



**Banking & Finance
Consumers Support
Association (Inc)**

Australia's Mortgage Fraud 'Banking Scandal'

**Senate Economics Standing Committee
2017 Inquiry into
'Consumer Protection: Banking, Insurance,
Finance'**

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Parliamentary Inquiry into Consumer protection in the banking, insurance and financial sector

The Executive Summary

On behalf of all past and present BFCSA Members, this submission contains key points of wrong doing by banks in Low Doc/Subprime Interest Only Mortgage Loan scandal. Since our members are end users of the Regulatory and EDR systems, their views are extremely important, if we are to investigate bad behaviour of Australia's biggest banks and failure to identify these Frauds. This is despite 22 Inquiries into related banking and finance matters.

Mortgage loan files contain significant evidence of intentions by Bank Engineers and marketers to deceive customers. Both our corporate and finance regulators are failing to enforce banking and corporate laws in the true interests of consumer protection. Clearly, there is no evidence of Fairness in the banking Industry.

Without TRUST and CONFIDENCE in the banking sector, customers will think twice about mortgage borrowing. Without customers, shareholders would receive no dividends. Shareholders need to pay more attention to the 'greed' culture developing inside the banks and the total neglect of the financial well-being of vulnerable consumers.

For the first time, I will explain the TRUE MECHANICS of how these Bankers engaged in manipulative practices that could have disastrous effects upon our Economy.

Our Major Banks are linked into all facets of financial advice and products throughout the developer/construction chains and subsidiaries. My aim is to ensure the patterns of deception by Bankers will shine a very bright light into the darkest places of the undeniable Australian Mortgage Scandal. I also hope to expose the grief suffered and compounded by a complete lack of Consumer Protection. Appendix B contains many testimonials from consumer victims of mortgage fraud and unaffordable lending practices.

Had the Sister Regulators in the Banking and Corporate Sector, bothered to properly investigate the Mechanics of the mortgage loan scandal, they would have easily found shocking evidence of mass approvals of unaffordable loans to vulnerable older persons. The collective evidence from the BFCSA member files have enabled us to dig deeper into this scandal. Perspective: The Corporate Regulator's budget is annual of \$450 million. Ours is \$12,000.

Consumer Protection in the mortgage market has been non-existent for years evidenced by the escalation of white collar crime in Australia and admitted by the regulatory Chairman in 2016. The level of grief and staggering losses suffered by consumers needs special attention and we welcome this Inquiry.

Bank victims are fed up with receiving identical regulatory flick letters as an example of failure of the regulators to report to Treasury and to Parliament. There are systemic issues in banking and covering up these activities will not bode well for our Nation and its reputation.

We will be explaining why over \$800 billion worth of toxic loans are approved by a sophisticated and digitalised computer system. These ROBOTIC mortgage approval systems can only be generated in an unscrupulous self-regulatory environment, coupled with an extreme failure of regulators to treat consumer protection as being a matter of exceptional public importance.

Once again, we show how the linked EDR system is simply acting as a Bankers' Aide. Non-enforcement of existing legislation by current regulators has reached crisis point. I am therefore obliged to firstly outline the Mechanics of the Control Fraud as reported to Parliament by BFCSA in this submission.

Denise L Brailey

I suggest to readers of this submission to also read current submission written by L F Economics, Philip Soos and Lindsay David.

BFCSA submission 23, for the Senate Inquiry into White Collar Crime.

LF Economics submission 63, for the Senate Inquiry into White Collar Crime.

ACRONYMS:

Denial: "No Government wanted to keep stats; for no Government wanted to admit...."

ABA	Australian Bankers' Association
ACCC	Australian Competition and Consumer Commission
AOFM	Australian Office of Financial Management
APRA	Australian Prudential Regulation Authority
ARIP	Asset Rich and Income Poor
ASIC	Australian Securities and Investments Commission
BDM	Business Development Manager (bank officers)
BFCSA	Banking and Finance Consumers Support Association (Inc) www.bfcsa.com.au
CIO	Credit and Investments Ombudsman Limited
EDR	External Dispute Resolution
FOS	Financial Ombudsman Service Limited
IOSCO	International Organisation of Security Chiefs www.iosco.org
LAFs	Loan Application Forms
LOC's	Line of Credit
RBA	Reserve Bank of Australia
RMBS	Residential Backed Mortgage Securities

SEC Securities and Investment Commission (USA)

We answer each of the Terms of Reference:

TERMS OF REFERENCE (a): ANY FAILURES

- i) FAILURE of REGULATORS TO DISCOVER THE BASIC ‘CONTROL FRAUD’ and INHERENT RISKS TO CONSUMERS’ FINANCIAL WELL-BEING.**

Failure of Consumer Protection exposing consumers to risk and, difficulties faced by Sellers who often become mortgage victims themselves.

Basic Control Fraud Plan and Banking Sector Intentions

A key requisite for a Control Fraud to exist and prosper is for the perpetrators of criminal intent, to have direct or indirect CONTROL of the complaint handling services. To succeed in running a Ponzi Fraud, control of consumer complaints is vital to ensure customers cannot escape the cleverly engineered ‘doom loop’ complaint system.

This identifiable Control is reliant on co-operation between the Perpetrators and the Regulators.

Complaint handling systems should be something more than a mechanical processing of complaints with a pre-conceived agenda and outcome. There ought to be competent REVIEWS and methods by which previous data can be publicly examined and not carried out by the same regulatory Gene Pool dominated personnel. In recent reviews of ombudsmen services, none of the examiners and panellists ever get to speak to actual consumer victims. None. Should a flawed process be uncovered with devastating consequences suffered by consumers, then that is a key indicator a CONTROL FRAUD is in play.

One case could also indicate a lack of regulatory willingness to engage in enforcement of laws, and thus the SYSTEM creates a failure of regulators to take the true culprits to the CDDP and thence to court.

Consumers are left at the mercy of the Control Fraudsters and then at the mercy of the Complaint Handling System, which is neither Fair nor a method to be proud of. Therefore, consumers experience no appetite by the controllers for any outcome resembling Justice.

Treasury meet monthly with Regulatory Senior Executives, yet their collective stance continues to be one of “*no systemic issues,*” when the evidence in consumer files indicates the very opposite is true.

When evidence is gathered from the files of over 2000 victims of Bank Fraud, a CONTROL FRAUD is indeed in play to the detriment of close to two million bank customers. Reports by experts on the effects on the economy and the nation’s financial well-being are therefore being ignored.

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Criminal negligence has been hidden for too long, meaning the lack of enforcement of law in these nefarious banking activities, has not been addressed. A marked decline emerges in Trust and Confidence affecting the banking sector. Multi scandals are now evident and run daily in the media and on social media.

Key signals lead us to clearly identify that a COVER UP has been established and Regulators are to blame for the continuance of such collusive activities. Banks and the regulators are both in denial of a need for a Royal Commission into the Banking Sector.

Vulnerable consumers, continue to be targeted each week, and enticed into inappropriate financial products. Within five years they are forced to suffer the loss of their homes and their specific needs re housing and health issues caused by these scandals, are neglected.

Our Australian Banks have become “Too Big to Fail” as a direct consequence of regulatory criminal negligence and perversion.

Bank Managers, Bank officers (55%) or Broker Agents of the Bank (45%) Consumer files show the same processing of loans procedures. The Control Fraud is in the Approval. Consumers now say: sellers are not to blame for the Approvals and explain why. Collectivism is a powerful way for truth to be revealed, ad explains why banks are keen to keep consumers divided and conquered. THE SELLERS:

Major Banks have embraced digital mortgage loan processing for some time now. The Loan Application Form (“LAF”) is on a computerised system and most customer details are typed in by bank staff or by agents known as Sellers. Many “Sellers” use this program, yet some sellers still use hand written forms. The first we hear from aggrieved customers asking for assistance is approximately two years after the loan has been approved and settled.

All sellers are under the same industry orders, that no copy of the file is to be distributed to the borrowers, except for the contract. Sellers are using the same process, same calculator for income projections and similar instructions. No sellers APPROVE the loans. The Sellers task is to find new customers for the Bank, are trained in selling techniques and beholden to bank driven quotas per month to remain in employment.

In a high turnover industry, Sellers are unaware of the risk to consumers and ‘clawback risks.’ They are trained by bank employed BDMs and attend conferences with high pressure American sales technique instructors. Initially it’s a hyped-up environment full of promise. Trainees are taught to “practice on your parents and relatives first by using Parental Guarantees.” Parents are then at risk of losing their home within 3-5 years. The seller is not trained in consequential thinking re the Product. Consequences for those families caught in the debt trap, are horrific.

The quota system places pressure on sellers to supply the Lender with a high volume of mortgage loan applications. The clear Target Market promoted repeatedly at the Bank workshops are specifically people who own their own modest home and have little or no mortgage no debt and aged between 55 and above. General age signed up: 60 - 80 years of

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age. The standard target market is identified by Banks as “ARIPs.” Those with assets. To sell the strategy of borrowing a \$400,000 loan using the equity in the existing home, the bank needs to promote a product to purchase, without which the borrowing of money would not make sense. The Plan is cleverly engineered by the Cartel.

A pre-formulated strategy of Best Advice is used in all cases. No risks are presented. Sellers simply told to ‘*make people happy.*’ American selling tactics are adopted. The entire operation of mortgage selling is results driven. Trips overseas are added as a list of incentives for top operators.

SPECIFIC TRAINING

Sellers are immediately taught to use the Bank Computerised Serviceability Calculator. They are issued with passwords for the bank calculator program to assess futuristic incomes and then the computer determines treatment of add backs and negative gearing to produce a hypothetical income.

The sellers are taught never to ask for expenditure lists or any budget expenses relating to the actual Cost of Living, yet are told that if there are 6 children, narrow that figure down to two. The computer generates a hypothetical poverty expenses figure at around \$20,000 per couple. When the hypothetical rental figures (as an instructed step) are entered the Service Calculator program, the calculator is geared to create a grand futuristic income. Bank executives tell reporters they cannot include rental in the calculation and deny its part of the process due to legal issues. But they do add rental on most loans. As one seller suggests, if we were unable to include rental “it would never work.” Sellers have no idea why these things are asked of them. They are unaware of the mechanics of highly sophisticated accounting methods. They are then told to copy the futuristic incomes engineered by the service calculator onto the LAF. The Serviceability Calculator is, in effect, an ‘amortisation calculator.’

Hence all incomes appear to be highly exaggerated on all LAFs we have considered.

