

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

NAB90QW:

The Pension Loans Scheme (PLS) is a Government scheme that allows older Australians, who own real estate in Australia, to get a voluntary non-taxable fortnightly loan from the Government to supplement their retirement income.

a) Do you allow customers to use a property that has an existing mortgage or reverse mortgage with your bank as security for the PLS? If not, why?

b) Do you allow the Government to lodge a caveat for the PLS against the title of a property that has an existing mortgage or reverse mortgage with your bank? If not, why?

Proposed response:

a) NAB would not unreasonably withhold approval for a customer to use a property with an existing NAB mortgage, as security for the PLS. However, if a customer sought to have a caveat placed behind our First Registered Mortgage, we would seek priority of our mortgage. Note, NAB does not offer reverse mortgages.

b) Yes, NAB does allow the Government to lodge a caveat. However, there is requirement under the relevant NAB terms and conditions that the customer notify NAB in the event of a change to the mortgage such as this.