

**Senate Select Committee on  
Superannuation and Financial Services**

**Main Inquiry  
Reference (a)**

**Submission No. 119**

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**From:** Helen Hills [hhills@tpg.com.au]  
**Sent:** Sunday, 29 April 2001 6:50 PM  
**To:** Senate Inquiry  
**Subject:** Investigation into Solicitors' Mortgage Funds

Although I have not lost money in these funds, I consider that Piggott Wood and Baker (P W & B) did not act properly in respect of money I placed with them. A couple of years ago, I enquired whether I could place \$10,000 with that firm for about 12 months in order to provide for a future tax bill. I was assured that I could get my money back in that time frame. When the money was invested, I did not receive any information as to whom it was lent, or what the property was on which the mortgage was made. When my first interest cheque was sent, I was given the name of the debtor, nothing more. When I wanted the money back, the fund was frozen as there were more requests for money back than the firm had funds available.

When I asked about the security of my loan, I was assured that the borrower had been a customer of the firm for many years, and had never defaulted on interest payments. He had a hotel in Huonville and several properties in Launceston. When the scheme was being wound up, I was asked to decide whether to transfer the loan to Perpetual Trustees, or leave it with PW&B. On advise from the stockbroker, Shadforths, I decided to leave it where it was, and advised the firm accordingly. If I had transferred it, the interest rate was lower, and I would not be able to get my money back for at least a year. The accountant from P W & B rang me and tried to pressure me into transferring the loan. He said that my \$10,000 was part of a total mortgage of over one million dollars, and if I didn't agree to transfer my part, the borrower would be forced to renegotiate his whole loan. I suggested that he could repay my money, and transfer the balance. I was told this could not be done, as if the borrower repaid \$10,000 it would have to be apportioned among all the lenders of that total loan.

I eventually rang P W & B to see when my money would be repaid, and was told my loan had been transferred to Perpetual Trustees. When I reminded the accountant that I had not wanted my loan transferred, I was told that the large mortgage **had** been transferred, and that my loan had been moved to another mortgage – this was the first I had heard that my loan had been moved to another property. I was told it was part of a mortgage of some \$130,000 on a property in the Huon Valley, which was worth about \$300,000 and that my money was safe. I expressed surprise, as I thought that the large loan could not have been transferred without my agreement. I was told that they had different advice, and had been able to transfer it. When I asked, I was told that my money would be repaid on 15 May, and I received it shortly after that date. If I had agreed for it to be transferred to Perpetual Trustees, I would not have been able to get it until at least September of that year.

I am concerned (in retrospect) that so little information was given to me about the property my money was lent on, and that my money was transferred to a different property without even advising me, let alone getting my permission. If I had not telephoned, I would not have been told my money had been shuffled around.

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