Furthermore, bank instructions are clear:

- Do not show the borrower the service calculator
- Do not hand a copy of any of the application documents to the borrower.
- Do not show the EIGHT pages of the LAF where no signatures are required.
- First: obtain the borrower signatures on the relevant three pages and then go back to your office and use the calculator to develop and enhance the income and fill out the remaining eight pages.

The mysterious eight pages include the financial statements, added to the bundle *after* three page signing ceremony and, *without the borrowers’ knowledge or consent.*

No borrowers in Australia, are permitted to fill in their own forms. Hence the hand-writing is always that of the seller: all loans, all Lenders. If typed up, then easy for the seller to simply use his own laptop and ask a few questions. The print out is again three pages.

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The initial three pages contain only basic personal details of address, phone etc. and on the third page of small print, the words: *“I have read and fully understand everything in this document.”* This method of sign up is an intentional entrapment, as the customers are unaware of the existence of the additional pages until at least three years later. Most Borrowers see everything as ‘normal’ and suspect nothing. They trust the Bank.

The Seller must attach the two-page service calculator to the LAF and sign the 2-page Identification Verification Stat Dec. This document can only be signed by an agent of the Bank and the duty is owed by the bank under the *Anti Money Laundering and Counter Terrorism Financing Act 2001*.

The Bank processing centre will not process any application unless all these requirements are met and full documentation is in place. Emails between sellers and bank internal staff plain many of these processes and requirements.

Sellers are authorised by the bank to collect highly confidential detail: all TFN numbers, Bank account numbers, personal ID 100 points documentation and ABN numbers. Passport photos, driver’s licences and rate notices.

SELLING POINT: Set up a process – to intentionally pass on the inevitable full risk of the strategy to the customers. Yet Sellers are not told of these risks.

TAX BENEFITS OF NEG GEARING: Sold as negative gearing benefit which has little or no benefit to low income families or pensioners.

Of concern, are the use of PARENTAL GUARANTEES: No regard for safety of others, particularly the elderly, using parental security with NO BENEFIT to the parents. Migrants are often targeted, aged 70 – 80 years old.

The jargon includes *“anyone with a house and a pulse.”* Once the application, with attachments of identification documentation, serviceability calculator form, customer private details and Stat Dec requirements are gathered, the Seller faxes/scans and emails the large bundle, as a complete Loan Application Package, to the Lender.

The Sellers job is done and all that remains is a collection of his/her commissions. I have interviewed over 50 persons to gather this intelligence. None of these people are known to each other. The explanations are very similar across all States. Sellers do not approve loans. The Control Fraud materialises in the Application Tracker inside the banks’ nerve centres known as the processing centre for the actual approval of mortgage loans.

Sellers have no idea of the CONTROL FRAUD and no idea of the risks and dangers. No idea a home will be lost within five years. Sellers are unable to collude. Borrowers are unable to collude and kept in the dark. Only three pages are required for signing. It’s presented to borrowers and sellers as a ‘simple’ process.

The Application and ID documentation (around 40 pages) are then sent electronically or by FAX, into the Bank Processing Centre.

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Sellers and data staff (12,000 employees) have no idea of the elements of fraud involved and no knowledge of how to identify breaches of legislative consumer protection. If the media pick up on one or two stories. Banks go into damage control and have the regulators confirm as in Yes Minister: *“Minister, it’s an isolated incident.”*

The Ministers response: *“Yes but I do not want 800 isolated incidents on my desk tomorrow morning.”*

The Plan is to engineer a Sub Prime Mortgage Product based upon home equity and without raising any suspicions. Everything works to perfection....for the banks. Regulators send all complaints to the Ombudsmen, funded by the Lenders. The complaints are quietly and persuasively ‘dealt with,’ to advantage the banks and disadvantage consumers.

TERMS OF REFERENCE (a): ANY FAILURES

(ii) FAILURE of regulators to understand the Computerised ROBO MORTGAGE LOAN APPROVAL SYSTEM and the specific use of computerised serviceability calculators. THE MECHANICS

THE MECHANICS and the PROCESSING CENTRE:

Approximately 20 data entry clerks enter details into an APPLICATION TRACKER SYSTEM. This system is open for an average of two weeks and marked REJECTED at the start.

Data Entry people are taught how to add one piece of data for each loan. No suspicions are raised. Gone are the days when the approval process was handled by “credit assessors, officers, managers” as a three-tiered checking and verification system to ensure all loans were affordable. Former Managers are amazed at lowering of lending standards.

I have spoken to many sellers, managers and other staff to understand from them what are the true Mechanics of today’s banking system. By listening to insiders, the pieces fell into place.

Data entry staff handle only particular pieces of this process and never see the overall mechanisms. Staff simply set up a Tracker and add all details coming in from the seller Loan Packs. The Mortgage Loan is approved within days with certain information being rechecked by an internal calculator. The operators have no idea their calculator is slightly different from the seller version as the NSR (net servicing ratio) is controlled at different percentage levels. The controls come from the executive level. If there are differences that can make the loan application ‘more attractive’ for approval, then we see tweaking of data taking place.

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Further details re Valuations are applied to the Application Tracker and linked to a general property market assessment to deliver higher prices that will advantage the Banks but disadvantage the consumer.

As the Loan App Tracker massages the data, the Applications for a mortgage are approved by a computer CREATING ROBO LOANS: Unaffordable, Unsustainable, Unverified.

The average Mortgage Loan Approval: for 30 years INTEREST ONLY approved at \$500k for people aged 60 or over. Many loans applied for at say \$420,000 are then pushed up to \$490,000. Bank letters are sent to customers stating: *“congratulations, your loan has been approved for \$490k,”* despite the application stating a figure well below the approved figure.

BANK PROFIT for a typical \$500,000 loan is approximately \$150,000 in fees within 4-5 years. Over 30-years, fees would amount to \$1 million per home. An Interest Only Loan can never ever be paid off or extinguished except by repossession, selling or, the death of the customer.

The subprime loan is engineered and intended to implode within five years, to coincide with 5-year maturities on the mortgage backed securities (“RMBS”) Tranches. Customers and Sellers are not warned of this outcome. Had truthful explanations been forthcoming prior to loan application, few would have become involved.

OTHER KEY INDICATORS OF FRAUD

NO FACE TO FACE MEETING takes place between customers and bank officers.

INTEREST ONLY: Consumers are only told these loans are normal mortgages with less documentation required. They have no idea the loans are akin to the old temporary and very expensive *bridging loan*.

DEBT FOR LIFE: One the homes are lost and the true deficit of the advice are revealed, consumers are left with massive debt for the rest of their lives with compounding interest increasing the debt.

ASSET STRIPPING is taking place and is defined as criminal activity. The person’s home is the target for Bankers. The home is lost within five years.

UNSUSTAINABLE: No regard for age of client and sustainability, end of working life etc. FOS state in FOSSIC Notes: the age (65) is appropriate for this type of approved loan (\$500,000). Customer would be 95 if loan customer survived the journey.

UNAFFORDABLE: All loans that we have investigated were unaffordable due to income levels being average \$20,000 - \$50,000 per household: the target market.

REFUSAL to furnish the customer with complete copies of the 40-page Application “at point of signing.” This is a key indicator of fraud taking place. Orders from top of bank.

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VERIFICATIONS: Unverified in terms of calls to borrowers and employers to verify data on the Tracker. The internal 'verification' is a simple tick a box criteria for collection of documents. The only verification of income is a recent pay slip.

Loan Mortgage Insurance or LMI: is often an in-house insurance marked as RISK fee. The premium is often seen as double that if an outside Insurer. LMI is usually banks using self-insuring methods. Extremely risky for shareholders.: banks are self-insuring.

RENTAL INCOME cannot be used by banks yet Sellers must insert a hypothetical futuristic figure into the serviceability calculator.

BUFFERS: The initial mortgage approvals are altered to add further debt, in the form of suggested \$25,000 Buffer Monies, added on to the loan sometimes via the Tracker. This is common to mask UNAFFORDABILITY. Consumers are then able to "afford payments" by using the bank's money to pay the payment commitments. At the end of the year, a further \$50,000 debt is offered to enable the payments to be continued and not have the mortgage fall into default thereby masking default rates. During the first five years, the loan could have risen by as much as \$100k, plus the banks make \$150k on fees and interest. When buffers stop, interest is then calculated at higher defaulting rate. Banks ensure the loan stays hidden from default figures (impaired loan tally) by allowing the loan to "rest for a while" if there is significant equity. This can and does go on for 4 -5 years in limbo. Loans shoot up to \$1 million and beyond.

SPLIT LOANS: The total loan commitment can be hidden, by splitting the \$500k borrowings into two loans. These "suggestions" come from the marketing department of the banks down through the BDMs and out to the Seller Channel. Its common practice and more expensive for customer.

CREDIT CARDS: The Mortgage Loan Packs come with a type of *third line forcing* "extra." People say no to an extra credit card yet they are then sent one in the mail by the bank who has approved the mortgage. Under explicit bank instructions, sellers explain that its compulsory for you to take the card but you do not have to use this. "Take it as a safeguard," as you may need it for emergencies. The LIMIT on the CARD starts at \$25,000 and I have known of limits of up to \$100k.

SECURITY OVER CREDIT CARDS (Scam): The Banks ensure this debt is in fact secretly secured within the home loan contract. Yet the fees charged are the usual high interest card rate of say 21%. Banks tell you in the bank inquiries that credit cards are riskier because they are unsecured. Customers need to check the fine print in their contracts as to the bank's hidden "options."

ABNs for a day (Scam): Sellers taught by the BDMs have been applying for ABNs for Pensioners to satisfy "business loan requirements" where there is no business. Fake descriptions have been added as to employment eg: "investor" then written as "ship's captain" when the used to be a deck hand.....now aged 82. Lady of 78 described as being a landscaper (shovelling rocks). Quotas encourage desperation of meeting volume mortgage targets. Sellers are taught to ask for the TFN number and arrange the ABN.

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RATE NOTICES show pensioner has a rate concession. Bank approval systems by ROBOT ignore the evidence contained in the application file.

FAKE EMPLOYMENT: Employment must be consistent with the futuristic income provided by the compulsory amortisation/serviceability calculator – the bank program of approval which then suggests: “Fits Servicing.”

THE BANK FUNDED complaint handling method, assists in cover up of the Control Fraud.

