

Submission to the Inquiry into Financial Products and Services in Australia

To:

Department of the Senate
PO Box 6100 Parliament House
Canberra ACT 2600

From:

Ms Una M Robinson

BACKGROUND Personal:

I am a retired Commonwealth Departmental officer who operated as a middle manager in a large Regional Department of Social Security Office (now Centrelink) and I operated under severe disciplines as a professional person.

I had the role for several years of visiting many outback aboriginal communities outback and meeting and working with and assisting these people on various DSS matters. I was also a Commonwealth Commissioner for Declarations for many of my departmental years.

My working background also includes small business in Service Stations and the building industry, operating director in restaurants in Central Australia. I have found no paid employment in the Sunshine Coast, however, there's some voluntary community work I am involved in.

I relocated to the Sunshine Coast to reside with my partner Steve Rose in his home at Mount Mellum in April 1998. During our residence here we have seriously upgraded this home with timber flooring in living areas, built a study and large outdoor deck extensions, fitted gutter guard, (we only have rain water), replaced rotting timber balustrades with powder coated sculpted metal ones, built a 6 x 9 metre tool/hobby shed, fitted ceiling insulation, fitted whirly birds to the house and shed roofs, fitted daylight down lights, added shade blinds etc just to mention some of the changes.

Since residing here Steve & I have maintained our financial management basically singly and independently. I have been happy with this as having had two former husbands who were users and abusers and he a widower this tactic seemed to fit, and I guess I couldn't be seen to be a 'gold digger'.

I have three adult children who I brought up alone for some years, four grandchildren and five great grandchildren all living interstate.

My year of birth is 1941, my partners is 1938.

TOPIC:

The devastating effect the Storm Financial crash together with the behaviour of so called Financial Advisors and Questionable Bank tactics in their lack of duty of care that has taken my income making means to zilch and my taxable income and quality of life to below bread and butter line and forced the urgent sale of the home property and resulting in me/us having to find an alternative home and move before the BoQ can take negative action and foreclose on the property investment loan.

HISTORY:

From late 1999-2000 my financial affairs were set up by Retireinvest, this was my first ever financial management experience. I had never dealt with shares or investing major funds in any way. Later, in April 2006 my then newer financial advisor Trevor Benson of Whytes/Garvan advised he could no longer operate in the same capacity as previously as he had decided to change companies and come under the umbrella of Storm Financial. I had to choose to follow or find another advisor, and had to respond by 15th May so I followed.

I was at that time living basically financially independently from the income of two allocated Pensions (one financed from the sale of my own home) and my Commonwealth Superannuation and some interest payments from some small IBTDs, with my 2006 EOY taxable income being just \$18021.00. My partner had provided a MLC superfund in my name which had just matured. Not a huge income but I did have a few taxable concessions. I had also no debts and had been financially able to travel in both Australia and overseas as well as provide financial support to members of my family when a cry for help was received.

FACTS:

1. My annual taxable income rate at EOY 2006 rate of \$18021.00 it may possibly be repeated for EOY 2009 but without the tax benefits of allocated pensions. I have claimed and am being paid a part age pension. My income will be negatively affected by interest rates that have reduced and the reduced capital that has been expended towards relocating to the next place of residence.
2. From April 2006 financial information harvesting by Storm Financial commenced and some education meetings through Trevor Benson's Nundah office and in late November 2006 my two allocated pensions and my MLC Super were all cashed in for investment purposes with these totalling \$496,532.30.
3. The amount of \$52,506.00 paid in a **one off fee** and \$52,000.00 paid into a Macquarie Cash Management account were deducted, leaving an earnings investment capacity of approx \$392,026.30.
4. The collateral/security for an investment loan that was taken was my 400 Telstra II shares.
5. The first Storm statement of advice was done on 25th September, but our paperwork was prepared and dated back on 30th June when our joint income and assets paperwork was prepared, and at that time Steve did not hold a current property valuation for the home. The copy received of the 'valuation' written in by the Storm officer has been changed and is noted as \$610,000.00 (possibly from \$510,000.00) and the loan was actually based on this *unofficial* assessment, his investment loan then became \$366,000.00, exactly 60% of the \$610,000.00. As the investment loan was being done by the Bank of Queensland an appropriate appraisal had to be done. It wasn't until our information was requested and received from the BoQ that the official property appraisal done by a Mark Estacott of Lewin Horneman Suncoast Valuers on 8th November (remember Storm had 25th September) was given as \$535,000.00. The comment was also made that 'the owners estimate of \$600,000.00 was extremely ambitious.' It should also be noted that no assessor ever made contact or entered the home to be able to make the comments made about floors and other attributes etc. On reading the BoQ papers provided, Steve was given a property investment loan for the period up to when he would be 99 years of age.

