

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (FOURTH REPORT)

Westpac Banking Corporation

WBC11QW: The following is a case study provided by the Consumer Action Law Centre (CALC ref: 237701/241383).

Nicola is a 50-year-old woman that suffers from chronic migraines. Nicola is, and was at the time of the loan application, in receipt of the Disability Support Pension and unemployed.

In or around March 2014, Nicola was seeking to obtain a personal loan to purchase a second-hand car. Nicola's ex-partner recommended that she speak to a broker. We are instructed that the broker told Nicola and/or her ex-partner verbally that he could obtain a \$10,000 loan for her. On 14 March 2014, Nicola attended the broker's office. The broker walked with Nicola to the Westpac Coburg branch and Nicola was provided with completed Westpac loan application documents to sign. Nicola was told to sign the documents, which she did. Shortly thereafter, Nicola was approved for a personal loan of \$31,600.

We are instructed that a few days later, the broker met with Nicola and her ex-partner. The broker explained that the broker was expecting to receive some money soon, and proposed to Nicola that if she gave \$20,000 of the loan amount to the broker, the broker would repay the entire loan within 3-4 weeks. Nicola agreed, and gave \$20,000 to the broker. We are instructed that on 26 March 2014, Nicola deposited \$20,000 from her Westpac Flexiloan account to her Westpac account and then withdrew \$20,000 by bank cheque. We are instructed that Nicola gave the bank cheque to the broker. The broker did not make any repayments on the loan and Nicola was unable to contact the broker.

The broker has been investigated by ASIC, and in October 2015, ASIC made an order permanently banning the broker from engaging in credit activities.

Nicola was unable to afford the loan repayments. We are instructed that her ex-partner assisted her with repayments for a few months, and then on or around June or July 2014, Nicola called Westpac to explain that she could not afford the repayments. Westpac proposed a

payment plan. Nicola made repayments in accordance with the payment plan. On or around April 2016, Westpac advised that the payment plan was only until April 2016 and declined to provide further assistance. We are in possession of documents which verify this account, which were provided to us by Baycorp Collections PDL (Australia) Pty Ltd after we made a complaint to the Credit and Investments Ombudsman. Nicola was unable to afford the repayments and fell into arrears.

On 12 January 2017, the account was assigned to Baycorp Collections PDL (Australia) Pty Ltd. On 27 October 2017, Baycorp Collections PDL (Australia) Pty Ltd initiated proceedings against Nicola in the Magistrates' Court of Victoria in which it claimed \$37,319.31

On 22 November 2017, we wrote to Baycorp's lawyers, requesting that Baycorp provide an undertaking to stop further enforcement against Nicola to allow us to lodge a complaint against Westpac to the Financial Ombudsman Service. In a telephone conversation between us and Baycorp, Baycorp declined our request.

On 22 November 2017, Nicola made a complaint to the Credit and Investments Ombudsman against Baycorp Collections PDL (Australia) Pty Ltd, putting any enforcement action on hold.

On 9 May 2018 Westpac confirmed that it had repurchased the debt from Baycorp. On 18 June 2018 the complaint against Baycorp was transferred to the Financial Ombudsman Service against Westpac. The dispute is still ongoing.

Given the broker has been permanently banned from engaging in credit activities, what steps have been taken to identify and contact customers who have had Westpac loans arranged by the broker? What steps have been taken to assess their loans and remediate where appropriate?

Answer:

We are not able to respond to the specifics of the case due to customer confidentiality. However, we have engaged directly with the Committee member who raised this customer's matter. This customer was represented by the Consumer Action Law Centre (CALC) and we have met and exchanged correspondence with CALC regarding this matter including to correct some factual inaccuracies. Settlement was reached with the customer on 18 September 2018. We have

reviewed our records to identify whether we have written any loans with this broker and the result of our investigation is that only one loan was originated from this broker to Westpac in 2000. That loan was repaid by the relevant customer in full in 2004 with no issues. We are continuing to engage with CALC in a constructive way to address their views on various issues relating to this matter.