

Submissions to the Banking, Superannuation and Financial Services Industry Royal Commission

Part 1: Questions about you

Full Name:	Harry Tan
Email:	[REDACTED]
Phone number:	[REDACTED] or [REDACTED]
State / Territory:	Victoria
Who are you making this submissions for:	My Self-Managed Superfund
Name other person:	[REDACTED]
Relation to person:	Director of the company – member of my SMSF

Part 2: Questions about the banking, superannuation or financial services entity your submission relates to

Industry:	Superannuation and Banking
Bank:	[REDACTED]
Indicate the nature of your dealings with this entity:	Superannuation Investment mortgage
	Small business finance
	Superannuation Investment Finance to purchase [REDACTED]
	[REDACTED]

If other, please specify:

Part 3: Questions that make up your submission to the Royal Commission

Which of the Royal Commission's terms of reference is your submission about	Misconduct or conduct falling below community standards and expectations	✓
	Culture or governance practices and other practices (including risk management, recruitment and remuneration practices and/or the use of a superannuation member's retirement savings by a financial service entity)	✓
	Effectiveness of redress for consumers	✓
What did the financial services entity do that amounts	(3000 characters)	
	<i>Introduction</i>	

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Due to [REDACTED] mistake, my self-managed super fund (SMSF), [REDACTED] had been forced to purchase this investment property - [REDACTED] and make my SMSF - [REDACTED] suffer serious financial hardship.

[REDACTED] already forced me to sell an investment property [REDACTED] under my self-managed superfund in another financial mortgage, now once again [REDACTED] forced me to sell these two investment properties by cutting their two investment mortgages, \$504,00 and \$244,000.

24/06/2016, I sent an email to Mr [REDACTED] a senior relationship manager at [REDACTED] about my intention to use my SMSF to purchase two investment properties: [REDACTED] as sales price about \$1.39 million. In the email, I have included the sales contract, property information IM, (in these documents, it is clear shown there are 3 titles in this sales contract) and asked him whether [REDACTED] able to lend any money to help me completing the purchase of the above properties.

27/06/2016, after [REDACTED] received the sales contract and checked all of the details, [REDACTED] emailed back and informed me that [REDACTED] can lend a loan \$902,200, 65% of the purchase price of \$1,388,000. This loan amount is sufficient for my SMSF to complete this purchase.

I then discussed with [REDACTED] few times and [REDACTED] never raised the issue that my SMSF cannot sign this sales contract due to this contract has 3 title together as one sale. After I received the confirmation from [REDACTED] I signed the purchase contract on 07/07/2016 and settlement is 10/11/2016.

On 14/07/2016, 7 day after we signed the purchase contract, [REDACTED] send email to their external solicitor to discuss with them about this transaction, their external solicitor informed him that according to government requirement, my SMSF cannot signed this sales contract due to there is 3 titles in this sales contract.

If we knew that my SMSF cannot sign this contract, we will not buy this property. However, as we have been informed too late, so we asked [REDACTED] for solution and [REDACTED] then gave us a solution to ask vendor to prepare 3 new sales contracts and my SMSF to sign 3 individual purchase contracts.

We followed [REDACTED] instruction and as the result, we have to spend thousands of dollars extra to ask vendor's solicitor to prepare 3 individual sales contracts.

After we signed 3 separated sales contracts, later [REDACTED] further informed us that due to the sales contract is individual sales contract, according to bank's policy, the value of the property has been dropped and cannot as the value of total of three added together [REDACTED] only can lend money according to valuation of each individual property. Plus, [REDACTED] cannot lend any money to the third title due to the third title is the road and no rental income from this title.

As the result, [REDACTED] informed us that [REDACTED] only can only lend \$504,000 for [REDACTED] and \$244,000 to [REDACTED]. Compare with the original proposed loan amount \$902,200, it has shortfall \$154,000.

If [REDACTED] informed this policy before, we would not sign the 3 new individual sales contracts.

To fund this \$154,000, I have to sell all of my shares about \$85,000 under superfund and make extra contribution to my SMSF, which has made my super lose money on the sales of share and financial hardship on our cash flow.

Plus, we have to pay thousands dollars penalty to the vendor due to late settlement.

Now, two years loan term has been completed, on 4th September 2018, [REDACTED] informed us that [REDACTED] requested us to pay-off the loans in full at 30 Nov 2018.

Under the current environment, we cannot find other banks to lending on SMSF, plus my superfund has no \$748,000 cash reserve, as the result, we will be forced to sale these investment properties, which will lead another financial loss.

The Bank's and [REDACTED] misconduct outlined above has caused my superfund to incur significant losses:

- (a) Spent thousands dollars to ask the vendor to redo 3 sales contract
- (b) Pay thousands on late settlement
- (c) Force to sell \$85,000 shares on the cheaper price
- (d) Make \$150,000 extra contribution to super to complete the transaction

Moreover, now [REDACTED] forces us to sale these two investment properties.

