

## Submission to Senate Inquiry

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

date: 13<sup>th</sup> May, 2012

Economics References Committee  
PO Box 6100  
Parliament House  
Canberra, ACT, 2600

Dear Senators,

Please find attached my submission that relates to how I/my business was treated by Bankwest after it was acquired by the Commonwealth Bank of Australia during the GFC in late 2008.

In September, 2007 I was approached by a Hotel Broker regarding what he said was a "great buy", the [redacted], St. George, Qld. The figures provided by the Finance Broker to me stacked up. I wasn't particularly interested. Both Brokers kept at me and said there was a bank that was aggressively chasing business. Bankwest. They wanted to finance me into the [redacted] at 100% plus as well as they wanted to take over my loan that I had with the [redacted]. They aggressively chased my business. I decided to purchase the hotel at St. George and to refinance with Bankwest my loan that I had for the [redacted] at Millmerran.

#### Introduction:

I took out the loan for the purchase price of the [redacted], \$2.3million plus other costs and refinanced my other loan with them. I was assured that the loan would rollover after the 3 year term expired, the bank repeatedly assured me of this.

However, the Bank are now charging me interest at the default interest rate even though I have never missed or been late with a payment. They have

pressured me into doing things I would never do and my mental and physical health is suffering.

Detail:

I was running a hotel in Millmerran. I was approached by a Hotel Broker and a Finance Broker who had a "great buy" - \$2,300,000 for the St. George Qld 4487.

I did not approach Bankwest, but instead the Finance Broker said there was a bank that was aggressively chasing business and they would lend me 100% plus on the purchase of the . They also wanted to take over my loan that I had for the . They couldn't get my business quick enough. The facility was for 3 years, and they said it would rollover after the first 3 years, no problems. This is now not the case.

In 2007 I purchased the , St. George and refinanced the , Millmerran with Bankwest. My loan in total was for \$3,240,000, interest only. In September, 2010 they asked me to sign a Deed of Forebearance, which I did not understand, but was told by a Bankwest representative that I would have to sign or they would send in the receivers. I signed the document, as I thought I had no other option. I did this under extreme duress.

Bankwest will now not rollover my loan and are charging me default interest rates, even though I have not been late or missed a payment of interest. I am sure they are determined to put me into receivership without any real cause. I have tried to sell the hotels at a fair and reasonable price, and spent a considerable sum of money on advertising, but because of the market at present I have been unable to achieve a fair price. I would like time to sell the hotels for a fair price to cover my debts. I will not be able to meet the default interest rate charge, which means that my debt will be increasing with Bankwest. This is most unfair, as previously my LVR was well within the limits, but with Bankwest charging the Default interest rate and adding this to the principle of the loan, my LVR will in no time be out of the acceptable range.

**Impact:**

I would never have purchased the [redacted], or refinanced my hotel at Millmerran through Bankwest if I had known what the outcome would be. I was very happy with the finance I had previously for the [redacted] and certainly did not have any problems with that lender. My mental and physical health has suffered badly and from one day to the next I don't even know if I will have a home to live in. I am on edge at all times and am having trouble even thinking straight. I am waking up feeling ill each morning.

**Conclusion:**

I feel that I met my obligations to Bankwest by never being late with a payment – Bankwest seem determined to put me into receivership now by charging me default interest which no business can sustain for any length of time. Once a default interest payment is missed, this gets added onto the principle and eventually my LVR will definitely be well below the allowed amount. Currently, if a proper valuation was done on the hotels, my LVR would be well above the loan amount, but at the default interest rate it is only a matter of time and Bankwest would see that differently.

I ask for an opportunity to continue my loan with Bankwest at the normal interest rate, until such time as I can sell my hotels for a reasonable price. I think this is a fair ask considering my payment history which up until they started charging default interest, was exemplary.

~~Yours Faithfully,~~