further please contact the Banking and Financial Services Ombudsman Limited at the below address or telephone number:

Banking and Financial Services Ombudsman Limited
GPO Box 3
Melbourne VIC 3001
Ph: 1300 780 808

overpage { We trust this matter is now resolved ... any questions or queries ... contact our registry on 1800 244 872
Brendan Morgan
Senior Manager
CBFC Limited Registry



CBFC Limited
ABN 26 008 519 462

Registry
GPO Box 2867 Melbourne Vic 3001
Phone: 1800 244 872

COPY
Payment Advice
Cheque No **251479**
Date **11-03-2009**

Reference ***61944 / 1** **ESTATE LATE BRIAN BESLEY**

Loan No	Interest Rate %	Maturity Date	Payment Details	Payment Amount \$
A-361-QR	5.30000	12/08/99	At Call Interest	1,725.53
A-361-QR	5.30000	12/08/99	Principal	6,000.00
Payment Amount (\$):				7,725.53



CBFC Limited
ABN 26 008 519 462

Registry
GPO Box 2867 Melbourne Vic 3001
Phone: 1800 244 872

COPY
Payment Advice
Cheque No **251478**
Date **11-03-2009**

Reference ***61943 / 1** **ESTATE LATE BRIAN BESLEY**

Loan No	Interest Rate %	Maturity Date	Payment Details	Payment Amount \$
A-371-H7	4.55000	31/03/00	At Call Interest	2,953.73
A-371-H7	4.55000	31/03/00	Principal	11,000.00
Payment Amount (\$):				13,953.73