When did this happen?	June 2016
What do you think caused or contributed to these events?	<p>(3000 characters)</p> <p>If [REDACTED] give enough training on SMSF lending to its bankers and if [REDACTED] has a system to support their banker on SMSF lending and if the banker [REDACTED] pay enough attention on this transaction and read through the sales contract that we send to them before we signed the sales contract, all these troubles and financial losses can be prevened.</p> <p>If [REDACTED] has a system to monitor and review their banker's decision, this issue can be stopped.</p> <p>If [REDACTED] has a workable complaint system to stop its bankers make revenge on complains with its customers, their banker's behaviour will be changed.</p> <p>If [REDACTED] has a customer feedback system, this kind of issues could be stopped.</p> <p>If [REDACTED] requested its bankers must to give information to its customers about who is their next level officer, how to make complaint about their services, and what is the penalty to bankers if they carry out any revenge action to customer's complaint, these bankers would not able to make such revenges on its customers.</p>
Did you make a complaint in relation to what happened?	<p>Yes No</p> <p>We are not daring to make complaint with [REDACTED] every time we make complaint, we received revenge from these bankers and it made our life more difficult with [REDACTED]</p>
What culture or governance practices and	<p>(3000 characters)</p> <p>We concerned about the fact that the Bank and [REDACTED] have:</p>

other practices (including risk management, recruitment and remuneration practices and/or the use of a superannuation member's retirement savings by a financial service entity) of the entity are of concern and why?

- (a) We have sent the sales contract about 15 days before we signed it, we asked [REDACTED] to review and make sure this mortgage application can fit their lending policy, however, after received the sales contract, [REDACTED] did not take any action to check with its lending policy on SMSF, missed the opportunity to warn us about the risks associated with this transaction, it failed their duty of care.
- (b) [REDACTED] did not discuss with us about any potential problems before we signed the sales contract.
- (c) [REDACTED] has no system to support customer in SMSF lending and allowed this kind of mistake occurred by their bankers, [REDACTED] and [REDACTED] has full responsibility on this mistake.
- (d) As customers, we are unable to know who is the next level of the officer, how to make complaint, what is the help we can get from [REDACTED] if we make complaint and the bankers take revenge on our complaint.

How effective are the mechanisms for consumer redress and how could they be improved?

(3000 characters)

We received revenge from [REDACTED] every time if we complain about their services and mistakes.

We made complain to [REDACTED] about why did not check our sales contract before we sign the sales contract, AA stopped discuss with us about this loan application, and we were so worried about whether we able to get this loan to settle this purchase. As the result, this purchase had been settled late and we paid penalty on the late settlement.

In another occasion, we made complain about their banker not give us any reasons but push us to accept his proposal to increase the loan amount for an on-going loan, the banker instructed their solicitor to send us a letter to withdraw this on-going loan facility and asked us to pay-off the 3.9 million loan facility within 90 days. More details please refer to another submission to Royal Commission, reference No: PWF.0001.0002.0391

It made our life so difficult and to meet this demanding, we will lose our home, our life savings and everything that we have, due to I cannot handle this issue, I informed this situation to my daughter that we cannot support her study in USA, (at the time, she was one of the top golf players and study in USA university and plays college golf). My daughter so worried about our situation and she started crying when she was driving her car, then she had a serious car accident and have been hospitalised for a week, and my wife and I have to fly to USA to look after her. Due to this car accident; she has to give up her golf dream and back to Australia.

Although this banker final allowed us to continue use this loan facility after we reported my daughter's car accident, however, this banker carried out a very high demanding, included to make 1.2 cash contribution as the condition. To meet their 1.2 million cash contribution, we have been forced to sale the investment property under my SMSF, [REDACTED] at Oct 2017.

Plus, in 2005 we complained about other unfair treatment, their bankers cancelled our accreditation, as the result, we unable to do any commercial business loans with [REDACTED]

It is very clear that [REDACTED]s bankers will carry revenge if we make complain any complains and [REDACTED] has no system to address this issue.

We are so scared about these revenges.

What changes would you like the Royal Commission to recommend?

(3000 characters)

HJT would like the Royal Commission to recommend that:

- 1) All financial institutions should have a special team to look after SMSF lending and this special team should be well trained and specialised.
- 2) All financial institutions should have system to address any mistakes that its bankers occurred.
- 3) All financial institutions should have a public education program with its customer on SMSF lending and requires the special team to conduct this public education with its customers.
- 4) All financial institutions should make the lending team on these SMSF loans be over 5 years. It is because any short team lending will create chance to force financial loses.
- 5) All financial institutions should implement a system by which the actions of all staff (irrespective of their seniority) are reviewed by at least one other person of equal or higher seniority to ensure that all decisions made by the financial institution in the customer's best interests.
- 6) All financial institutions should implement an internal redress system whereby customers who have suffered loss as a result of the Bank's misconduct are entitled to seek financial redress and compensation.
- 7) Government should have an independent investigation body to allow customers to make complain if customers have financial loses with these financial institutions, especially if these institutions cannot stop its officers carry out revenge actions on complains.

Other Comments (3000 characters)