

# **SUBMISSION TO PARLIAMENTARY INQUIRY INTO FINANCIAL PRODUCTS & SERVICES SPECIFICALLY STORM FINANCIAL AND ASSOCIATED BANKS**

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Submission to a Senate Committee inquiry

Like many other small time investors we engaged Storm Financial to seek financial gain By entrusting them with our lifesavings to invest into a customized share portfolio with Our personalized requirements and situation in mind. Following the attendance of the Compulsory Storm Financial Workshops a lengthy and thorough application process (by Storm Financial) took place. During that time we have been made aware of some of the Risks associated with investing into the share market should the all ords go down.

I was encouraged to join Storm Financial several years ago by a private advisor who was retiring. At the time I owned two houses of which storm advisors suggested I borrow against and with my life savings of \$400,000 put it all in the market. I was told that I would never loose my money because there were enough buffers to ride out any downturn.

At the time I was on centre link benefits and earning approx. \$25,000 a year. My houses were valued (I didn't sight any of these valuations) and they said the banks would lend me \$1.2 Million to invest. Does this sound right for someone out of work? Surely the banks should have queried this loan amounts. I finally got a part time job and earned approx. \$ 40,000 and storm had me down as earning over \$100,000 a year and they then went to the banks and got the ok to borrow a further \$200,000. I was unaware that they had me down as earning so much. Shouldn't the banks do checks on the figures that these supposed advisors give them?

I since have had to find a full time job and have lost all my savings and now have a \$400,000 mortgage to pay off in the last 10years I have to work.

We were put into a false sense of security in case the market dropped as it did

It appears that there was a mutual relationship between them and the banks where one was benefiting from the other during the good times.

However, when the going got tough we were sold out without hesitation or Appropriate information. At no time did any of the safety margins (as set up) eventuate during the down turn in the market.

We trusted and believed all we were advised to do because they were an accredited ASIC license securities dealer

I suggest that the Committee investigate and established what qualifications financial advisers presently require, and whether such qualifications are sufficient to give them the capacity to provide an effective service to investors. It should also be ascertained just how liable individual financial advisers are for their own actions