

Submission to Senate Inquiry
"Effects of the GFC on the Australian Banking Sector"

28/05/2012

**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.

Introduction:

Bankwest was supposed to facilitate 2 home loans, one for my own family home and one for my parents home which was my investment. At the last minute we were told this wasn't going to happen and the only option was to get one loan for the entire sum and this was to be a Business Edge loan. This was for two houses, not a business. Repayments were over \$5000 and once my business was hit by floods we were struggling to pay. We sold one of the houses to restructure the remaining home on a home loan, but Bankwest went back on their word and we were told no. We applied to another bank for a home loan but Bankwest put a stop to that going through and evicted us from our home.

Detail:

I am the owner operator of the . I am a riverboat captain. Our business is a cruising restaurant, which is a twin hull catamaran, on the Murray River Echuca Moama. We do lunch and dinner cruises, bus groups, weddings, functions.

I had a loan with the Commonwealth bank, and was asked to exit the loan, with Mr X stating the CBA was not prepared to help us anymore and to find another lender. This was allowed to take place even though I had an excellent history with the loan and was up to date with my repayments.

The Bankwest loan was a Buiness Edge loan, interest only, in the amount of \$557,116.00. The loan was effected on 16th October 2008.

In the set up of the loan it was originally two home loans, due to the timeline between Victoria and Western Australia, because documents weren't submitted by 9am western time we were charged unexpected fees of \$15,000 to leave the Commonwealth. This put the home loans over the arranged loan amount so we were told the only way to proceed was through a Business Edge loan.

We had a good repayment record until our township experienced an extended period of drought, then floods hit it that same year and again in the next year. We provided photos and communicated with Bankwest that we were experiencing problems with repayments due to these natural disasters. Once we were hit by the floods and repayments fell behind we received eviction notices. To resolve this we negotiated if we sold one house Bankwest would restructure the loan for the remaining home into a home loan, resulting in much lower and manageable repayments. On 15th December 2011, we sold one home, for \$363,000, paying the full amount of sale profits to Bankwest in the amount of \$349,316.10. Over half the total loan amount. With these funds Bankwest paid out a \$25,000 credit card, charging \$6000 in interest. We also made a loan repayment this month. Then the loan was in limbo, with the bank

refusing to restructure the loan as agreed. Bankwest claimed the loan was still in arrears and repayments were to continue unchanged. No-one would speak with us to resolve the repayment issues and our loan was handed to the credit department. Without further communication, on the 21st March 2012 we were evicted from our home.

Impact:

The refusal to restructure the loans put enormous strain on the family and my business. I was unable to make repayments. The loss of both homes has become an absolute nightmare. Everyone is struggling to make sense of what has happened and why agreements were not honoured . My wife and I feel embarrassed by the very public eviction from our home. This has put great strain on our relationship. Our three children have been unsettled. Our possessions have been lost due to being given so little time to get our things from the house. Our house was auctioned on the 18th May 2012 but was not sold, and is sitting there empty. We have had no communication from Bankwest, except a statement with an added \$6000 in interest, which is accruing every month even though they have taken control of our house. We now owe \$308,432.75, which includes the amount \$75,878.75 which they claim is in arrears. This whole matter is unresolved and continues to test our strength and sanity every day.

Conclusion:

We were in the position to apply for assistance in the form of a low interest loan through a government program, we offered Bankwest the sum of \$275,000 to settle the loan, this was rejected claiming the loan was in excess of \$310,000. Since this time we have received a statement and the amount owing at that time was \$295,000.

When it was evident that Bankwest was not going to help us in any way we requested the payout figure to refinance through another lender. Bankwest could not provide that information and therefore we were left waiting for

that figure for an extended time. Eventually my wife estimated the amount we would need to be approximately \$300,000 and went to the National Australia Bank and applied for a home loan. This loan was rejected due to Bankwest moving in and taking the home two days after her application was lodged.

Bankwest was not interested in any amicable solution. If the loan was originally structured as two home loans as it was supposed to none of this would have been set in motion. If we were given any assistance or holiday from repayments once we were hit by drought, then floods this would have helped us. If Bankwest had restructured the loan to a home loan once the first property was sold this would have saved our family home from being taken from us. If Bankwest had been able to provide us with a payout figure we could have refinanced from another lender. If Bankwest had advised us they were going to move in on the eviction we would have listed the house for sale and sold it to pay the loan off in full, saving us the ordeal of eviction.

Yours Faithfully,