

## **Submission to the Parliamentary Joint Committee into Financial Products & Services in Australia**

We are also ex Storm Financial Clients & our story is no different to all the others.

I am 57 & my husband 56 & sadly we only joined Storm in March 2007 & within 20 months they had charged us \$97,000 & sent us broke. Graeme has asked me to write this as he is now working 7 days a week & still taking anti depressants after a break down at Christmas & I was to be working also but after passing out from stress & breaking 5 ribs I am still in recovery. I am sorry but I don't really understand it all or have the correct figures but we do have all the paper work to clarify things.

We owned our \$550,000 home & had 2 investment properties & although we went along to seminars & had things explained I guess we sort of thought we understood enough where in actual fact we didn't. We trusted these people 100% & were made to feel very special & had total confidence in them as they were so professional, continually reassured us that everything was fine & we were totally safe. They encouraged us to sell our 2 investment properties as they would make us more on the market & we did everything they asked of us.

We joined up with them as we have friends that had been with them for 8 years & were doing very well & we could see this as a means to an early retirement as self funded retirees. It was very exciting & we couldn't wait to sign the dotted line & get started.

As planned, on Graeme's 55th birthday we had a big party celebrating his birthday & retirement. Well that was very short lived. We actually went on an overseas holiday & when we returned in September we had an appointment with Storm as they wanted to get their hands on Graeme's super which he was able to collect since he had retired. We told them that we didn't want to hand the super money over as the market was looking very bad & we didn't want to lose it but was reassured that it would be the best thing to do as it would put us in a better position in the market, so very reluctantly we handed it over in October. Well the rest is history.

In that 20 months they had us do 10 steps! & a mortgage of \$ 1.3 million. Not bad, as at that stage Graeme was the only one working with an income of \$45,000 a year & then, no income, but we were not worried at all as were constantly told everything was fine. We also never saw loan documents but that never worried us, why should it, they know what they are doing! We also paid in money every week from Graeme's salary, I had inherited \$250,000 with which we bought properties & then subsequently gave it to them. They said we could retire on \$4,000 a month so we were thrilled as we had never ever earned that much but at the end we got 3 payments of \$2,500. Not a lot of return on the \$800,000 that we had invested.

I remember we got a message on the answering machine one day from Macquarie Bank telling us that we had a \$25,000 margin call & they wanted it the next day so rang storm & said "where are we supposed to get \$25,000?" & they said, don't worry we will take care of it. We had also signed the forms allowing them to sell down our port folios but never heard a thing about it until our statements arrived & shock, horror, we had been sold out. But once again, oh well, no worries, we will just buy back in when it goes up.

Consequently we are now homeless & living in a friends house while they are away travelling. We had to give back the Macquarie margin loan & sell our house as fast as possible as we couldn't afford the \$750 a week interest payments to the BOQ , as it was mortgaged to 80%, so we both got jobs quick smart as there was no income at all. The banks also charged us \$45,000 in break fees, "talk about kick a man when he is down!!!"

I am sorry that this is not a very professional letter full of facts & figures, that is beyond me, it is just more one from the heart & yes we have heaps of questions too especially, how can the banks give huge loans to people with small incomes? & why were we so stupid!!!

Judy & Graeme Hill