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Committee Secretary
Parliamentary Joint Committee on
Corporations and Financial Services
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By email:

To the Committee

I make this submission in support of Australia's state and federal class actions regime, which is informed by my recent involvement as a group member in a class action against NAB relating to the sale of worthless credit insurance. That case is *Samantha Clark v National Australia Bank and Anor (VID1238/2018)*.

My background

I am a Wemba Wemba and Gunditjmara woman. I live in Footscray, away from my traditional homelands on North East Victoria and New South Wales. I am a lecturer based at the Moondani Balluk Indigenous Academic Unit at Victoria University, where I am also undertaking my PhD.

In 2012, I was working at the Melbourne Museum as a senior curator on the First Peoples Gallery. I was required to leave this job after suffering a mental breakdown which occurred as a result of an accumulation of trauma and stress. Between 2012 and 2014, I received the disability support pension. My mental health gradually improved over this time, which was in part due to a two year therapy program.

During the time I was unwell and unable to work, my husband took time off work to care for me and my family. He was on a carer's benefit to care for me and could only work very limited hours. At this time, my children were aged 8, 14, 16 and 17.

In 2015, I began my PhD studies at Victoria University. I was awarded a scholarship, which provided me with \$35,000 annually to study full time and which prevented me from working over 15 hours per week.

Involvement with NAB

In 2015, my family car broke down. My husband and I did not have the money to buy a new car, so we decided to loan the money from NAB to buy a second-hand car. I needed a car as I travel to university, transport my children to school and other places, transport my art and to travel back to my traditional homelands and visit family in country Victoria and NSW. I also needed a car to travel to mental health appointments, and because mental health issues prevented me from using public transport.

I applied for a personal loan through NAB. I have banked with NAB for more than 27 years, and for most of this time, attended the Footscray branch. I had only ever had one personal loan, worth \$6,000, which I took out in the late 1990s to purchase my first car.

I applied for the loan at NAB in 2015 over the course of two or three appointments. During each appointment, I saw my regular banker at the Footscray NAB branch. My banker went through my financial history with a fine tooth comb, looking through old bank account statements and querying why I didn't have more savings. My banker also knew that I had received Centrelink payments as I

was previously on the disability support pension due to a mental illness. She was aware that I had been through a lot of therapy.

During my second appointment at the Footscray NAB branch, my banker encouraged me to take out insurance on the personal loan. I was informed that it was insurance which I should have “*just in case*” or if “*something happens*” to me and that it “*included life cover*”. My banker said that it was important in case something happened to me, or if I got sick again and lost my job.

I was led to understand that if I took out the insurance, I was more likely to be approved for the loan as I would make a better candidate. I also thought it was a good safety net, just in case something did happen to me and I was unable to work and meet the repayments. I was confident that my mental health was back on track, but the banker’s words “*what if you got sick again?*” definitely sowed a seed of doubt in my mind, and it seemed like a good idea to have cover in case I did become unwell again. It was the largest loan I had ever had. My family and I rent, I’ve never had a mortgage. I wanted to protect myself and my family in case something happened. I also took comfort in my banker telling me it was a good idea, I knew her well and I thought that I could trust her.

NAB Class Action

I learnt about the NAB class action in August 2019 after receiving an email informing me of the class action and my right to opt out. I realised I was a group member in the class action.

The NAB Class Action included people who, like me, had been sold NAB Personal Loan Cover or NAB Credit Card Cover. It included people who were unemployed or in insecure work, had a disability, critical illness or pre-existing condition, were not an Australian resident or were under the age of 25. It also included people who were told by NAB that they were required to take out the insurance policy, that the policy would be at no cost, or people who were unaware they had been sold an insurance policy.

Before I learnt of the class action, I had no idea that the insurance did not cover pre-existing illnesses and provided minimal to no cover for contract workers. I had no idea that the insurance would not have covered me if I became unemployed at the end of my contract or if I became mentally unwell again and had to stop working.

I was angry and disappointed when I learnt about this. The insurance was not compulsory and couldn’t have done anything useful for me. In fact, the insurance was a waste of money and seemed to be more of an insurance for NAB than it ever was for me. Every dollar is and was crucial to my family, particularly back in 2015, when I first took out the loan. We were really broke and we had no savings. That money could have gone to my children, or I could have used it to pay the loan off more quickly.

I cancelled my insurance and registered my details with Slater and Gordon. I also agreed to give evidence in the class action as a sample group member. I made an affidavit explaining my story and also produced any documents I had which were relevant to the case. If a settlement hadn’t occurred, I would also have attended the Federal Court in Melbourne to give evidence in person in December 2019.

Since the NAB class action settled, I have reflected on the impact the proceeding has had on me personally. It has also made me realise a lot about the relationship I’ve had with the bank since a young age.

Like many, when I was growing up I had a Dollarmites account with the Commonwealth Bank. I remember a lot of other kids had really impressive savings, but I didn’t. I was raised by my single mother on very little income and we focused on having enough money to get by. My father did not support me.

When I started banking with NAB, I felt that I needed to be compliant to the bank given their power. I would always give my banker everything asked of me, every detail, financial or otherwise, and so I trusted them when it came to applying for and gaining my loan. I have trusted them to help me and to do the right thing by me as a customer.

I've realised that if it weren't for this class action, I would never have known that I had been paying for a worthless insurance product. In fact, I'd probably still be paying for the insurance to this day. I'm sure that there are thousands of other people who share a similar story.

The involvement I had in the class action and the outcome which has been reached has had a very significant impact on me, both personally and financially. I can vividly recall how I felt in the moments when I received the news from Slater and Gordon that the class action had settled and again when the settlement was approved by the court. It was a such an important moment for me and so my family and I had a celebration dinner only a couple of weeks ago following the settlement approval.

The experience has been incredibly empowering. My voice was heard and my story was listened to. It was an important part of achieving justice for tens of thousands of consumers who may not have known of NAB's conduct or may not have had the courage to speak up. The fact that the class action against NAB will provide justice and compensation to tens of thousands of people who are unemployed or in insecure work, under the age of 25 or who have a disability or critical illness, is especially meaningful.

Financially I do not have the means to pay lawyers, so I would never have received compensation if it wasn't for the class action proceeding. People like me would never have been compensated for the loss we suffered as a result of the bank's wrongdoing. Instead, I would have continued to pay for a worthless product that I could not even claim on.

Inquiry Terms of Reference

I have read the Terms of Reference which have been referred to the Parliamentary Joint Committee.

I do not know what evidence is available in respect of the impact of class actions on the Australian economy, but I strongly believe that more damage is done to the national economy when consumers, like me, lose confidence in the nation's banking and finance systems.

I also don't know what impact class actions will have on vulnerable Australian businesses which are already suffering the impacts of the COVID-19 pandemic. However, I can talk about the impact of class actions for vulnerable *people* who are being impacted by the pandemic. Cases like the class action against NAB are especially important during critical times of hardship. This case will put money back into the pockets of struggling, vulnerable Australians who suffered a loss because of the clear wrongdoing of a large, well-resourced bank. I don't believe that cases like these are detrimental to "vulnerable Australian businesses". If anything, I think the conduct of corporate Australia has had more of a detrimental impact on vulnerable Australians, especially Aboriginal Peoples and other marginalised people in Australia.

My experience as a participant in a class action has led me to believe that Australia has an effective class actions regime, which allows people, including those in marginalised groups, to take important, collective action. Trying to reduce or limit class actions in Australia would, in my view, be a significant detriment on our society and a form of recourse which is used to hold corporations to account for their actions.

Sincerely

Paola Balla