

Level 5, Darling Park 1,
201 Sussex Street
Sydney, NSW 2000

5 December 2017

Committee Secretary
Select Committee on Lending to Primary Production Customers
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

By email: primaryproductionlending.sen@aph.gov.au

Dear Secretary

I refer to your correspondence of 22 November 2017 in relation to Mr Craig and Mrs Moeroa Caulfield. I understand the Committee also wrote to our legal representatives in this matter, Gadens Lawyers. As the questions directed to Gadens cover largely the same topics, Commonwealth Bank is responding on behalf of both organisations.

Included in the document are a range of accusations, many of which are highly inaccurate. We do not agree with the overall characterisation of our endeavours to work with Mr and Mrs Caulfield.

To assist the Committee, I outline below some key facts and also correct some inaccuracies in the questions provided.

- It is not Commonwealth Bank's practice to request valuers to produce low valuations and that was not the case in relation to the valuations of Mr and Mrs Caulfield's property. To the contrary, our only incentive is that valuations accurately estimate the true value of the property. We note that in the case of Mr and Mrs Caulfield, the valuations are not relevant to our concerns about the sustainability of the loan.
- A number of Commonwealth Bank staff have worked with Mr and Mrs Caulfield over an extended period to respond to many questions they have asked about their matter and both Commonwealth Bank staff and Gadens have provided them with information and various documents, including providing them with their customer file and copies of documents Gadens had received from their former legal and financial advisors in February 2017. In addition, Mr and Mrs Caulfield have also recently received a substantial number of documents through a request they made to the Office of the Australian Information Commissioner.
- As we have previously advised the Committee, farm debt mediation was not offered

to Mr and Mrs Caulfield as in our view they did not meet the criteria to participate in the Queensland scheme. We provided Mr and Mrs Caulfield the opportunity to provide evidence that they did meet the criteria, but that was not forthcoming.

- Our understanding is that the satellite photo contained in the valuation report was used to illustrate the location of the property, as can be seen in the label of the image in the report. The valuer carried out a physical inspection of the property as part of the process and did not solely rely on satellite imagery in their assessment.
- Gadens has recently written to Mr and Mrs Caulfield and informed them that all legal documents were sent to them at their correct address. On one occasion, however, duplicate copies of requested documents were sent to their former PO Box in addition to Mr and Mrs Caulfield's residential property. The documents that were sent to the PO Box were subsequently returned to Gadens "return to sender".
- We do acknowledge that over the years some correspondence may have been sent by Commonwealth Bank to the incorrect address. This was not deliberate on our part.
- Commonwealth Bank has previously provided Mr and Mrs Caulfield with details of our mental health policies and of our customer assistance program which provides confidential counselling services free of charge.

Notwithstanding the above comments, as we have said publicly, we accept that the loan approval for Mr and Mrs Caulfield of \$480,000 was some \$6,000 more than should have been approved in the circumstances. We have also acknowledged that Mr and Mrs Caulfield have not had a good customer experience since first raising their complaint with us.

Commonwealth Bank continues to be committed to achieving a resolution with Mr and Mrs Caulfield and has recently extended another offer to them seeking to resolve the dispute.

Yours sincerely,

Euan Robertson
General Manager – Government and Industry Affairs
Commonwealth Bank of Australia