

## Senate Economics Legislation Committee

### ANSWERS TO QUESTIONS ON NOTICE

#### Treasury Portfolio

Additional Estimates

2016 - 2017

**Division/Agency:** Australian Securities and Investment Commission

**Question No:** 182

**Topic:** Westpac and ANZ - Loan and Mortgage Fraud

**Reference:** Hansard page 15 (02 March 2017)

**Senator:** Whish-Wilson, Peter

#### Question:

Senator WHISH-WILSON: [...] In May 2016, Westpac and ANZ admitted to approving mortgages based on false income, especially foreign income. I understand they self-reported. They did self-audits. At the time, there were statements made that this had been passed on to the police; that ASIC were aware of it. I want to know if anything has come of those specific incidences of self-reporting.

Mr Saadat: I think we will have to take that on notice. That matter was unrelated to the announcement that we made—

Senator WHISH-WILSON: I understand that. I just wanted to ask that first, because the clear implication was that there may be a criminal investigation and criminal proceedings, but I have not heard anything about it. It was nearly a year ago.

Mr Kell: We will take that on notice. I might note—and I think we have indicated this to the committee previously—that we have undertaken an extensive set of actions over the last few years in relation to loan fraud and mortgage broker fraud. Some of those do involve more sophisticated criminal networks. We have some investigations underway, which I cannot comment on at the moment. But that is one of our areas of focus.

#### Answer:

ASIC cannot comment on specific current matters however can confirm it is currently investigating a number of matters involving false documents or false information supporting loan applications more generally.

Since becoming the national regulator of consumer credit on 1 July 2010, ASIC has investigated in excess of 100 matters relating to loan fraud and has achieved many enforcement outcomes ranging from undertakings by persons to voluntarily leave the industry, to bans and prosecutions.

To date, ASIC has banned, suspended or placed conditions on the licence of 81 individuals or companies from providing credit services (including 36 permanent bans) in relation to loan fraud. ASIC has also brought criminal prosecutions against 15 credit service providers; with 13 having been convicted of fraud or dishonesty offences relating to the provision of false and misleading information/documents to lenders in client loan applications.

In addition, ASIC also engages in work to detect, understand and respond to loan fraud in the credit industry on a broader basis. For example, ASIC liaises with other regulators and law enforcement agencies to address risks related to false loan applications. APRA is currently in the process of having ADIs undergo external audits of how they ensure accurate borrower information in home loan applications.

ASIC also engages with industry to encourage self-regulatory efforts to address poor conduct. Industry often makes its own inquiries and takes its own action against individuals, including

lenders ceasing to deal with individual loan writers, and disciplinary action by industry associations, such as the Mortgage and Finance Association of Australia. The big four banks have also worked with the Australian Government in developing the Australian Financial Crimes Exchange which is a system for sharing information to combat financial crime, including fraud.