

## **Additional Comments by Senator Cameron**

1.1 As a matter of general principle, I agree that this committee cannot and should not act as a court or tribunal in which legal disputes between aggrieved borrowers and their lenders that pre-date this inquiry can be prosecuted.

1.2 I do however harbour grave concerns about the evidence before this inquiry concerning the conduct of financial institutions in relation to what are known as low-doc loans. There is no doubt in my mind that a number of institutions behaved in varying degrees to the detriment of their borrowers and in some cases, if the evidence is correct, with a reckless indifference to the ability of some of those borrowers to actually repay the loans extended to them. As a result, many individuals have and will continue to suffer financial hardship, stress and related illness.

1.3 I sincerely hope that in cases where the judicial process takes its course in relation to these matters, that financial institutions found to have not behaved in accordance with the law, equity or good conscience are severely punished and restitution is awarded to those individuals and businesses on which they have inflicted financial harm.

1.4 I note that the financial harm inflicted on a number of borrowers who made submissions to the inquiry has had the effect of putting the prospect of them taking what might be well-founded legal action against lenders beyond their financial means. In my view this heaps injustice upon injustice.

1.5 While I accept that the predatory lending practices complained of during the course of this inquiry have fallen somewhat into disuse both as a result of the GFC and changes to consumer credit laws, I am not prepared to accept that such practices would not re-emerge should financial and economic conditions return to their pre-2008 state sometime in the future.

1.6 One thing that legal action, either on behalf of individuals or in the form of a class action will shed light on, is the robustness of the law providing consumer protection against the type of lending practices complained of at length during this inquiry.

1.7 I will continue to monitor closely the outcome of any legal actions taken in relation to low-doc loans or predatory lending and encourage the government to do likewise with a view to ensuring that consumer credit laws offer robust protection to lenders who might otherwise fall victim to the practices of financial institutions that became prevalent prior to the GFC.

**Senator Doug Cameron**  
**Senator for New South Wales**