DISCUSSION:

(Facts 2) I was shocked on becoming aware that from the financial contribution of my two surrendered allocated pensions and the MLC Super fund totalling just \$496,532.30 that over \$104,506.00 had just basically disappeared.

(Facts 3) I was howled down face to face almost aggressively and stymied when I said I thought that wasn't enough collateral, 'You have heaps of collateral' but no explanation was offered, I felt bullied and not respected as a client and I believed a financial adviser was there to advise, I was so disgusted with this behaviour but I had already signed myself over, these shares were lost in the end with everything else.

(Facts 4) My partner Steve feels he was basically pushed into obtaining a property investment loan on the house, our home, against his will and this affects both of us. The advisor himself forcefully suggested the higher valuation which his office staff member obviously changed. The fact that the BoQ totally disregarded any official valuation in what seems blindly approving the property investment loan at an escalated and untrue and illegal valuation on the basis on what information was completed by Storm staff. The situation since the crash of Storm in maintaining the investment loan repayments has caused much anxiety and stress and depleted most other small remaining financial reserves. The most disturbing fact is that this investment loan was approved for a man who will be 99 years old after the 25 year approval period is up and certainly indicates a total lack of duty of care on the part of the BoQ. May be they even consciously thought they could take the property to recover the loan.

Steve has been reluctant to confront any staff at the Bank Of Queensland on the disgusting handling of his property investment loan matters for fear of retribution but he has recently signed for the release of the loan for purchase of another home.

The escalated valuation of \$610,000.00 has caused great concern is the attempt to sell the home so the loan can be covered completely and hopefully have no residual debt as local property valuers generally compare prices with properties sold in near by areas when appraising.

CONCLUSION:

I believe my financial advisors were expected to perform, get the fees in etc by Storm Financial executives and achieve sales no matter how they did it. Why else would all of the legalities have been totally disregarded and the basic bullying tactics have been applied. Some have become callous in how they operate, this increased with time.

These questions need honest answers:

Why did the Bank Of Queensland grant a loan for a period of 25 years to a man who would be 99 at the end of the 25 years? This is ludicrous to say the least.

Why did the BoQ grant a loan on the basis of what appears to be an unofficial property appraisal.

Why did the BoQ disregard the official and legal appraisers valuation and comments?

Why did the BoQ's Legal property appraiser comment on attributes he had never inspected and not inspect and comment on what attributes exist?

Because of the lack of care aspects practised by the Bank Of Queensland great hardship, stress and grief has been caused to two senior aged people.

RECOMMENDATIONS:

1. All Financial Advisors to have gained legal qualifications and certification to practice that trade and to prominently display that certification to their clients and prospective clientele and at all times act professionally. A legal point of client contact be made available for grievances due to improper behaviours.
2. Financial advisors not to prompt, promote or persuade banks in loans provision in any way or form.
3. All clients to complete sign and date all formal investment loan applications etc with a bank and not through any advisor so that any queries may be correctly and completely satisfied.
4. All Banks and financial institutions to provide a copy of completed documentation to all loan clients at all times.
5. That aged people on low incomes not be considered for huge Investment loans that will become difficult to repay in their lifetime.
6. That all legal property valuer appraisers organisation's practises be investigated thoroughly and changes made with inspections and reporting.

Please note that this late submission is only dealing only with a small part of the issues arising from the Storm Financial debacle.