OMBUDSMEN’S SERVICES are run by ex-bankers and lawyers and take a non-consumer view of interpretation of law: eg Argument of Agency, and the Code of Conduct. The EDR’s are licensed by the Corporate Regulator. Consumers are not given the chance of an independent review. The Ombudsman’s determination, has no independent scrutinisation. Reviews of the system are not independent and NO CONSUMERS are interviewed.

RMBS TRANCHES created as a Special Purpose Vehicle to sell toxic securitised ‘Income Stream’ Packs to Institutional Superannuation and Pension Funds. The investors have no access to the black boxes containing the Tranches. To meet RBA asset cap requirements, the Trustees bundle up the Packs to enable loans of more than 30 days old to disappear from the balance sheets: enabling even greater volume of loans to be sold. I leave it to experts to describe this process better than I can do. Yet we see the files that make up the Tranches.

NON-ENFORCEMENT OF LAW = LAWLESSNESS.

TERMS OF REFERENCE (a): ANY FAILURES

(iii) FAILURE OF REGULATORS TO ENFORCE EXISTING LAWS AGAINST LENDERS in the interests of CONSUMER PROTECTION.

CONSUMERS LEFT UNPROTECTED.

The latest regulatory suggestions of using and Enforceable Undertakings, to encourage banks to “promise to do better,” is nothing more than a ruse to absolve the banks of all ‘past transgressions.’ The EU, as pointed out in heated debate in Parliament in 2003/4, cannot be used for those accused of criminal activity. The Lenders in the Cartel are not facing accusations of misdemeanours or ‘errors of judgement.’ Fraud and Forgery and computerised exaggeration of incomes, to generate masses of approvals for UNAFFORDABLE, UNSUSTAINABLE, UNVERIFIED mortgage loans, demonstrate the alarming intention to deceive by our Major Bankers.

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Promises by Banks to “do better” is meaningless due to the concentration and focus on profit at all costs, and their duty to shareholders. Without TRUST and CONFIDENCE in the banking sector, customers will think twice about mortgage borrowing. Without customers, shareholders would receive no dividends. Shareholders are collectively responsible for the culture inside the banks and the actions of their executives.

The Australian Bankers Association, which represents the major banks, is fighting a backlash against questionable tactics and, recently updated its code of conduct. Yet, until NAB vs Rose 2016, banks insisted the Code was meaningless and not a regulation. The courts stated otherwise. With *Schmidt (Vic Sup Ct 2010)* and *Burns vs PERPETUAL Trustees Victoria (WA Sup Ct 30 June 2015)*, FOS still suggests the Brokers are agents of the borrower, which is FALSE.

The 2001 Ombudsman wrote to Bankers warning them that if they tried using the line, the *broker is the agent of the borrower* argument in court “you will not succeed.” Over the next 16 years and up to 2 weeks ago, one EDR still argues in the interest of the banks and not the customer and does not follow the lead of the courts. Ombudsmen are placing themselves higher than the Judiciary to the detriment of consumers. Such behaviour must stop.

Failures in the regulatory and complaint handling system are bordering on criminal and create a cauldron of scandals within the banking and finance industries. I have listed the main obvious Failures in this section. We suggest these are not mere failures but a concerted effort by leaders involved to profit from fraud and profit from the established Control Fraud that has permeated this sector.

FAILURES OF ENFORCEMENT of LAW

Time and again, Regulators have refused to investigate the Banks and refused to take action relating to mortgages until four days ago. That case is a token effort and civil smoke screen. The activities we have uncovered deserve an independent investigation by a purposely formed probe into the runners of Ponzi Financing Scandals and, intentionally flawed mortgage lending Scandals and, Managed Investment Advice Scandals. During the past decade, Consumers have suffered greatly, not only the lack of supervision, but the lack of enforcement of existing legislative provisions. The NCCP Act passed legislation in 2009, yet the regulators gave the banks a further 18 months’ moratorium, knowing the dreadful dangers faced by consumers, were the cause of those laws being passed. For six years and to the detriment of consumer financial wellbeing, the Regulators stood back and permitted the scandals to continue! The Regulators are culpable for those crimes being committed. As mentioned in 1996: The regulators have decriminalised that which Parliament has deemed criminal activity.

The consequences have been: banks trashing their own markets and losing any integrity that may have been there prior to the eighties.

IN BRIEF:

Failures of regulators to address serious issues of Bank Fraud and Bad Lending Practices Controlled by the Banking Sector. Consumers protected by law, yet current NCCP legislation

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not enforced by lacklustre regulators against Lenders. In fact, it makes for GOOD COMMON SENSE to hold a Royal Commission into the entire Banking, Insurance and Financial Advice and Services Industry.

Repeated Failure of regulators to identify and acknowledge known bank activities to Parliament is an abomination according to consumer victims. The simplest of key factors that point to mass losses experienced by consumers of financial products and services, and the devastating consequences of losing one's home, due to fraud and forgery. Their cases have been callously thrown into the regulatory bin.

Failure of the regulators to Identify Lenders as the manufacturers and engineers of intentionally faulty mortgage products. These products were purposefully designed to maximise profits, in an horrific asset- stripping spree that has been lucrative for Australian Banks for nearly two decades. The obvious result of this aggressive model of marketing: Lenders win massive rewards and consumers lose their homes within five years.

The evidence collected by BFCSA Members and presented to Parliament over the years have been ignored. Regulatory executives have misled Parliament time and again with gasps of disbelief from consumer who attend the myriad of inquiries we have all had to endure.

Failure of Regulators to report to Federal Treasury, examples of systemic looting and asset-stripping on mainly older consumers targeted by Lenders as ARIPs: those who own their home, no debt and no mortgage. The duty of the Regulators is specifically to report systemic issues to Treasury and the Parliament and now we are being warned by economists and researchers of a potential for catastrophic failure of the economy due to the criminal neglect witnessed firsthand by BFCSA Members.

Failure of the Major Banks to explain to Parliament, the number/percentage of sub-prime loans, sloshing around in the system, due to a wide spread lowering of lending standards in Australia. In 2012, the Bank Chiefs were at pains to suggest only 10% were in the mix. This statistic is false, as one of their own had admitted to media, five years before, that 60% was an accurate figure. The RMBS Packages are also of grave concern due to quite blatant regulatory failures to conduct truthful reviews on each of these systemic issues, whereby the Australian Government is in fact, profiting from these frauds.

Failure of Regulators to warn Parliament of the Service Calculator fraud as an internal instrument to alter income figures. Four years ago, I warned Parliament: *The Government cannot, ought not to profit from Fraud.* I warned of fraudulent incomes in hundreds of Loan Application Forms ("LAFs"). I warned of dangerous RMBS Tranches and the implications that LAFs had on those products as being key indicators of a much more sinister banking activity by 17 Lenders.

In 2014, I warned again of serviceability calculators being withheld from customers, yet used by the Lenders as a " compulsory tool" to fraudulently mask adverse income affordability and sustainability by Lenders. Sellers were forced to use this tool and produce "projected" incomes. Lender emails were sent from banks to sellers to warn that the Service Calculator Form ("SCF") MUST be attached to the LAF "or we will not process your deal."

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Failure of Regulators to advise Parliament when answering questions of these troublesome activities in the approval process and the identification of what was obviously seen as: *“standard industry practice.”* Both Regulators and Bank Chiefs continue to suggest there are no systemic issues, despite a mountain of evidence from 22 Inquiries suggest evidence to the contrary.

Failure of Regulators to acknowledge to Parliament, the fact that (55%) of all INTEREST ONLY mortgage loans are sold by Bank Managers and staff officers and the outcomes for consumers are identical: LOSS OF HOME.

Failure of Regulators to report to Treasury and Parliament the obvious entrapment techniques used in mortgage selling (American spin Paid for by the banks). Regulators have failed to identify cleverly engineered anti-customer tools, showing Lender ‘intention to deceive.’

These are sophisticated Control Frauds as explained by experts at L F Economics, Lindsay David and Philip Soos, who have spent 4 years gathering vital statistical data relating to economic forecasting and at the same time, examining specific hard evidence from the files of lender generated mortgage customers.

Failure of the Regulators to identify Banking CARTEL activity, by examine the evidence BFCSA Members have collectively gathered, demonstrating the Lenders were acting in unison as a Cartel, selling Ponzi Financing facilities.

Failure of Regulators to identify collusion between the Seventeen Lenders who are identified in our files as being responsible for an identical lending structure and process. 85% of these mortgages originated through the Big Four Major Banks.

Scandals and horrific losses suffered by ordinary hard working Mums and Dads - many elderly - are a key indicator of **a Control Fraud at work** in the community and must be properly examined by a **Royal Commission into the Australian Banking System.**

The Failure of the entire Australian Banking System, the interconnected Loan Mortgage Insurance scandals and the appallingly risky financial advice being thrown at consumers has been fodder for media outlets for several years. Our Regulators are being maligned daily and yet, the denials are still plentiful from a very untrustworthy industry.

Failure of the Regulator to identify and take pro-consumer action against PONZI businesses known as “Creating Wealth.” Consumers who are Australian Expats, Local Retirees, and those who attend numerous bank- funded creating wealth sessions in several countries including New Zealand, Shanghai, Hong Kong, London, Singapore are vulnerable to a loss of retirement funds that have taken retirees a lifetime to accumulate.

ADDITIONAL FAILURES OF THE REGULATORS to report to Federal Parliament:

Consumers who are Farmers and Small Business proprietors have also been treated in the same shabby way for over a decade by bonus and quota driven Lenders.

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Lenders devised and promoted hopelessly flawed financial strategies callously created to rob decent older persons of their own nest-eggs. These investment products based upon unworkable, unconscionable Financial Advice, have caused over \$200 billion of losses in MIS scams (past 15 years) and involve, Bankers, developers, accountants, lawyers and valuers connected to the Mortgage and Investment Scandals.

An estimated \$800 billion worth of unsustainable loans from a \$1.6 Trillion mortgage market are now under the spotlight thanks to revelations by Consumers.

Lenders have been keeping vital documents, demonstrating bad lending practices, hidden from consumers. Evidence to exaggerated valuations prove that major lenders consorted with developers and approving the systemic use of faulty valuations. These documents are not made available to customers. For example: the valuation documentation contains a remarkable standard notification warning clause from Valuers to Bankers that the *purchase price is considerably higher than the valuation.*

DEVELOPER AND BANK SCAMS: Most purchases of interstate property are set up to maximise whole of industry commissions and bonuses and then result in a **\$180,000 average loss for consumers.** Customers are not only excluded from vital facts to enable them to be fully informed of the fraud, they are encouraged by the Lenders to sign up for the risk laden financial strategy. They are told this is the *“best way to void stamp duty.”* These dangerous mortgage products are erroneously labelled as *“ideal for investment and retirement.”*

Federal Regulators have failed to demand Banks hand over significant documents for the consumers.

