

Senate inquiry into Banking:

I submit the following, as well as my Statement and a 14 page letter dated 2nd May 2012 from The Financial Ombudsman (under separate cover).

The Commonwealth Bank, which makes a profit of \$7 BILLION per year, (YES! BILLION!), which is AFTER obscene amounts of money have been paid to Ralph Norris, Ian Narev, all the Board Members, all the Bank Executives and the expenses and office accommodation and all these, and staff wages & costs, then the Bank forces little old pensioners like me to sell their family home, over which the Bank has a Mortgage, and which the Bank is trying to force me to sell because of **the bank's entrapment, and deceptive, misleading, unconscionable, unethical and immoral conduct and maladministration in lending**. The Real Estate Market is presently kept afloat mainly by sales which are "forced" by the banks.

The bank's practices of encouraging low documentation loans are "entrapment", should not be allowed/should never have been allowed.

Commonwealth Bank's shares are presently worth TWICE the value of any other Australian Bank's shares.

Commonwealth Bank advertises:

"To the next 100 years of helping self-starters. Small business owners have done great things for Australia and Commonwealth Bank has supported entrepreneurs since we first opened our doors in 1912. It's a tradition we look forward to continuing for years to come. Create the future of banking at ideas.commbank.com.au"

This is false advertising. This bank is NOT there for anything other than "itself", and the Executives. Just look at the salaries the Executives receive, and just look at the money this Bank spends on advertising!!!! Then look at how they sell up the homes of ordinary Australians!!!.

Signed: *Michele Fay*

Date: 31st May 2012

STATEMENT BY MICHELE FAY
-v-
COMMONWEALTH BANK OF AUSTRALIA

CBA Bank Financial and Lending advisors (9 in all) were:
 , Coolangatta Branch
 , Financial and Lending Officer, Tweed Heads.
 , Financial & Lending Officer, Coolangatta Branch
 , Coolangatta Branch
 , South Tweed Heads Branch, Financial and
Lending Officer, who would often call in to see me - I now
realise this was usually when my loan funds were running out!
Female Manager at Coolangatta Branch
Female Manager at Southport Branch
 , Coolangatta Branch.
There were others from time to time and some call centre
people as well, (all unknown).

**All the above-named people, as bank employees - and the
Commonwealth Bank itself - should be named and shamed!**

In 2003 I was dealing with , Tweed Heads Branch of
Commonwealth Bank, on a "normal housing type loan". I applied
for a loan of \$60,000.00, based on my income, which was a
Centrelink benefit, and my home security (unencumbered at that
time!!), That loan was approved so I could buy a car, to be
able to try to get a job, & to get to a job, and to fix the
leaking bathrooms in my 25 year old home. I then lived, as I
do now, in my home in a small Village. A car is an absolute
necessity to get from my home to any job, or even to
Woolworths/Coles/shops/shopping centres/doctors/dentists. .

Because of my age, my residential location, my times out of
the work-force, firstly as a single mother with two children,
then as a daughter/part time carer of a widowed mother with
dementia, as well as the situation with the world & local
economy at that time, I was not able to get a job.

In 2004, it appeared to me that the only way to make a living
and supplement my Centrelink benefit was to work for myself.
As a Licensed Real Estate Agent, I then took a 5 year lease on
a small, inexpensive shop/office, and for some very short time
I made a meagre living which, with my Centrelink benefit,
allowed me to barely survive financially. Then, contrary to
the initial advice from Centrelink, my Centrelink benefit was
cancelled, as Centrelink ruled that as I was working, I was
not eligible for that benefit.

That loss of income, combined with the previous loan money
from the Bank which had supported me initially, and was
running out, gave me more financial difficulties, and caused
me to contact the Bank again. I explained that I was not
making money, and was in financial difficulties. The Bank's
response and advice was to increase my borrowings. I again
said I was not making money, and had neither the income nor

tax figures to support any repayments. At this stage, in approximately 2004 (I think) I dealt with _____, and some others, mainly at Coolangatta Branch. **My financial difficulties & problems began in approximately 2003/2004. I approached the Bank staff, whose answer was "you have assets - we advise you to - and we will - re-write the loan". I now know this is called asset lending and entrapment!!**

The next episode in this sad, sorry, saga was in approximately 2004/2005 when I again consulted with the Bank about my low income and my inability to make repayments on the existing loan. To meet the shortfall and make repayments, more borrowings were advised, recommended & organised by the Bank.

