To: SHONA BATGE
COMMITTEE SECRETARY
PARLIAMENTARY JOINT COMMITTEE ON
CORPORATE AND FINANCIAL SERVICES
P.O. BOX 6100
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FROM: CECILY ANNE HERD
ROBIN LESLIE HERD

× ATTACHED: CORRESPONDENCE from + to MACQUARIE BANK

Our Storm Story:

My wife and I retired in 1992 aged 52 and 55 years respectively. We had worked until then as an officer with the Commonwealth Bureau of Statistics and a School Principal and looked forward to living modestly on our superannuation and its earnings. I worked very occasionally as an Advisary Teacher to supplement our income. We owned our own home.
In 2002 at age 65 when it became no longer permissable to have money in a superannuation fund, we sought further professional financial advice. The recommendation that we transfer to an Allocated Pension was accepted by us. However we quickly discovered that our investment in this fund was quickly being eroded away and it would not be long before we could see ourselves being unable to exist financially, with the only alternative being dependent on the aged pension.
We sought further financial advice from various sources. Enter STORM. We were introduced to Jelich/Jones and STORM Financial. They were able to offer us a plan, a solution to our future. We would live as self-funded retirees and not be reliant on

a Government handout. It would be necessary to use our home as security and borrow against it. The borrowed money, along with our savings, would be invested in shares and earn us an income.
The concept of borrowing against our home had not occurred to us. The idea was quite foreign – frightening. Could we lose our home. This was the main concern we had. We were reluctant to put ourselves in such a position. STORM advisers assured us that this situation would not occur, would not be allowed to occur by them. Their safeguards would prevent that happening.
Given that assurance we accepted that this advice given by the financial advisers – the experts – to whom we would be paying to give us the expert advice we did not have, was our path to self-funding our future. We would not be just aged pensioners. We became STORM clients in December 2006.
Our initial interest-only Home Loan was with A.NZ Bank. We met with no-one from the bank, nor with a broker. All negotiations were carried out by STORM. Fine! That's part of the service we were paying for.
In 2008 we were advised by STORM to transfer our mortgage to NAB for better service. The value of the loan was increased, allowing

us, under advice to borrow further. Again all negotiations were carried out on our behalf by STORM.
Financially we seemed to be managing successfully. We were being paid an income above what we would have received as aged pensioners. We were required to have STORM perform financial transactions from time to time, not always fully understanding what they were, but trusting our advisers.
Then, quite suddenly in late 2008 everything came to an end. Our Margin Loan was "called in". I didn't really understand what a margin loan was or "how it worked." STORM no longer existed. We had no idea where we stood, and no-one available to tell what had happened or what was likely to happen. We were given no opportunity to repay this loan then.
A letter from Macquarie Bank, our margin loan lender, advising that they were no longer offering margin loan facilities and that we owed in excess of $550,000 was received in early 2009. We duly repaid this loan, feeling obliged to. A breaking-fee of $10,000 was also charged. Although queried, this fee was deemed obligatory.*
We then found ourselves with insufficient funds to repay our house mortgage loan of $304.000 to N.A.B
To date we have approached ANZ Branch, Financial advice, Hardships and Disputes Resolutions Managers.

The only solution we have been offered is to sell. Selling in a depressed market may obtain for us hopefully in excess of $400,000. The balance would be insufficient to purchase again, but be large enough to preclude us from elegibility to apply to the Queensland Housing Commission for housing assistance.
Our income now is the combined aged pension.
Our entry into investing for our future has proved disastrous. Obviously we were financial novices. We thought seeking help from "experts" would be the answer. Alas!!