

Inquiry into financial products and services in Australia

In July 2007 I decided to invest in property as I owned my home outright and had a substantial amount of money in the bank. I was able to achieve this dream with the help and recommendation of a broker/planner I was introduced to by a friend of mine that had dealings with him and felt he was trustworthy and reliable.

I subsequently purchased another house, which I ended up moving into as it was a dream location for me, right near the beach. What I wasn't fully aware of was the type of loan my broker/planner had arranged. I realised at the time of signing the loan that I would have to pay a much higher mortgage than planned due to the no doc loan application my broker/planner submitted to the bank. Now I'm facing serious financial hardship, not to mention the immense stress of possibly losing my home, for which I have worked hard and for many years, as it now is impossible for me to sustain.

It was suggested to me that I made a request to my bank to obtain a copy of the "Loan Application form", which I eventually received after having had to approach the bank on several occasions. I was appalled by the attitude and outright lies from the bank to stop my request from being met.

The banks seem to be lending money to people without checking details of collateral or earnings. The financial broker/planner seems to have an open chequebook with the banks, which enables the broker/planner to write anything he wants on an application form and the bank will accept it without verification of any of the details. This has put low income earners, pensioners and others in an unsustainable situation where they are faced with extreme financial hardship and possibly loss of home.

The broker/planner I used was a certified authorised rep and held a state based broker licence, no reason for anyone to suspect foul play. He was paid commission by the aggregator on behalf of the lender.

Conclusion:

An inquiry into the business dealings between the lending institutions and the broker/planner must be on the high priority list for the Australian Government!
The banks are obviously fully aware of the impact their product/s has had on many people in this country and are now far more cautious when it comes to low doc no doc loans, however they are still selling the product and broker/planners are still submitting incorrect information on application forms for any loans, as they feel safe knowing that there are still no checks being made on the authenticity of the information.

This type of industry misuse must simply be stopped immediately to save us - the consumer!

Regards
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