About this time I was approached by _____, South Tweed Heads Branch, who came to my office and who advised on, recommended and re-organised my loans. I recall her saying that as I had a very low income, but had an ABN; the best thing for me was to do a low-doc loan. I had never heard of this type of loan before. I now know the securities were "changed around", and my family home of then 25 years (now 30 years), was called "investment property" and the bush block/horse paddock which I had purchased in 1996 was called "home loan". It appears to me now that this should not have been done. **The Bank's treatment of my affairs and finances and its advice to me and its lending practices were entrapment, deceptive and misleading, unconscionable, unethical, unprofessional, untrustworthy and immoral.**

I recall that I said to _____ that I had no money to make repayments, and no tax figures to support repayments. _____ advised me that it did not matter; as the repayments would come out of the loan funds. She said: "It does not matter, as you have the assets for security", and "You know, you can always rely on the Bank looking after its customers". At a later stage, she said to me: "the Bank requires you to take out & pay for Mortgage Insurance, to protect against any possible default". That did seem logical, but I was as never at any time told Mortgage Insurance only protected the Bank, but not me. I have now been advised that the insurer would pay the bank any shortfall, but that the insurer would then "come after me for the difference." _____ did not refer to "Lender's Mortgage Insurance", which I am now told it is, she only called it "Mortgage Insurance". This is how it is still referred to by the Bank & by FOS.

I recall that on one (of several) occasion, when _____ again called in to my office, mentioning to _____ that my daughter was getting married in London in 2007, but that I could not go to my daughter's wedding as I could not afford to go. _____ said: "I can arrange funds for you, so you can go".

Naturally, it broke my heart to not be able to go to my only daughter's wedding. My daughter would have understood, and would not have minded at all! However, her father was going,

her brother was going and I could not afford to go, and had I not had funds increased by the bank, I would not have gone!

arranged more loan funds, all the paperwork, and the Valuations, and I went with my son to London for my daughter's Wedding (naturally flying economy class).

At no time did any one of all the Bank's Financial and Lending EXPERTS!! suggest I consult a solicitor or accountant before taking out these loans. The Bank & FOS are now telling me to consult a solicitor & financial consultants!!! I consider the Bank's practices predatory, and entrapment. I honestly and truthfully told each and every one of the Bank's Financial and Lending personnel about my low income. I also did not see the GFC coming! However, I am sure the Bank did!!!

All of the applications for the loans were filled in on computers, by the lending officers on each particular occasion. I was just given some forms to sign. In my day, one would sit down with a Bank Manager, and he would carefully go through with you the proposed loans and repayment amounts. It appears to me that now Finance and Lending personnel are computer literate numbers people - which I am not - and are only interested in writing up loans to meet their set targets, and most likely, (clearly) receive bonuses on results written. It also now appears to me bank personnel are paid bonuses on loans called in and assets sold. It also is clear that banking staff lied & incorrectly filled in amounts on these forms!! It is now clear to me that all the Bank's practices were, and are against the Code of Banking Practice, and that it is also against the Code of Banking Practice to rely on asset realisation to finance and/or repay loans.

I now realise that I should not have - and given the right advice, would not have - taken out loans of this magnitude. I now believe the bank's Financial Advisors and Lending Officers were looking to meet targets and achieve bonuses, and that the Bank was relying on asset realisation to finance repayment, as I never did have sufficient income for repayments.

To compound my trauma, on 19th December 2008, my beautiful only daughter, driving to work one morning, near London, was nearly killed, as a car was driven onto her side of the road and into her car! Thankfully she survived this, but had to be cut out of the car. She was taken by ambulance to Hospital, with extremely serious injuries. She then came close to having to have both her arms amputated. She suffered two shattered and broken arms, (then having a total of seven or eight plates inserted), concussion, three fractures of the pelvis, severed ligaments in knee & legs, dislocated elbow, and other injuries and spent 9 weeks (mostly immobilised) in hospital in London. When she came out of hospital, she could not manage physically, mentally or emotionally, & as well had PTSD. I had to go to London to assist with her care. I believe I was away for six weeks, during February/March/April 2009. I was completely traumatised, and incapable of working, thinking or

managing emotionally or mentally, from 19th December 2008. I am now not much better, particularly given these issues with the Bank, which also compound my trauma, anxiety and depression.

