

24th July 2013

Dear Senators,

Please let me introduce myself, my name is ----- and my husband & I are hardworking average Australians paying our taxes and being good law abiding citizens.

Recently our faith in our government system and particularly our external dispute resolution (EDR) bodies and regulators namely FOS (Financial Ombudsman Service) and ASIC (Australian Securities Investment Commission) has been waived and we find ourselves unsure & concerned about where this country is heading. Here are our reasons for concern; many consumers including myself are not happy with the performance of the 'Big 4' banks in Australia. Mortgage default and foreclosure are becoming more prevalent every day in Australia, but most people don't realize that many large banks and non-bank lenders are using mortgage and loan application forms to make a grab for peoples' homes and the Titles to their properties.

Banks use 'Loan Application Forms' (LAF's) and 'Service Calculators' to determine a person's ability to repay a loan by using their income, expenses and assets and calculating a maximum amount they can borrow. Of particular importance to customers is the Loan Service Calculator Form that rides with the mortgage documents and assesses the customer's ability to repay. There is evidence of alterations to these documents after the signature was obtained and without the customer's knowledge or consent. Alterations include but not limited to are; exaggerated incomes and assets, understated expenses, and sometimes up to three different sets of handwriting on a single application.

Banks are even withholding the customers own Loan Application Forms (LAF) which proves to be very frustrating not being able to obtain a copy of your own LAF. Lenders are coming up with all sorts of excuses such as; documents are either lost, not available, or that customers have no rights to request or receive a copy for their own files. Even the regulators are not using their power of authority to help the consumers get copies of their LAFs. In Contract Law it states that a customer is entitled to a copy of anything they sign at the POINT of signing which the Lenders failed to give customers a copy of their LAF at the point of signing. However, some consumers have managed to get partial copies of their LAFs which is enough to highlight that the LAFs have been tampered with after the customer signed them.

These same chain of events also occurred to us which was only brought to our attention recently when we suddenly realized our loans were becoming unaffordable.

Back in 2007 we were approved 3 loans from 3 separate lenders (Westpac, ANZ & Bankwest) within a 3 month span totaling in excess of \$1,000,000. (Husband) was on an approximate salary of \$60,000 per year and I was receiving family payments from Centrelink of less than \$10,000 per year. We had 2 school children aged 9 & 11 plus we were also expecting twins in September that year. The first loan approved was a credit advance on our residential property in the form of a Line of Credit (LOC) which was to help fund the next 2 investment properties purchased which was to help in our retirement years, a concept that was sold to us at a wealth creation seminar we attended in 2006. We managed to up keep the 2 investment loans as the shortfall was being met by the LOC, however, the debt on the LOC was increasing substantially then in 2011 we received a phone call from Westpac to advise us that we had overdrawn on our LOC. We were stressed and worried thinking how are we now going to meet all our loan obligations with no more LOC to keep us afloat. We immediately sold our initial investment property which we purchased in 2002 and managed to reduce our LOC by \$100,000, however, we knew

that this small buffer was not going to last and therefore we decided that I would return to work full time as well placing our 2 youngest children in full time care – a decision that was very heart wrenching & painful to make. My current full time position, which is only casual and can be terminated at any time without notice, is a night shift position which I now find is taking its toll on my health.

Although my return to work has helped somewhat, our combined income does still fall short to meet all 3 loan commitments. After obtaining partial copies of our LAFs we were shocked to find that our documents had also been tampered with and information manipulated to suit the purpose of the loan approval. We have raised a complaint on all 3 loans with FOS and we are still waiting for a case manager to be assigned to our cases, it has been 12 months already since we lodged our complaint. In the meantime, we have managed to reduce our loan repayments lower than the interest only required payments in order to survive day by day, however, the Lenders are still charging the full interest payments on our loans and therefore our debt is continuously increasing daily. With all of our 4 children now in primary school & high school our daily expenditure has also increased making it also difficult to meet the full loan payments. ASIC have been no help so far and FOS is just sitting idle on our cases. We have lodged complaints with FOS, ASIC, APRA, The Federal Police, The then Prime Minister Gillard & then Treasurer Swan and still there appears to be no resolution in sight. This whole experience has been frustrating and very stressful and is taking its toll on us emotionally & physically.

ASIC has failed to regulate the financial industry as required by the ASIC act. ASIC has done nothing before the GFC, nothing during GFC and have refused by letters to do anything since the GFC.

ASIC was sitting on an enormous SUB PRIME LENDING scandal....WHY?

Why did ASIC ignore FULL DOC AND LOW DOC Sub Prime Lending Products for so long? Why did ASIC fail to protect Consumers?

Why did ASIC ignore illegal Managed Investment Schemes and fail to protect retirees from predatory selling practices?

Why did ASIC fail to protect consumers from predatory wealth creation seminars and spruikers and shonky developers?

Why did ASIC fail to protect consumers from obvious and known repeat offenders and lawyer operators from the old Solicitor Mortgage Scandals?

Why did ASIC fail to join the dots linking all of the above scams to the Banks at the highest level of our Banking System?

ASIC were at all times, in full knowledge that vulnerable Mum and Dad Consumers were the **intended targets** of the Australian banking and finance system: The stitch 'em up with debt plan!

WHY DID ASIC IGNORE THE OBVIOUS BANK GREED AND APPALLING ENGINEERING OF FAULTY FINANCIAL PRODUCTS AND SERVICES?

We are calling for a ROYAL COMMISSION into the BANKING SECTOR with the broadest terms. We want to highlight the seemingly unchecked practice of imprudent lending on the part of many of our major banks and lenders, as a result of non-affordability and possible LAF fraud.”

Although there needs to be a Royal Commission into the Banking Sector, in the meantime to ensure the Royal Commission becomes the main focus, we also need to look into the reasons why ASIC failed the entire nation and wrecked small businesses in the process.

The other serious issue for Australian home owners is the selling of the RMBS (Residential Mortgage Backed Securities) packages and the securities fraud, known as ‘double-dipping’ that goes hand in hand with the process of mortgage securitization.

It is very serious and alarming that something this severe can be simply ignored or pushed aside by the relevant authorities who are meant to be regulating these organizations.

Hard working Australians like ourselves have lost homes or are facing the possibility of losing their homes. And it goes way beyond just losing homes – families & marriages have been destroyed, depression & suicide are also heightened – it’s frightening how it’s not just affected our financial wellbeing but our mental state of mind just so the greedy banks can boost their market share and profits, while their executives get paid big fat bonuses.

Too many lives have been destroyed already to ignore this any longer. Our great nation is crumbling & soon will fall apart if something is not done soon.

Yours faithfully