Quote: CBA CEO IAN NAREV 7th March to Parliamentary hearing, denies systemic issues.

Promoting the importance of a refusal to hand over basic client files full of information and then justification of labelling every document as *“commercially sensitive.”*

TERMS OF REFERENCE (b) : The IMPACT of ‘misconduct’ in the sector on victims as consumers of mortgage loan products with the approval of unaffordable, unsustainable, unverified mortgage loans.

Please see Page 15 for a bundle of individual Impact Statements as a sample, from some of the victims of mortgage fraud - all States in Australia. “Banks will do whatever they can and twist in new angles whenever it suits them – because they can. No-one is watching.”

In each instance, this BANKING CONTROL FRAUD has led to catastrophic financial loss for those employed on low incomes or on pensions, and in most cases, result in homelessness, where five years’ earlier, people owned their homes and were debt free.

Confidentiality Agreements are demanded from consumers by Banks on cases of unaffordable, unverified, unsustainable mortgage fraud. BFCSA (Inc) is at the coalface of the social impacts of long suffering mortgage loan customers.

Personal impacts on people generally aged 60 – 90, which we have recorded over the past few years: -

- Suicides, we are informed of on later date, by relatives
- Stress related illnesses, including heart attacks and stroke
- Bankruptcies and other legal challenges they face over long periods of time.
- Homelessness, or living in caravans and tents as a permanent dilemma.
- Inability to discuss with other members of family until the courage is there.
- Feelings of failure and embarrassment and even stupidity. Anger sets in when they realise they were set up by the Banking Sector.
- Pensions and Disability pensions with rental assistance, condemns older people to move away from family, familiar surroundings and support networks.
- Cheap rentals impossible to find.
- A few reported “living in cars” and become the forgotten collateral damage.
- Isolation of feeling utterly depressed and confused.
- Mental illness where the depression is then compounded into anger and other frustrations.
- Inability to travel to health clinics etc.
- Sheer embarrassment of financial loss of security to the point of telling no-one.
- Their inability to forget or forgive the Banking System which could then, as in the Great Depression, last the rest of their lifetime and spill on to future generations.

TERMS OF REFERENCE (c) : The IMPACT on OUTCOMES

- i. the impact on consumer outcomes of **executive and non-executive remuneration,**

Executive packages, approved by shareholders, and received by the CEO's of the Lenders, is indeed worrisome. The adage, you need to pay people well to attract top performance can work against the shareholders' interests, if the CEO is running a Ponzi financing product such as Low Doc Mortgage Loans. Shareholders do not understand the dynamics of the products and rarely have a grasp of the nature of those products. Annual Reports would never show the "mechanics" of manipulating of incomes to sell unsuitable products to consumers. Such products do repeatedly and seriously impact on consumer's financial well-being, yet enhance the incomes for shareholders and the executive and non-executive staff who are on the current commission based structure of rewarding sales in an aggressive manner.

The very fact that vulnerable older people are targeted as the idea "catch," to have the Lender and staff benefit from a Control Fraud is deplorable. Consumer Protection has been turned into a non-existent enforcement of law. These lowering of lending practices has created the melting pot of unaffordable loans whereby these frauds could fester, flourish and cause record "profits" for the lender driven promoters. As under-stated by CEO's in Bank Questioning sessions in Parliament: "we need to do better." The only solution is to bank such products. Had any other product been manufactured in Australia and found to be causing consumer stress to the degree it has, that product would have been removed from shelves the moment the risks were made known.

At the very least the product ought to have carried a clear warning: *"This product is unaffordable, could cause you to become homeless, could endanger your health and could ruin your financial well-being."*

(ii) incentive-based commission structures,

Consumers are facing financial ruin, health issues caused by stress, homelessness and a string of other consequences of being caught up in Ponzi financing scams. The IMPACT of such loans and horrendous losses, have caused victims to collectively speak out amid calls for a Royal Commission into the Banks and their Officers. Profiting from a cleverly engineered fraud, whereby the CEO is rewarded with an average \$10million per annum is the very reason why these frauds continued for so long. The commission structure and overseas incentives to keep these products rolling has created a bizarre winners and losers circle. The sellers earn the commissions but then face a year of two of "clawbacks in commissions."

The Banks know the actual life-span of the 30-year mortgage product is an intended 5 years, due to the packaging by the engineers. These loans are set to implode within 5 years. Both customers and sellers are not aware of this intention. However, over the past decade, our regulators have been privy to this information.

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Incentive-based commission structures, are only successful for the vendor, the seller and the buyer if the product delivers that which is presented and promised. And, providing the manufacturer - the Lenders - guarantee that product.

The CEO's ought to be forced to relinquish their bonuses, on the basis, they cannot profit from an intended fraud.

(iii) fee-for-no-service or recurring fee structures;

Considering each of these Banking Scandals, including tricky wording in hidden clauses in contracts, the failure of banks to hand over copy documents at the point of signing and pre-approval, endless complaints re hidden fees, clever "honey-moon" clauses, devious restructuring of fee clauses; revaluation scams, the only solution to repairing long term trust and confidence in the market place, is for the Nation to hold a Royal Commission into the Banking and Finance sector.

We are in urgent need of an oversight authority: a dedicated Federal Bureau of Consumer Protection to scrutinise any contracts/agreements developed by Bankers, prior to being released into the market. Consumers' financial protection and well-being is what drives our economy.

TERMS OF REFERENCE (d) : Culture and Chain of Responsibility

THE REGULATORY DOOM LOOP OF COMPLAINT MISHANDLING

Any BANK DRIVEN CONTROL FRAUD is utterly reliant upon explicit ownership and control of all complaint handling by the Industry as it did with the Solicitor's Mortgage Fraud in the nineties.

Computerised manipulation of data is paramount for Ponzi Financing to become 'the norm.' Without the sellers or data entry people discovering the fraudulent nature of the processing program, these frauds can go unnoticed for many years. Sellers, Bank staff, data clerks and borrowers, all rely explicitly upon TRUST, Confidence and Integrity in the banking system. Therefore, Banker's orders are carried out without question. Everything looks "normal."

However, to provide Consumer Protection in the interests of not only the consumers themselves, but in the interests of national security and economic good management, a competent and impartial trio of Regulators must be ever vigilant. The obvious place to start checking for evidence of a Control Fraud, is the rigorous overseeing of banking and financial institutions and any signs of 'creating wealth industries' at work.

The first key indicators of Fraud for regulators is the appearance of consumer support groups and approaches to the regulators by consumers in need of protection, after the fraud has occurred. The failure of our Regulators in Australia, has manifested itself in the use of 'flick' letters to suggest to consumers there is no assistance available except to approach the EDR systems, licensed by the regulators. If this a controlled DOOM LOOP system, Consumers are left bouncing like balls off walls, between banks, regulators, ombudsmen services, back to regulators and then back to banks which suggest in bullying fashion: "So take us to court." Eventually consumers become much angrier with good reason and some find courage and decide to air their views and experiences in the Media. Eventually they write to Parliamentarians.

There are five easily identifiable and preventable Regulatory Failures: -

- Failure of Regulators to identify and discuss the appalling misuse of the EDR Ombudsmen services with EDRs intentionally ignoring their own TOR limits on compensation of \$309,000, yet approve a standard industry practice \$20k - \$60k compensation for bank 'errors' in the banks favour.
- Fraud is NOT an error of judgement. Fraud/Forgery are criminal offences.
- Failure of Regulators to remedy the standard compensation for 5 years minimum stress, financial struggle as being a maximum pay-out of \$3000, which the EDRs cut down to \$1000 to be FAIR to the 'other party' - the Banks
- Failure to address the fact of most claims being greater than the EDR low limitations (\$500,000 in Losses) on offer.
- Failure of Regulators to address the inherent conflict of interest between Bankers, Insurers and Ombudsmen.

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I have on numerous occasions asked BFCSA members to send in letters of complaint to both Regulatory Authorities and the Federal Police. Regulators suggest they do not handle consumer complaints. Instead consumers are told to hire a lawyer which is simply not an option for those mired in debt.

Failing that, customers are advised to contact the EDR's. Should a case present as a valid claim for more than \$500,000 in losses, or potential loss, those customers are deprived of any complaint assessment.

Customers whose losses are less than \$500,000 (average \$300k) are referred by the regulator to FOS. I have warned Parliament on numerous occasions of the regulatory knowledge of appalling outcomes from the Ombudsmen Services and no avenue of review. Despite the \$309k cap on compensation, the standard EDR case managers acknowledge in most cases "Maladministration in Lending." A paltry offering of between \$20,000 - \$60,000 discount on the mortgage is suggested.

The average unaffordable, unverified, unsustainable \$450,000 loan is based upon a well-publicised bank CONTROL FRAUD. Consumers are either bullied into accepting the low-ball offer, or told to take unaffordable court action.

If consumers reluctantly accept the discount, the Bank CEO's insist on Confidentiality Deeds being signed and this morbid practice ensures an ideal silence. The Ombudsmen are duplicitous in this cover up process and cannot be classified as being independent. Sham investigations are carried out by seconded bank officers, instructed by bank lawyers who share the same files. The Consumers are trapped in the headlights as frightened bunnies.

Over the years, the regulators and have been fully briefed by me in face to face meetings, including with the ATO, and provided with hundreds of documented files on this Mortgage Fraud Model.

The failure of the Ombudsman services to act fairly in all cases of consumer complaints against lenders, who are their members. The EDRs only accept legal authorities relevant to bank interests and guided by the "seconded bank specialists." This system is loaded with bias evidenced weekly by the flawed Determinations which are consistently of the 'bottom of the harbour' variety in their unfairness. Legal Authorities successfully used by lawyers acting for consumers, are consistently ignored by Ombudsmen. We have collected many Ombudsmen Determinations over the years, to demonstrate the evidence of unfair treatment of serious cases presented by consumers.

These systems of complaint handing, constantly favouring the Banks, and are key indicators of a CONTROL FRAUD at work. Lenders who are subject of these complaints pay for the Ombudsmen system (approximately \$5000 per case.)

