

Mr. David Murray,  
Chairman,  
Financial System Inquiry,  
25<sup>st</sup> August 2014

## Section 1 – Stability- Addressing Too Big To Fail

I am extremely concerned that the Government is considering a Bail-In for banks. Gambling is a choice people make, it should never be the case that any government legislate that peoples' money deposited in banks should be used for derivatives without declaring the risks to their depositors when they are just as likely to fail. There is only one solution to TBTF banks to protect both the economy and bank deposits which is the introduction of the Glass – Steagall Act in Australia. Investment banking and commercial banking must be separate.

The big four plus Macquarie should be split into separate institutions, commercial banks that hold deposits and perform the safe banking functions that service the community, and investment banks that engage in risky financial speculation. The two types of banking should have no cross- ownership, no shared directors and no joint ventures with each other. Commercial Banks should be super safe and the investment banks should be taken as any other business venture. If financial gambling goes bad, they should NEVER be bailed out. Government must legislate to keep depositors' money safe. Glass- Steagall is the only option.

## Section 2 – Consumer Outcomes

Many of the submissions to this inquiry are by businesses and organisations, and are from the very ones with the most to lose or gain. The Commonwealth Government and the inquiry must be made aware and put on notice that the banking and financial industry must be made accountable and cannot profit from fraud and forgery with the acts of maladministration in lending (FRAUD ), no willingness to hand over your file and hidden documents such as the INTERNAL service calculator and the lack of regulatory supervision by ASIC. A true and proper “Roots and Branch” inquiry would find for a Royal Commission into the banking and financial sector with the absolute broadest of terms of reference. The banking system cannot move forward with confidence whilst these cases remain unresolved. The media, both television and the papers have finally woken and there is undeniable evidence of fraud, forgery and foul play with No, Low and in some cases Full doc home mortgage loan documentation, all designed to scam borrowers into loans who normally could not afford in the first place, and should never been given.

Where fraud and forgery on these loans are found, a reviewer must insist that lenders cannot take court action, and repayments must be frozen until a Royal Commission issues its findings. All loans made between 1999 and 2010 and if registered with an external dispute resolution service, are made subject to an Independent Review for loan tampering and falsification of assets and income. If found to have occurred, an immediate freeze on all interest payable on those contracts, which should be deemed as banks profiting from fraud.

The External dispute resolution process be abolished as being utterly biased and unworkable in the banks favour and that all determinations during the past 6 years be subject to a complete review. These frauds have personally cost our family approx.. \$450,000 and rising, and am absolutely positive that if I had defrauded the bank of this amount of money I'm sure the federal police would be knocking at my door. Why is it that the banks are immune from prosecution. Fraud cannot be good for the economy, and cannot benefit the nation if we and many others are thrown onto the streets and depending on Centrelink payments.

I will try and put our story to you in a simplified form

For the facts of my particular case and proof of fraud on loan application forms are, and bear in mind that what we know at this stage, two of the three refinancing have been fraudulently falsified. In 2005 my wife and I left our employment when the business was sold and with myself in poor health and have not worked to this day and on disability. In 2006 my wife was employed on a casual basis as a receptionist.

In 2007 through a "creating wealth in retirement scenario" meeting, the spiel was use the equity in your home to purchase property and have a steady income in retirement, we were persuaded to go ahead and invest. Tax returns were supplied showing our financial position and employment status but obviously never used. We repeatedly told the banks broker that we didn't have any income apart from my wife's casual \$7,500 p.a. and was told that it would not be a problem, which to us was surprising. We didn't know what a no doc loan was, nor were we told but that is what we ended up with. Along with this loan was a smaller amount known as a buffer and told that we pay for repayment and costs through the buffer. Never being able to contact the agent and getting fed up with this in 2008 at an investors meeting we were encouraged through another agent to refinance with another company and he would finance through GE Money. Once again more 'buffer' money was given and again told to pay repayments and property costs through this account. In 2009 because of the high interest rates that GE had and was not passing on interest rate cuts, and GE offering to waive early exit fees, agent refinanced again through Rams. Once again even more "buffer" money appeared to pay expenses.

Not long after we realised something was not right and after viewing a Today Tonight show we contacted a banking consumer body and was told to ask for copies of our loan appl. forms. These are never supplied on signing and borrowers are entitled to by law and should have been supplied on signing. If copies were supplied at signing the fraud would have been discovered on all refinancing. On eventually receiving the last two sets of loan appl. forms we were dumb founded and amazed at what had been added to the laf's. Our personal and financial situation have been completely fraudulently fabricated and did not resemble our true position. To cut a long story short and telling just 3 major errors were, both my wife and I were noted at earning \$100,000 p.a., self employed by an old business name and equity in a business of \$300,000. In three laf's there were 78 errors and all added after signatures were obtained and without our knowledge or consent. Evidence shows that all lenders have engaged in imprudent lending, maladministration in lending and unconscionable conduct. One simply phone call to us by three lenders to verify financials and employment status would have averted a crisis, and illustrates a systemic culture and problem. The Financial Ombudsman at this stage is saying that there is no improper lending by the bank and even say that a bank seconded lawyer has come to this decision. I noted earlier that the external dispute resolution service must be disbanded and my proof is perfectly justified. FOS state that we can get a lawyer if we wish but this is a terrible statement knowing full well that people who have been scammed in this fashion have no monies available for this kind of action and I would be sure the banks would know full well hence this approach.

A Royal Commission into the banking and financial industry with the widest terms of reference cannot be delayed.

Name withheld.