

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Phone: +61 2 6277 3540
Fax: +61 2 6277 5719
economics.sen@aph.gov.au

After a three year fight against the Bank I am about to lose my farm which I have occupied for over 30 years.

This has not been due to my financial incompetence as I have won Australian Business [REDACTED] of the year [REDACTED]. However that was the beginning of the 10-year drought that severely incapacitated my ability to survive financially.

In 2007 I was approached with an appealing offer from the Bank to refinance my loans then around \$900,000. The additional loan principal advanced was \$600,000. The majority of that new loan was subsequently used to pay interest to the bank over the next 5 years. I now understand that this was a matter of predatory lending by the bank as I was 60 years of age and a single woman with equity in my farm property at the time.

I believe that there was insufficient "due diligence" carried out by the bank in the course of approving this advance. I requested the bank to provide me with copies of all related documentation and was ignored on a number of occasions.

I then pursued the matter through FOS (Melbourne). After a 24 month case where I requested that the bank release to me copies of the 2007 applicable Loan Application Forms (LAF's) and the bank's Serviceability Calculator the issue was still unresolved. FOS closed the case commenting to the effect that this was not in their charter to pursue the bank on my behalf for copies of documents which had my signature on them.

Since that facility has ended in 2012, the bank has continued to refuse to supply me with copies of my documents and has increased my purported indebtedness to them to the sum of \$2.3 million by adding monthly compounding interest at almost 20% per month. They term this 'default interest'.

During the course of the matter the bank forced me to provide them with a "fictitious" cash flow document in order to show that I could manage the loan! I told them that this was in the category of "crystal ball gazing" and NOT based on the reality of the then ten-year drought and the down turn of the economy. They continued to insist that they required such a document that was provided to them under duress.

The bank ignored its own Banking Code of Practice in failing to protect me against its unethical "predatory lending" practices. They also failed in their duty of care by not providing copies of all documents relied on to advance the additional loan amount. After all, I was an aged single woman trying to carry out a multifaceted business at a time where all the economic factors were against me.

FOS's deliberations were such that their stringent 'rules' left me without a maladministration case against the bank. They sided time and again with the bank while it was clear that the bank had a major case to answer. They prevaricated and wasted my time with their vexatious correspondence thereby causing me much stress and frustration.

FOS continually refused to respond to my pertinent points of concern by sending out what appeared to be standard form letter responses that had little or no bearing on my circumstances. In fact the letters often had identical wording in the paragraphs! They were overly lenient with the bank in respect of response time deadlines but threatened to close my case if I was a day late responding to them. Often the post took a week for correspondence to reach me and that was never taken into consideration by the staff at FOS who placed unrealistic deadlines on me.

It was clear to me that FOS was NOT acting independently when they engaged persons from the banking industry, on secondment, to wind up cases against the banks. This is a well-known fact that such secondment takes place short term within FOS. How can a banker act for 'the public' making complaint against a bank?

During 2014 I have attended the mandatory Farm Debt Mediation conference. An agreement in the form of a 'Heads of Agreement' (HOA) document was reached. However, following that conference the bank issued further documentation that it is now trying to force me to sign. This new Deed was supposed to be in the same terms as the HOA but it is not. The bank has added many additional clauses in order to get me (among other things) to exonerate them from any future claims of misconduct or predatory lending and to even indemnify them against actions by third parties!

I regard the current actions by the Bank as comparable to thuggery-type stand-over tactics to force me to sign those documents. This is unconscionable behaviour. Once I am forced to leave the farm I will have no financial assets except my fortnightly pension. The bank is now acting outside the terms of the "Heads of Agreement" document and there is apparently no protection for me against their actions. The Mediation service whilst helpful has no on-going weight of influence against the bank's aggressive behaviour and I do not have the financial resources to go through the Court system.

There is an urgent need for a new financial oversight body, NOT financed by the banks, to replace FOS. There would need to be a complete change in the guidelines to ensure that the general public would be able to be 'heard' when complaining about the banks. In matters of predatory lending, financial misconduct, failure to provide relevant documentation (LAF's) etc. there has currently been no satisfactory mechanism for complaints to be answered.

The Farm Debt Mediation Conference system needs an overhaul to provide on-going supervision to ensure than the banks do not ride roughshod over their clientele once their obligatory legal requirements to have the conference are met.

Yours faithfully