Failures in the system of complaint handling rendering all Consumers who have been churned through the Ombudsman system, bereft of any fair outcome. The actual file cases are the proof inequality and innocent people carry the scares of those horrific Failures until death. Customers are left extremely dissatisfied with the EDR system as evidenced on social media. The age group of those affected with bad loans are in a wide range of 50 - 90. Older persons are targeted and

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labelled by Banks in “seller” training sessions as being **ARIPs**: People who are living on pensions and yet, through sheer hard work, as parents, own their own home (only asset). Most those left aggrieved are aged between 65-75.

Regulators respond to such complaints thus: *“The matter is closed as The Ombudsman’s decision is final and therefor the case is now closed.”* The EDR system contains no review mechanism, as in fairness delivered by the court system as to the right to appeal to higher authority.

The complainant has no choice then, but to lock horns with the banks via the media and to raise issues with Parliamentarians.

My meetings with Ombudsmen have been pleasant but fruitless. They are using the arguments and judicial authorities that favour banks, instead of using those whereby the cases were properly defended and funded, whereby Judges verdicts (Appeal / High Court) favour the defendants – the customers. My objections to FOS ignoring the lead of the Courts has been met with: *“we do not agree with those Judgments.”*

FOS choses to ignored these landmark decisions and create Determinations in favour of their Lender benefactors.

Government has been failing to address these biases in complaint handling. In each instance this has led to catastrophic financial loss and in most cases homelessness, where five years’ earlier, people owned their homes and were debt free.

For this reason, we do refer to this cycle as: **The Regulatory DOOM LOOP.**

See Submission # 63 ‘White Collar crime Inquiry’ - L F Economics; Philip Soos and Lindsay David.

TERMS OF REFERENCE (e) : Availability and Inadequacy of Compensation

Reports from so many consumers, regarding their undesirable experiences with the EDR System of complaint handling. The rate of consumer dissatisfaction is compounded by the low ball offers of compensation on Determinations handed down.

The compensation limits are clearly defined as \$309,000. The average loss by ARIPs (older aged home owners who have no debt) is an average of \$220,000 after only five years. The resolutions handed down by CIO are none existent. FOS determine in most cases I have viewed, an average of \$20,000 to \$50,000 discount. Occasionally, there are higher awards but none meet the expectations of the consumers and all these decisions favour the Banks.

To compound the agony for consumer victims of fraud, FOS mostly find a case of Maladministration in Lending and admit there exists fraud and forgery in those files. But then the bullying starts with a threat of 30-day decision or we close the file. The decision must be to accept the low-ball offer which means they are doomed to lose their homes.

FOS suggest initially, they will place the consumer *“back in a position as if they had never met the Bank.”* This never happens. FOS continually uses a *“proportionate liability” assessment* with the Ombudsmen determining the customer is 75% responsible for their loss, and the banks’ merely 25% to blame. With fraud involved in the approval process of the loan inside the banks, this is preposterous and unfair. Banks then insist consumers sign *“confidentiality clauses.”* There is no independence as FOS use so called bank specialists who are employees of the banks ‘seconded’ to the investigation and privy to many bank documents not made available to the complainant. This process drags on for an average of 12-18 months and the Banks insist on landing higher interest and default fees onto to the victim’s loan account, whilst FOS spend time training new Case Managers. Some consumers find their debt as risen by over \$80,000 during this process. There is a high turnover rate and we understand why. Finally, consumers are left at the mercy of the Banks and no way out. They are stripped of every asset. The criminal aspects of these multiple cases are then covered up. The Bankers running these Control Frauds as described by Professor William K Black, are once again in control of the complaint handling and an essential element of the corrupted system.

We can be forgiven for calling this system a final *“Bank Stitch-Up.”* If the consumer sees no benefit at taking a \$20,000 reduction in a \$480,000 fraudulent mortgage, the case is immediately closed and the Bankers start serving writs.

The adequacy of the \$309,000 compensation would assist a high number of victims if properly awarded, but the EDR interference ensures the payouts are very low indeed. Yet there is an even bigger problem. Many of those who were enticed into borrowing \$500,000, then fall into default and if their own home has another say \$200k equity in a rising market, they are coerced into borrowing more funds to continue making repayments on the initial unaffordable loan. Within five years I have seen many loans balloon out to \$1 million to \$2 million very fast using refinancing tactics and buffer loans. Farmers are also caught in this cycle. They are being encouraged from the start to use DEBT TO PAY PAYMENTS. Banks use this trickery to hide UNAFFORDABILITY, UNSUSTAINABILITY and intentionally UNVERIFIED lending practices.

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Lenders can then control the loan to gather ever last drop of equity as the property market rises into a Bubble of their own creation.

I have seen Pensioners aged in their 60's, who started from the position of owning their own home and no debt (the ideal Bank Target as promoted to sellers by Banks) try to grapple the Banks with a massive \$1 million loan and still on a PENSION. Ordinary people who trusted their Bank Manager or bank staff and/or 45% who trusted their bank agents. Borrowers whose losses rise above \$500,000 are shut out from the EDR system and told to take the Bankers to court!!! There are elderly couples now homeless, despite an 8-year struggle and living in caravans.

We have viewed and collectively investigated over 2000 of these loans and patterns emerge to show alarming practices in the Banking Sector. It's a time-bomb situation and one that

These loans are no error or maladministration. They are cold calculated greed driven Control Frauds driven by those at the top of the sector. Bankers then in these Parliamentary Bank Inquiries blame mortgage brokers, yet do not tell the truth that 55% of all toxic lending is written by bank staff, and the process and deception is identical. We call them all Sellers. Few of the Sellers know exactly what the fraud is. They see pieces of peculiar practices by the Banks, but are never privy to view the entire JIGSAW.

Bankers were busy today In the House, demonising the sellers. They are also keen to demonise the customers. In fact, blame for a string of Banking Scandals, according to the CEO's of the BIG FOUR BANKS who control 85% of this mortgage market known as Low Docs, lay with the Customers. Americans may have fallen for such propaganda, but not Australians.

TERMS OF REFERENCE (f) : Social IMPACTS of Consumer Protection Failures

Consumers respect the fact Banks must make profits and pay shareholders. They are our largest employers. Yet consumers are angry that Banks have turned to Profiting from Fraud and leaving the customers with a national average \$200,000 debt per person, and often left homeless. What is even more galling for those suffering from bank fraud, is the knowledge that executives receive over-generous bonuses from those activities. For the sake of the National Economy, consumers should never be left vulnerable to predatory lending practices.

The Banking Codes of Practices have been used by banks and the EDRs to disadvantage consumer outcomes as evidenced in thousands of Determinations. What is of greater concern is the fact the EDRs suggest the broker is the agent of the borrower when the courts have ruled in favour of consumers that the “the opposite is true.”

The SOCIAL IMPACT of this modern-day theft of homes, is costly. Parliamentarians should be encouraged seek the actual fiscal data due to the wide spread nature of this Control Fraud.

These are some of the additional cost burdens: -

- (i) On Federal Government Centerlink Department for those retirees who have been scammed by investment fraud and are reduced to pensions.
- (ii) On Federal Government Centerlink Department for pensioners who have been scammed by mortgage fraud and are reduced to rental accommodation and forced to seek rental assistance:
- (iii) On State Government for pensioners who have been scammed by mortgage fraud and are left to add their name to overblown waiting lists for State Housing assistance due to homelessness.
- (iv) Impact on Retail Revenue – incomes flowing into the Bank coffers, servicing exorbitant and uncontrollable debt for life. Spending for these people reduces to basic food and rent. No longer retail clients. No longer travellers.
- (v) Impact on extended families in terms of inheritance.
- (vi) Impact upon Charity Groups as demand for assistance increases.
- (vii) Impact on construction due to empty homes and less buyers.
- (viii) On State Government for pensioners who have been scammed by mortgage fraud and are in fact homeless and requiring tents and caravans to house older persons as they are thrown out into street.
- (ix) On Federal and State Government Health Systems for pensioners who have been scammed by mortgage fraud and suffering depression, mental health and acute isolation. Some living rough in caves on the outer fringes of cities and towns. Nomadic existence hampers data collection.
- (x) On Federal and State Government for pensioners who have been scammed by mortgage fraud and have urgent need of Hospitalisation and special disability care due to serious and ongoing health issues, e.g.: strokes.
- (xi) COST OF SUICIDE. Funeral costs to extended family and State burden.

Federal Govt neglect of bank scandals has created a disturbing need for State and Federal Governments to now provide housing for those who just a few short years ago, owned their own home and had no debt.

TERMS OF REFERENCE (g): Options of Prioritisation of Consumer Protection

From an Economic perspective trashing Trust and Confidence in any market cannot be tolerated. At best, it appears that our Government has been doing just that when it comes to Sub Prime Lending. Consumer Support Groups only come into being when bad bank behaviour, throws out a need for one to exist. The regulator's prime duty and responsibility is threefold to take care of the oversight of: MARKETS, CONSUMER PROTECTION and the CORPORATE Sector.

If Markets fail – the economy is sent into depression

If Corporations fail – unemployment rises and another wave of poverty can be experienced.

If Consumer Protection is neglected, then Confidence and Trust is crushed and in turn, this mistrust as history shows occurred in the Great Depression, mistrust in the Banking Sector went on for 50 years and across two – three generations.

Without Consumers, Market sectors suffer varying degrees of economic downturn and,

With the collapse of the Corporate sector will produce catastrophic mayhem on employment and the economy.

The Failures to Protect Consumers, particularly regarding the neglect of the importance of customers' financial well-being, start with Scandals in any industry. Since the Banking Sector is currently affected by its own bad behaviour and criminal conduct, the entire nation is placed in a perilous position. The greed of the few Elitists, can bring down the nation to a sub-standard of living. We ought not to be surprised by these events as we have seen all this happen in 1929, 1983 and 2008. Each catastrophe impacted most on the poorest in the nation and each of the unworthy few "winners" bathed in fabulous wealth.

We built strong regulatory corporate cops to ensure it never happened again, but then our Parliament decided to water down all the tools designed to police the industry and Financial Advice and Bad Products and Services in the Banking Sector.

The first step to suggesting Consumer Protection is to ensure it exists! Despite, the duties which exist for regulators in protecting vulnerable citizens from predatory bankers, Consumers have consistently been treated by the Corporate Cop as being of LOW PRIORITY.

Regulatory neglect of Consumer's need for Protection and failure to police the Big Four Banks with strong due diligence, has created a perfect environment for sub-prime lending to fester long enough to cause mayhem in the financial markets. The ASX is also at risk.