The "two overseas trips" referred to by FOS, where I did use some of the loan moneys advanced - totalling only \$10,000.00 - were because of my daughter's wedding, but mainly for her care after the tragic car accident, **both of which trips any mother would take in the circumstances. Clearly I sold my soul to the Devil (the Commonwealth Bank!) as any mother would!!!**

In July 2009 I applied for and received a Centrelink benefit, which was \$456 per fortnight and which I received until I turned 64, when I was then eligible for the age pension which was slightly higher. I now have casual work, of approximately 12 hours per week, and receive a part pension of approximately \$300.00 per week.

About this time, 2009, I again contacted the bank on a number of occasions and was referred to the "Customer Service" call centre. I again explained my financial difficulties, but the call centre people did not/could not comprehend/would not give adequate advice relating to my situation, and over the next six to twelve months or so, I was told a number of different things by the call centre people, and Customer Service Centre people. I was completely unfamiliar with, and confused by, the Bank's processes in these situations. I advised I was trying to sell my home, but that there was "no real estate market" because of the GFC. I am sure the Bank has records on file of these contacts, calls, issues, my letters, and all dates.

I was eventually, and on numerous occasions, contacted by phone by _____ from Commonwealth Bank "Customer Service". **I was not given customer service;** I was harassed and bullied, & threatened with the forced sale of my home. He said: "We will give you three months to sell the property and repay the loan, if you sign an agreement to give us the keys to your house"! He said: "You will not get a better offer than this, and we will arrange a Valuation to give you that time". He said: "We are concerned that the debt will become unmanageable" **(The debt was always unmanageable!)** I said: "Who would do that Valuation?", as I know that Valuers appointed by Bank's know when a sale is being forced! He said: "Whoever the Bank appoints". On another occasion, he mentioned CBRE, and I said: "That would be a conflict of interest, as they are also Real Estate Agents, and the Real Estate section and the Valuation section would then jointly know the issues about why a Valuation is being done."

My concerns and my comments were completely disregarded - I was then, at least three times, contacted by CBRE just prior to Christmas. They advised that they had been instructed by the Bank to do a Valuation of my home, and requested - in fact demanded - a date and time to do the Valuation. I refused.

I was then again contacted by _____, and bullied and harassed, and threatened with a forced sale of my home. He then said: "We will give you six months to sell your home, if you sign an Agreement to give us the keys to your house." He said: "I have really tried hard and managed to get you the six months to sell, instead of three, and that is the best offer you will get". I then advised him I could not take any more of the threatening, harassing and bullying phone calls, particularly while I was at work, with other staff and my employer close by. Naturally, I was most upset & in tears on these occasions, and because of this treatment by the Bank.

The worst two of all these many harassing and threatening phone calls from _____ were on 21st September 2010, and on 21 October 2010, at 8am, when _____ continued on at me for approximately half-an-hour, with the same tactics as previously described. On another occasion, _____ said "There is no way I will agree to this matter going to the Financial Ombudsman's Service, and in any event that Service will not deal with it!" (Refer to my letter of 26th October 2010, to Financial Ombudsman Service).

Eventually, I found/received information regarding the Financial Ombudsman's Service where I could lodge a dispute, and how, which I did. This was approximately some six to seven years after I first approached the Bank regarding my financial difficulties! My difficulties were from 2003/2004 to 2009/2010, which is when I lodged my dispute with FOS. (After six or seven years of getting no-where with the Bank!!)

My home of 30 years is in a very, very, very small Village. My nearest town is 20 minutes away, by car, (no public transport), on a hilly and winding road. This is why, in 2003 (9 years ago), I applied to Commonwealth Bank for a loan of \$60,000, to buy a car, so I could get a job, and to do urgently needed repairs to my home. My home at that time was unencumbered. **I foolishly trusted the Bank!!**

The findings by the Financial Ombudsman's Service are:

9 cases of maladministration by Commonwealth Bank in 9 years!!!

Signed:

Michele Fay

29/05/2012