

Contravention of the Insurance Contract Act 2004

In November 2004, when my mother, Margaret [REDACTED], was just about to turn 80, [REDACTED] mis-sold her a reverse mortgage and the accompanying mortgage insurance for the property. The property was accessible by boat only, and it was therefore non-standard. [REDACTED] engaged in predatory lending and artificially inflated the value of the property, using loan to after-repair value (ARV) instead of loan to value (LTV). Under any kind of lending criteria, my mother did not have the means to repay the loan. Her sole source of income was her Age pension. She was suffering from vascular dementia, macular degeneration, and other illnesses, and [REDACTED] failed to ensure that she had independent legal advice. She could not even read the mortgage documents, let alone comprehend the consequences of signing.

[REDACTED] contravened the Insurance Contract Act 1984 by unilaterally assigning the mortgage insurance product to my mother. [REDACTED] should have allowed her to select her own insurance product. [REDACTED] did not disclose that there was a conflict of interest. It is almost certain that they ignored the regulation as this would make it easier to hide the fraudulently inflated LTV. And [REDACTED] wanted to keep all the trailing commission from the insurance product for themselves. I believe that the assignment of the insurance product was not only a breach of the Insurance Act, but it demonstrates an ongoing pattern of unconscionable behavior which continues to this day.

Not on Moreover, My mother was