By concentrating on only the Markets and the Corporate Sector, and neglecting Consumer Protection, the regulators fell into the trap of caught in a compromised position of extreme

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CONFLICT OF INTEREST. These Regulators now stand accused of corrupt practices, amid cries for a Royal Commission into Banking.

Consistent responses and hypocritical Reports of “seeing no evidence to suggest....” Coupled with denials of SYSTEMIC ISSUES, flies in the face of consumers believing any words uttered by the executives at the helm of our regulatory task force.

Evidence shows time and again in 22 Inquiries that we are fed up of contributing to that, this valid and consistent criticism for the past decade or more, has shown: -

For the past decade or more, Consumer Protection wasn't just placed 'last' on a priority list..... Consumers were never even placed on that LIST. The regulatory chiefs stand accused of lying to Parliament on the seriousness of systemic issues.

The only OPTION we must suggest which I first mentioned in 2001,

We are in urgent need of a dependable and trustworthy oversight authority: a dedicated Federal Bureau of Consumer Protection to scrutinise any contracts/agreements developed by Bankers, prior to being released into the market. Consumers' financial protection and well-being is what drives our economy and ought to be our Nation's number one priority.

TERMS OF REFERENCE (h): Any other Matters

Permitting the Ombudsmen's services to continue and leaving people with no choice but to contact the regulators and even the Federal Police as they have done in the past, is akin to throwing these older customers, back into the Lion's Den.

Lenders who engineered these products and have acted as a well-rehearsed Cartel, have managed to hide their own INTENTION TO DECEIVE. These activities and the evidence gathered are shown to be that of criminal conduct. Their concern for huge bonuses and salaries is at odds with their constant lack of concern for their customers.

We have had endless Inquiries and now is the time to give Consumers what they have been crying out for 15 years: A Royal Commission into the Banks.

Today's Quotes from the Bankers Inquiry: 7th March, 2017

Mr Hogan asked: *When did we as Bankers change from Customer's best Interests to FLOGGING A PRODUCT?*

Ms Carnell suggested: *Bankers treatment of Consumers and Small Businesses amounted to KICKING THE CAN DOWN THE ROAD*

Mr Thistlethwaite: *But you come up with ways to claim privilege and then says its transparent!*

RECOMMENDATIONS

LENDERS - Mortgage Loans

The LAF: Every customer be presented with the complete 11-page Loan Application Form at the point of signing, AND, an immediate COPY of the entire document be furnished to the customer.

The copy of the service calculator be sent by EMAIL to the customer within 24 hours of signing.

The complete valuation of the investment property be made available by the Lender to the customer within 24 hours of receiving the document.

Lender, prior to approval: to notify the customer of known RISKS in investment plans: of losing one's home.

Sellers forbidden to enter "rental income" on the LAF as a direction from the Regulator. Sellers to explain to borrowers the risks associated with buying investment in opposite states to where they live: including the risk of properties being sold at inflated prices of an average of \$180,000. They are paying a price that needs high inflation to achieve equilibrium in ten years. That customers are unable to 'do a drive past.' The risks of no tenants. The risk of inflated projections on expected rental returns. That if a developer company collapses, the rental "guarantees" cannot be honoured.

No approvals of 30 year \$500,000 loans to people aged 45 and over.

No loans to pensioners above say \$20,000.

Lenders to cease cross-collateralisation of investment properties with customer's own home.

Lenders to cease funding "Creating Wealth Seminars" and Spruiker businesses.

CEO'S to cease receiving bonuses on sale of mortgage lending products.

We are in urgent need of a dependable and trustworthy oversight authority: a dedicated Federal Bureau of Consumer Protection to scrutinise any contracts/agreements developed by Bankers, prior to being released into the market. Consumers' financial protection and well-being is what drives our economy and ought to be our Nation's number one priority.

CONCLUSION

We are in urgent need of an oversight authority: a dedicated Federal Bureau of Consumer Protection to scrutinise any contracts/agreements developed by Bankers, prior to being released into the market. Consumers' financial protection and well-being is what drives our economy.

As it is now painfully obvious to Consumers and those who work at the coal-face of these bank scandals, that Consumer Protection has been non-existent in Australia. **Without enforcement of law we have anarchy.** The first step to suggesting Consumer Protection is to ensure it exists!

Compelling evidence of banking Cartel activity has been ignored. There has been a paucity of thorough investigations by regulators into these scandals. Instead we have witnessed a constant stream of denials of "systemic issues." Self-regulation of banks has caused massive losses across the globe.

The Mechanics of the Control Fraud ought to have been reported to Treasury, as a matter of public importance.

There has been an obvious lack of enforcement of law against Lenders. The recent case is merely an obvious regulatory smoke screen and a disgraceful attempt to have Banks stay in control once again, and bury the other 2 million cases.

Consumer Protection must not simply be "in name only" and of no substance, relevance and void of any priority. To protect the Nation, its economy and everyone who lives and works here in Australia, Consumer Protection ought to be of paramount consideration. Without placing this value of in priority position, we have effectively placed our markets in jeopardy.

To ensure those who intentionally manufacture dangerous goods intent on causing maximum damage, are brought to Trial and Punished, we all need to acknowledge there are massive problems in our Banking and Finance Industries.

Annexure A

EVIDENCE:

Victims files – *over 2000 cases containing fraud.*

Missing Documents and refusal by Banks to hand over copies of their complete file, suggesting fraud and aided by a cover up marked **'commercially sensitive.'**

Lending Practices by Major Banks - *Unaffordable Unsustainable and Unverified ROBO Approval of all Mortgage Loans – Tick A Box data entry process, evidenced by the internal digitalised 'Application Tracker.'*

Sub Prime Loans Interest Only – *clients unaware that loan is Interest Only.*

Loan Application Form – *only three pages presented to customer, not 11 pages.*

Bankers ensure confusion **that borrowers sign to suggest a falsehood: "we have read and fully understood everything."** **Only three ages require signature.**

No Copies of 11 page LAF provided *on signing – not even the signed three pages.*

No Risks explained – *as to the fact that subprime mortgage loans can never ever be paid off. Borrowers are only sold "Benefits of Strategy."*

Application Tracker – *Data Entry operators use Gross Income – futuristic – also highly inflated Valuations manipulated by bank loan processing computer system. Operators have no idea this is a fraudulent manipulation of income. Bank Computer marks the loan as starting at REJECTED and data entered after submitted eventually massages the data to become the APPROVAL.*

Serviceability Calculator – *Projected Incomes manufactured by Bank Computer*

Pay Slips – *manipulation into the system*

No Phone Calls - *made to employers for verification of income or job security*

No Restriction of Age – **Sellers told to sign up everyone they can for "approval"**

Parental Guarantees encouraged: obvious **"no benefit"** /high risk to older Parents.

Unconscionable Contracts: *honeymoon clauses and other alarming clauses.*

Statements of Financial Advice: *manipulated*

No Face to Face Meetings with Bank – *lending requirements ignored.*

Sellers explain the system as they see it - and are unaware of the Fraud.

Collusion not possible between Sellers – *exceptions on rare occasions.*

Bank Cartel Members - *Collusion is evident as all follow same processes and deceptions*

Customers experience the identical fraud and theft of homes on a grand scale – enough to cause calls for a Royal Commission into Banking Scandals in many areas of products and services.

Annexure B

TERMS OF REFERENCE (b) : The IMPACT of 'misconduct' in the sector on victims as consumers of mortgage loan products with the approval of unaffordable, unsustainable, unverified mortgage loans.

CONSUMER IMPACT STATEMENTS

From BFCSA Members - all States in Australia.

ANDREW

"Westpac's misconduct has been the root cause of my deteriorating health over a long period. I was even driven to the point of feeling "there's no way out", which led to a subsequent suicide attempt. I was young and naïve at the time, and they lent me money they knew I wouldn't be able to pay back. So, I've essentially been a slave to the bank since, paying \$1000 in interest only each month, just to stop them from taking my mum's house. I've already paid back more than I borrowed, but their threatening, inhumane and cruel treatment of me essentially broke my spirit and has contributed significantly to destroying any hope of a normal family life for me, now that I'm into my early 40's."

TRICIA

CBA approved a loan application for \$334,000 requested by my husband just 2 days after I filed for divorce. My signature(s) were fraudulently written and as the so called 'guarantor', none of the usual application checks, balances, communications and protocols were afforded by the CBA. I was unaware of the loan's existence until one year later. I was landed with an unaffordable mortgage debt. I've lost my family home, my financial future and I now live with my 3 children in a small rental house. I am ruined and the bank blamed "the letterbox". My signature was on file and never verified. It was an inside job.

EDWARD

I was a manager for a NAB. NAB stole my commissions and then suggested they 'help' me with an asset loan against my home, unaffordable and knowing my full financials. I complained to FOS re their behaviour. FOS said yes, it was maladministration by NAB but then apportioned 70% against me. There is no justice. These banks are robbers.

GLENYS

My disaster started with STORM Financial in 2006. At that stage in my life I owned my own house, debt free, a car, and had \$30,000 in the Bank. I was told in financial strategy to invest my money for my Retirement. It was suggested I borrow to invest nearly the full value of my house at \$370k. I only wanted to invest the \$30,000 but they said "that is not the way we do things here." It was then suggested I try getting ahead with an investment (and mortgage) of \$180k. My advisor said there were safety measures in place and talked me into a total borrowing of \$228,000 just as Storm collapsed. I had to fight and

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join groups to achieve \$90k back over the next 6 years of extreme stress. It has all taken its toll on me and I wish I had never met Macquarie Bank who approved these loans and paid commissions to its agencies and advisors. My income was \$52,000 and I was paying \$25,000 per annum in interest. To me this is predatory lending and must be stopped. Without the approval of the loan, my life would have been so much different.

RAFFAELE

This is Criminal. My Mother and Father banked CBA since arriving to Australia. They are not English speaking and require interpreters for health and legal understanding. My brother approached CBA re his debt for CBA equipment finance. CBA created the debt using my parents pensions to reduce the debt. These funds were not for their benefit. CBA should have protected the financial well-being of their loyal pensioner customers and not approve loans to family members to reduce their own liability. CBA should be held to account.

PETER

My experience with bank fraud has left me with nothing, this dark lonely world that has replaced my life that had a future of marriage family and happiness and laughter is gone... the effects are cliché but none the less real. My future may not be long but it is filled with anger, disappointment, sadness and a constant struggle to continue. Banks will do whatever they can and twist in new angles whenever it suits them – because they can. No-one is watching.

