

## **Submission to Senate Inquiry**

### **"Effects of the GFC on the Australian Banking Sector"**

**Thursday 26<sup>th</sup> April 2012**

**Economics References Committee**

**PO Box 6100**

**Parliament House**

**Canberra, ACT, 2600**

Dear Senators,

Please find attached 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.

**Enquired about a loan to purchase principal place of residency and to knock down and build a new home.**

#### **Introduction:**

**In 2008 October, I approached Bankwest through a broker in the attempt to borrow money to buy/build my principle place of residency.**

#### **Detail:**

**I am self employed and had just finished a 24 unit development. An opportunity arose to purchase my home with intention to build my dream home.**

**I was told via my broker that Bankwest where very aggressive in the lending department on the Eastern Coast of Australia, and that he would look at trying to finance my requirements thru Bankwest.**

The facility was put together over 8-10 weeks once a mandate was signed and a mandate fee paid.

On the 1<sup>st</sup> October 2008 a financing proposal was entered into and a mandate fee paid. On the 6<sup>th</sup> November 2008 the property was due for settlement but was not settled as the Bank decline to now release funds as they where now, after all requirements had been made, that no money would be released to settle the house, unless I was to sign a purpose declaration that stated I was originally buying the home as my principal place of residency, but I was now buying it to build and sell as an investment. This was unconscionable and unjust as all requirements where met the Bank knowingly knew I was claiming the first home owner grant and that there was no GST implications not to mention the facility that they had constructed was unjust and unfair to say the least when the building contract they where in possession of stated the build would be a minimum of 16-17 months to build but the facility term was for only 12 months(the loan was set up to fail from the onset to give the bank unfair control). The Banks representative had insured me that this facility term would be increased but never was and in effect I was in breach of the facility before the construction of the home had even been complete. The Bank had breached the UCCC SECT 11 (3) where by a credit contract had been signed all requirments met and then the introduction of the declaration after the 11<sup>th</sup> hour. The Banks valuer CBRE had valued the property at \$6,750,000. After completion of the home the Bank revalued the property with the same valuer but this time after it was put to the Bank to build a lessor finish of a home that was valued as the market was starting to slow, the home was completed to the standard that the Bank required but was then valued at \$5,500,000. This valuation then put the facility over the 70% LVR that was required. In March 2011 the house was exchanged for \$5,600,000. The purchaser asked for 2 lots of extension to settle the contract. The purchaser paid \$180,000 for the first 8 week extention, the purchaser then asked for another 8 week extension and had offered the Bank another\$160,000. The Bank refused this extention put the home into mortgagee in possession, contaminated the sale of the home by advertising "Mortgagee in possesion sale". The home went to auction where it was passed in. The recievers called me to notify me that the home would

be advertised for offers over \$4,500,000. Two days later the receivers call me to tell me the home was sold for \$4,200,000. The Bank got all their money back but left me with a whole of \$2,000,000 to cover. The Bank was never losing any money at any time on this facility and should have restructured the facility as it was able to be serviced from the 10% deposit that was forfeited by the purchaser. The Bank breached Contracts Review Act, UCCC Sect 11(3), Consumer Credit Code and the ASIC Act 12CA and 12CB.

**Impact:**

The unconscionable conduct by the Bank has ruined my life and the lives of my family members, not to mention how it has taken a toll on my own life. The will to fight for justice seems so far away that contemplation to take ones life seems the only option some days. I want justice I want what is right and I am tired of the corruption the abuse of power and money that these cowboys continue to indulge in to fatten their own filthy pockets. Enough is enough when all I hear is Banks telling the public how expensive it is to fund money yet each year the financila institutions continue to make RECORD PROFITS!!!!

**Conclusion:**

In December 2011 I wrote to the Bankwests internal counsel to try and come to some amicable solution in lite of the conduct that I was exposed to from Bankwests lending managers. The Bank clearly believed they had done nothing wrong, when the proof was exposed to them they just did not want to know and continued to fob me off as they knew I had no money to to take the legal battle to them.

I have not attached any documentation to this submission but am happy to forward all documentation to you once you believe you are ready for it.

Yours Faithfully,

Jimmy Bieri