

## SUBMISSION ON POLICY ISSUES IDENTIFIED IN THE INTERIM REPORT

**Submitted By:** Andrew Lloyd Davey

**Email:** [REDACTED]

**Phone Number:** [REDACTED]

**Submission for:** My Self

**Name of other person, business or organisation:**

**Do you agree to your submission being published:** Yes

**Do you agree to your full name being published:** Yes

**Your submission:**

Dear Sir/Madam

Please find following my personal submission. Thank you for your time to read and consider my submission.

My wife and I lost everything, our life time of savings, our superannuation, our hard earned equity to a fraudulent banking scam. In 2007 we were the direct subject of fraudulent activity, by both a lending institution that we trusted would act ethically and professionally, and by a mortgage broker who falsely befriended us only to then subject us to a cleverly engineered scam to steal all that we owned. What we were subject to was fraudulent and deceptive white collar crime, a well crafted and well engineered system that unethically exposed our financial position, whilst conversely protecting the risk exposure of both the bank and the mortgage broker.

In 2007 my wife and I had accumulated property worth approx. \$3 million and had loans worth approximately \$1 million, so we had approx. \$2 million in equity (on paper). Our significant assets at the time were our principle place of residence, five investment properties and superannuation. At this time both my wife and I were unemployed.

In 2007 we came across a home for sale that we decided could be our next family home, it's sale price was \$2.4 million. We were introduced to a very friendly and experienced mortgage broker by a mutual friend, this mortgage broker then commenced very proactively assisting us with finding finance to purchase the property. Various paperwork flowed from our friendly mortgage broker and to our surprise he was able to secure a \$1.5 million loan through [REDACTED] (the Lender) and [REDACTED] (the Manager). At the time of I did wonder how, with our limited income, we were able to secure such a large loan. At the time I did notice that the broker had disclosed that my income was \$625,000 per year on the loan application form (LAF). I did raise this question with our mortgage broker as it seemed incredibly excessive and incredibly wrong. Our mortgage broker's response was that this figure was calculated by the bank and included the projected annual capital growth of our properties and was based on the fact that property values always go up over time. This did seem odd to me at the time, however I trusted our friendly mortgage broker and I figured the bank would do their proper due diligence and confirm this figure before handing over \$1.5 million to us.

We entered into an interest only Lo-Doc loan with [REDACTED] and received approval for \$1.5 million and four line of credits (I'm not sure to this day why there were four but again I trusted the Lender and [REDACTED] and I assumed this was standard practice for interest only Lo-Doc loans).

We fell into stressful financial difficulty in the first year with late payment penalties being incurred and penalty interest applied, it was all happening very quickly. The lines of credit were all consumed by paying interest on the Lo-Doc loan until there was nothing left.

Our mortgage broker then suggested another financial strategy - that we refinance on our other properties, which we promptly did. Our mortgage broker advised this was common practice, everyone was doing it, and that the banks were very willing to help out. This money from refinancing very quickly disappeared, going straight into paying the [REDACTED] loan until there was no equity left in these properties. We were then left with having to sell our investment properties very quickly, there was little cash left after each sale and any surplus cash went directly to [REDACTED] to pay never ending interest on the Lo-Doc loan. We had a further problem here because on paper the Australian Taxation Office (ATO) was recognizing we were making capital profits on the investment sales so we then had the ATO chasing us for capital gains tax for paper gains that in reality did not exist as all the money had been consumed by [REDACTED] with interest payments. Personally this was incredibly difficult and stressful to manage, my family was under incredible pressure and I was very scared of our now bleak future, how had this happened ??

The next stage was the bank imposing legal action which led to me extracting all my superannuation (\$70,000) all of which went direct to [REDACTED] (APRA allowed me to access these funds under their hardship provision). Yet more stress and worry but this brought us a few months breathing space from the bank to the sell our last remaining asset, our home, it went to auction and sold for \$1.785m, we took a huge loss but at least the pressure and stress being imposed by [REDACTED] was finally gone. All up this took 33 months to hand over our entire life savings, in fact we ended up in financial debt owing the ATO \$30,000 in tax (that we could not afford to pay).

Fortunately we had a friend with a spare room that my family of five took up residence, sleeping on camping mattresses. It took about 6 months before we could afford to save enough money to get into a rental property. More than ten years on we are still living in a rented property and daily life is a challenging, we barely survive.

Now we reflect back on this experience we do wonder how and who put the wrong income figure on the loan application form (LAF). When we recently asked for a copy of the LAF from [REDACTED] (which they reluctantly provided after several requests) we noticed that the pages were incomplete with pages missing and entries on the LAF by four different people (not including my wife and I). The LAF noted that I was self employed for 7 years, I have never been self employed.

Our mortgage broker also had me sign a declaration at the time of the loan application process that I was self employed, I did question this at the time and our mortgage broker said this was "just another form, one of many that the bank needed to get the loan approved", our mortgage broker never conveyed the importance of the declaration and the fact that this would be THE SOLE DOCUMENT that the bank would use to approve the loan. The bank did no due diligence, the declaration was all that they relied upon to hand over a huge sum of money, and we were unemployed with three young children.

[REDACTED] did no due diligence before handing over \$1.5 million, they did not check tax returns or assessments or business financial statements or evidence of income or evidence of employment, any of which would have revealed that I was not and have never been self employed. If [REDACTED] had done some simple checking they would have realised that we did not have the means to service the loan, we did have assets that if sold would have paid out the loan, it would seem our \$2 million equity, our superannuation, our assets were the prime focus of the bank, falsifying the income by the seller using the bank's calculator as a tool to get the LAF in order for the bank to take over our funds by forcing us to sell, which we reluctantly and sadly did. I know that [REDACTED] did no due diligence because I was later sent (by accident) a complete copy of the [REDACTED] which notes their sole reliance on the self employed declaration, and nothing else, ASIC allowed this to happen and [REDACTED] have this clearly recorded in their system.

33 months and our financial well-being and that of our children - by incorrect and harmful financial advice sent our family into extreme stress, chaos and financial ruin.

We were never going to be in a position to service the loan, over many years it has been hard to comprehend why a bank would lend such a large sum of money to a family who could clearly not service the loan. At the time of the loan we had the equity on paper to pay out the loan however this would have required us to sell our assets. Why did [REDACTED] lend us money on this basis? Why didn't [REDACTED] carry out some simple checks to verify our inability to service this loan?

We would like to see justice done. We would like to see the truth come out and have the bank brought to justice for fraudulently putting together a scheme to steal our hard earned money. My family deserves to be compensated for the criminal and deceitful act that the bank inflicted. [REDACTED] put my family into a position of extreme

hardship and they did so willingly and heartlessly. They need to be held accountable for their actions.