SHARON

The impact of this has been life changing for me and my family. I am selling my house and without the help of my family, I would never have survived this ordeal. I can never trust banks again. Bank withheld valuation as they knew the loan should not go through. I have email stating not to tell buyers. Perpetuals have known all along that loan was unaffordable. I have spent 7 years trying to be heard. The broker has been struck off from ASIC, 6 years after I started alerting them to this. I have found other victims of the same people. Bank just approved any paper that came in. ASIC has failed everyone.

ROSHI

My parents were subject to LAF fraud, with numbers scribbled out and rewritten after the document was signed. FOS determination was ANZ GUILTY of irresponsible lending on a line of credit for small business secured by family home. Fees and Charges deteriorated the loan and not withdrawals! However, FOS still only applied 40% liability to ANZ. My parents were left with repaying 60% of a loan they did not take out and had to sell their home. How could my parents be responsible for this? The bank approved the loan knowing the problems. They are now pensioners and have nowhere to live as they cannot afford high rents. ANZ's fraudulent conduct and irresponsible lending have left them homeless.

LORRAINE

I am a sixty-eight-year-old woman who lost her home because of the ANZ banks' lending practices. My neighbour also lost her home. ANZ are breaking up communities. I was on a disability pension at the time and declared this pension as my only income. Two years later I discovered that my income had

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been credited with a further \$55,000 income which was false. I believe one signature is forged. I lost my home when I could no longer make the payments which I was paying out of the money I had borrowed. Since the loss of my home I have been in and out of psychiatric hospitals suffering from depression, undergoing drug and ECT treatment. One of the major causes of this ongoing and debilitating illness, as well as a suicide attempt is my realistic fear of homelessness.

ROBERT

My wife and I are disabled and in our mid to late 60's. We want to go to jail. We saw on TV the other night where the prisons have a clean room, desk, computer, TV, Cable movies, new gym, beautiful menu. We are decent people, the victims of bank fraud and FOS deception. Criminals are treated 5 times better than us, we would rather be there, than be bullied by BOQ anymore.

FOS found BOQ was guilty of maladministration and irresponsible lending. Therefore, we WON or so we thought. FOS said we would get back all the interest we had paid the bank. FOS let the clients think they have won and favour the bank. The only way to remedy and crack this nut is the large hammer of a Royal Commission.

I want to go to jail; My wife is in tears again because of the bully tactics applied by BOQ. BOQ have locked our account, we cannot access it or even view it, and we cannot get a statement. This is a criminal act. We cannot even view our account. Its locked. They are gouging a large payment each month. They are Thieves. This action is contradictory to FOS's Determination. BOQ talked us into a new contract and now the old contract is invalid. So how can BOQ steal moneys from this account? BOQ are applying their bully tactics again. No one will listen BOQ are the nastiest Bank in Australia. If anyone can help us get our GO TO JAIL CARD please let us know what to do. In saying that we do not intend to hurt anyone. I think it would be more cost effective for the Government to just put us in jail, let us die in there, then let Bank of Queensland have our home.

KERRY

It all sounds very familiar. Forged signatures on fake mortgage rego, transfer of title paper, no account summaries, loan initiated 61 days in default, tried on the foreclosure. And LMI where not necessary, drive by a real estate agent valuations, they just pretend to know nothing. The bank even goes so far as to deny I have a loan repayment bank account with them. the credit managers are just jumped up debt collectors and not worth mentioning. FOS, COI, etc work for banks. Not us.

SIMON

Bendigo-Adelaide Bank made a loan approved based on forged information that was added to Loan Application without my knowledge; LA was prepared by brokers who were authorised by BA bank to verify all details on the Loan Application to enable BA bank to approve the loan. My inability to complete repayment of this loan led to having to sell my house and move into rented premises. My marriage collapsed soon afterwards as a loss of more than \$600,000 dollars impacted fatally on our marriage; deep depression followed needing psychiatric help from Canterbury Hospital mental health services and other, still ongoing consequences of this trauma, continuing into my retirement years. I am sustaining myself with hopes that BFCSA efforts to bring the banks to justice will succeed and will provide some closure.

ADRIAN AND DENISE

Since refinancing our loan with Community First Credit Union in 2003, our lives have never been the same. Adrian is now 63 years old and is working extremely long hours to make payments on our mortgages. We have zero quality of life, and have suffered many many years of heartache and stress, including a breakdown of our marriage. We have had to apply for financial hardship with Community First Credit Union over the years and we struggle every week to make ends meet. Our lives have been destroyed because of the bank approving a loan that we were never able to service. It was never sustainable and the bank knew that.

MICK and KAYE

Westpac approved a 30-year interest-only loan to a 65 year old couple 5 years ago. Westpac conned us by deliberately withholding the full valuation report and fudged all figures to make the loan 'fit'. Westpac ignored their own code of conduct and responsible lending laws in approving this loan without any thought of our wellbeing and how we would manage the repayments once the loan became a Principal and Interest loan within five years. The loan was unaffordable and unsustainable from Day 1. Their intention was very clear right from the start, and that was to steal our own home, along with thousands of others. Westpac have profited from this fraud with intent to deceive and they deserve punishment.

The impact of what Westpac has done to us, as long-term 20 year loyal customers, has been life changing. After 5 years of unimaginable stress, we have gone from being a happy, secure, fun-loving couple, who people loved to be around, to a couple who don't even recognise each other. The former Mick and Kaye Downer don't exist anymore. Our life these days has been built on stress and anxiety, fraught with stress related illnesses, including a suicide attempt, and a marriage hanging on by a thread. We will never get those five years, our relationship as it was, or our health back. Westpac, through their greed, is responsible for ruining our former life, and for that we will never forgive them!

PAUL

The impact of predatory lending on me personally.

NAB and ANZ forged my income statements and lent me far more money than I could repay. I had always repaid my debts and had almost never been late with any payment commitment. The personal impact on me was:

When I found myself unable to make the repayments, I worked doubly hard to try to rectify the situation I was very stressed and very frightened because I could not make my repayments. I eventually became seriously ill with repeated bouts of pneumonia.

I borrowed \$200,000 from my mother who is elderly, trying to gain more time to rectify the situation. This affected my mother who was struggling financially also because of this scandal. Now, NAB and ANZ are in the process of trying to liquidate all my assets and presumably want to bankrupt me.

The Banks encourage everyone to take out more debt to pay payments and 'keep afloat,' but it's a lost cause. There is continuous stress as I try to get justice from a corrupt Financial Ombudsman and I have had to go to the media. I am way outside my comfort zone. I have had to develop new strategies to get

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justice utilising social media and protesting outside banks etc. I am living in poverty, still having to borrow money. It has seriously affected my personal life, friendships and family. Once caught in this bank web, there is no way out.

MARY AND ANTHONY

The fraudulent activities of the NAB and its agents has been exposed as pure asset-stripping of assets. We have lost over \$2M or thereabouts from our portfolio. This has impacted us to the detriment of our financial well-being as the NAB cross-collateralized our portfolio. Properties had been irresponsibly doubled in Valuations - all approved and encouraged by NAB. By their combined behavior between bank and agent, we have become almost destitute. We have had to relocate from our home that was completed for our retirement. Plus we have had to sell our tour business and return to Darwin. The NAB enforced mortgagee sales on both our properties and went under sale for almost peppercorn amounts. The fraudulent valuations were the lynch pin to the demise of our portfolio. We now realised, this was all standard industry practice.

In conclusion, NAB aided by FOS, offered \$25,000 for their fraudulent ways. There is no consumer protection, only lies and cover-ups. Our combined health has been severely impacted. Tony now has been suffering cancer for over 12 months and his health has dramatically declined.

IVAN

In 2008 my partner and I signed up for a line of credit with Commonwealth bank. It has turned out to be the worst possible advice. CBA was simply after our equity. The CBA agent suggested a \$500,000 loan on property. Before I knew it, we had a loan for \$848,000 including \$9300 for the useless Mortgage Insurance. CBA wanted us to reduce equity to less than 20%. We now know why they did this! The bank approved the loan, not the agent. Thanks to CBA the advice we relied upon was rubbish. Our losses are now approaching \$300,000 and like so many others we keep asking ourselves.....how did we get here?

We all speak of the level of stress dealing with many Bank induced difficulties including by now a physical breakdown that required my hospitalization in the spinal unit of Royal North Shore hospital and 12months of rehabilitation. By now my partner of 30 years was clinically depressed on medication and losing all hope. BANK DEBT is a killer and the pain is worse than any health issue. Our children in their early, mid and late 20s with their own families. They did not know the reason for us having to repurchase our home of 25 years and later didn't realize the breakdown of their parent's relationship. In 2013 we vacated the property. CBA found a further way to add to the DEBT another \$60,000. These Bankers are thieves. They cause the pain and are experts at turning the knife!!!! Kick a bloke when he is down! \$15000 for legal representation gets you nowhere up against these BIG BANKS. Our credit cards were maxed out.

Last year we contacted BFCSA and through their instructions, we found fraud everywhere. All of this was found after I collected the complete LAF (Loan Application Form) from the Commonwealth bank all 104 pages. Not just the 4 pages I signed on the application. I could not believe what I was seeing. Rotten thieves.

I've been homeless ever since. I'm stronger and working a bit though I am still estranged from my family and that hurts. I'm not alone in all this pain. Many others have been treated poorly with unaffordable

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loans and this systemic fraud cannot continue. We need a Royal Commission urgently. The toll on humanity around the world from bankers' maladministration, forgery, collusion. A systemic pox and land grab, pilfering the community. I'm tired, angry and sad, but I'm not dead!

PETER and ANNE

The impact of Bank Fraud on our lives as a consequence of Bank Products since 2008 has been devastating. Retiring in late 2007 aged 69 and 62 we were not employed, had no superannuation, a part age pension plus some cash savings to live on. We were Asset Rich and Income Poor.

CBA approved 4 Low Doc Loans of \$1.06m, over our home and assets. CBA suggested we use all our equity to 'get ahead'. Term of 25 years and Interest Only. These loans were UNAFFORDABLE, UNVERIFIED AND UNSUSTAINABLE and all were based on over 30 False entries on the Loan Applications completed by persons unknown to us. These included False income of \$154,000 pa, False assets including real estate and a business we did not own, and so much more. We only signed three pages and did not discover the file ad fraud until three years later.

Despite our numerous complaints to the Financial Ombudsman Service [FOS] with proof and evidence in our 2007/08, 08/09 Tax Returns that showed we had retired, were not employed and had NIL income, FOS REPEATEDLY FOUND IN FAVOUR OF CBA, and we quote: -" We found CBA acted responsibly when it advanced the loans and we also found that you appeared to have sufficient income to service the loans."

This is false. There is no right to Appeal under FOS Terms of Reference.

We now survive at age 79 and 72 on Age Pension in our caravan, having lost our home and other property under extreme duress to CBA. This is no way to treat decent hard working people which we would have described ourselves as being. The stress has been unbelievable.

CARLENE

I am 69 years of age with a 30-year loan hanging over my head approved by the ANZ bank, which was not affordable the day it was approved. Nor is it sustainable. I am in grave fear of losing my once freehold home as I cannot keep paying a huge mortgage for an investment property which I was talked into buying. In December, this awful loan becomes a P&I loan and I will never be able to make repayments. These loans need to be abolished. I cannot understand how we have been pounced upon by predatory lenders. ANZ was simply out to steal the equity in my home.

SAMUEL

Clear instructions given verbally and in writing to the NAB were ignored and resulted in a substantial financial loss. NAB refused to take responsibility, provide relevant information requested and address any issue of restitution. Eventually following a request by the Banking Ombudsmen, information said to be not available was miraculously provided. A complaint to the Legal Commissioner concerning alleged lying by Senior Counsel of the Bank resulted in an immediate apology and a subsequent offer of 1 and then 2% of the loss incurred. Despite repeated correspondence with the Bank, including its CEO, no response was received. That was followed by eventual denial by Senior Officers of the Bank of even receiving the relevant instructions. Intervention by the CEO of the Australian Banking Association

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resulted in a further review with admission of fault but with an offer of an insulting 20% with interest of the loss sustained. Despite indicating that that “Decision” would need to stand up to scrutiny, such scrutiny has been steadfastly refused with this longstanding issue still unresolved. If the fault is the Bank’s and finally they wish to settle, why should we be intimidated into accepting 20%? I would have thought fairness would be more like 60%. We are still in conference.

MARIANNE

I lost everything I owned in 2010 as a result of bad ending practices by Bank of Queensland. I lost over 1.3 mil due to this process of an asset grab, 2 houses, all my superannuation, all my savings, which were substantial, and because the houses were cross-collateralised, cross-securitised, something I did not even understand at the time, I could not save my accommodation or home for my family, and being a single parent this was utterly devastating.

Being under such duress, is bad enough but my health deteriorated leading to two operations and then lack of work. So many issues arose due to the pressure put on me financially by Bank of Queensland. It is BOQ’s approval of the loans in the first place that caused my financial ruin. I guess advice is given due to the commissions earned by Bankers along the way. I was unaware that falsified documents were created without my knowledge or consent. Now I understand, that’s how the loans got through to approval. I found this out years later and I thought I had got there on my own merits, but during what transgressed I discovered these LAF’s and saw fraudulent income altering from approx \$60,000 per year to \$300,000 then \$350,000 per year.

The whole process of having to go through so much stress is too much to describe. After having 68% equity in my properties. I am broke and finally was evicted to the streets. I was homeless for over 3 months and have been in four accommodations since. I am a 63-year-old woman, with no hope of financial recovery, (unless compensation is addressed) after having lost my business, lost my career, my superannuation, and now have no hope of surviving ‘retirement.’ And still I wonder where I will be living in another 6 months or twelve months.

My life has always been unstable since this, and I am having to pay storage for my possessions which means I can hardly live financially, due to nowhere to put them. I also now, due to long term health and heart conditions created by BOQ have been able to obtain or maintain work since and my life in a terrible stage of instability on a daily basis causing total disorganisation of life. It has affected my mind, persona, and mental state and of course my family relationships, leaving me terribly alone in life. I do not live a life, I exist. I have been treated by doctors ever since for depression, something that was never part of my former life. I have contemplated suicide several times since there is no hope for my future.

LINDIE

In my situation, Bankwest and its agent worked tightly together setting up our business loans and they were so tight, they all had agreed to change our loan package to suit themselves, while failing to advise us of these changes at any stage. The collusion resulted in a total and complete stitch-up of theft of equity monies in addition to the loans extended. Significant flaws were only exposed during the second round of head-banging with the incompetent personnel that make up FOS. The stitch-up had been so complete and ensured we failed as we had been set up to do so. This unconscionable conduct resulted in a complete and total family breakdown. Not just in the immediate family, but permeating out to the

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extended family, thereby destroying any of the normal safety net most people rely upon when times become difficult.

After having to deal with every tier of government for a multitude of reasons, I now have no faith whatsoever that any government agency or politician has either the backbone nor will to address the most obvious fraud that has been permitted and allowed, to not only occur, but to become commonplace in Australia. The regulators et al, are ALL asleep at the wheel! These banks need to be dealt with and out through the same hell we have been through.

WAEL

Due to BAD FINANCIAL ADVICE, direct from inside the bank. We ended being sucked into 10 years at a fixed rate of 7.25% while the rate was 3.5%. When I went into arrears the bank repossessed my family Home even though I had enough equity to cover the arrears. They refused to refinance at a better rate. They charged me approximately \$250,000. They sold the home eventually after keeping it vacant for 5 months. We suffered great stress. Eventually, they repaid me \$80,000. My family endured huge emotional trauma. My son suffered from Alopecia. We all suffered physical and financial losses.

DALE

As we see from our case alone there is a tangled web of deception in place between many players and the totally unprotected, unsuspecting punter has little chance of justice, honesty or consumer protection. During my time in the early days of seeking answers we thought the blame fell on to the broker but it is obvious to all of us, the broker did not approve our loan. The Bank approved this loan when it ought to have been rejected. Our efforts to then try and to get advice regarding the obvious Fraud we had been entrapped by and had by now discovered, I made many calls to ASIC they continually stated that our situation was not their problem go and seek legal advice. Due to the debt levels, we could not seek legal advice as that require money and we have none left. We started from a position where we had no debt!

Due to the sneaky approval method, the loans are sold and approved, we have been bled dry by a corrupt Banking System that has not only left us in debt, left us insecure and vulnerable to an investment loan that we now know should not have been approved but has taken all our life savings. We are now having conversations with our extended family to never ever trust the Banks. They are robbers.

The impact of these bank driven Mortgage Scandals on me and my family has been an enormous and prolonged agony. Shame on any Bank and worse shame on a disgusting system that fails consumer protection from lending predators that are nothing short of an asset stripping Cartel. Bankers have a mindset of taking assets from hard working people then accumulate their own personal wealth from OUR toil and sacrifice only to become fodder for Banking CEOs.

These silver-tongued executives continue to hover like vultures over their next victim to add to their vile excessive bonuses. These Bankers have thrown their own industry into the rubbish bin.

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I am still a near blind man, but I see so very much clearer now than I did when I entered that toxic mortgage for an investment to be my future lifeline. I see a Government who pushed us toward supporting ourselves in old age or disability who supported that was best for us as customers, yet was backed by obscene bonuses and commissions to specifically then TARGET US. The quotas and incentives programs, ensured we would be entrapped with these loans.

I now realise I am far from alone. There are thousands of us that have been financially assaulted and battered by these Banks. The Banking System as a self-regulated Institution, then took away the very life line for the targeted victims of these Frauds and Ponzi financial products in a watered-down Consumer Protection Department. Banking Mortgage standards have dropped alarmingly over the past decade, the regulation has become imbalanced in favour of a massive Banking, Finance and Insurance Conglomeration that has been allowed to write its own rules unchallenged for nearly thirty years.

Solid Laws and Regulations must be reinstated and the affected customers be returned to the positions they should rightly have been in if they had not met these companies. The highlight must be a proper enforcement of law and not the cherry-picking that the regulators go on with, telling us all to move on.

We need a "wide terms of reference" Royal Commission to expose and make inroads to repair the toxicity that has been allowed to fester in the financial Industries for far too long, it will not bring back sadly some of the victims that just could not face the stress of the fight and the indignity of being left to feel like fools for falling for these bank scams. We know now these products were no matter of chance failing, but a very well structured well planned systemic attack on innocent and trusting consumers with banks intentions aimed squarely at a specific ARIP target market.

I hope this will in some way help anyone reading my summation a small insight into the effects of being a victim of a criminally greed driven grab of assets and where it leaves you financially and mentally worse off and where the extended family also shares in that pain. These are criminal practices and Parliament must respond.

It is not a good place to be. When as a loving family, we see the perpetrators receiving \$10 million per year for creating this misery and denying the need for a Royal Commission, we feel we all have a responsibility and duty to speak out.

Annexure C: Recent 2016 Model

Currently, I am dealing with complaints against Australian Major Banks re toxic mortgage loans, written during 2013-2016 . The data collected, show patterns of bad bank behaviour on several levels and have been consistently reported to Parliamentarians.

Recent Examples: Callers who signed up for unaffordable 2016 loans and then rang us within 1-2 months of signing up. Ie recent approvals – both toxic and both with Major Lenders.

Case 1: To purchase a house and land pack in QLD – Major Lender – couple spruiked, unaffordable Loan approved – now settled. Lender has since withdrawn finance.

Case 2: To purchase a 2nd existing established home from R/E Agent – Major Lender – couple spruiked – unaffordable loan approved. Lender has since withdrawn finance. Unaffordable Loan.

The same processing of loan applications and approvals of unverified, unaffordable, unsustainable mortgages are evident. I have spoken to three sellers not known to each other to confirm latest “processing requirements.”

Recent loan documentation is still handwritten. Yet we are now seeing, the same fraud via computerised Loan Application Forms.

ACRONYMS:

“No Government wanted to keep stats; for no Government wants to admit....” Member.

ABA	Australian Bankers’ Association
ACCC	Australian Competition and Consumer Commission
AOFM	Australian Office of Financial Management
APRA	Australian Prudential Regulation Authority
ARIP	Asset Rich and Income Poor
ASIC	Australian Securities and Investments Commission
BDM	Business Development Manager (bank officers)
BFCSA	Banking and Finance Consumers Support Association (Inc) www.bfcsa.com.au
CIO	Credit and Investments Ombudsman Limited
EDR	External Dispute Resolution
FOS	Financial Ombudsman Service Limited
IOSCO	International Organisation of Security Chiefs www.iosco.org
LAFs	Loan Application Forms
LOC’s	Line of Credit
RBA	Reserve Bank of Australia
RMBS	Residential Backed Mortgage Securities
SEC	Securities and Investment Commission (USA)