Case Summary

John's story shows how La Trobe Financial turned his home ownership to homelessness. It is a sad tale of non-bank home loan fraud, crippling fees and theft. John currently lives in a $150 caravan he managed to get at the tip while the home stolen from him is now valued at around 1.6 million.

There needs to be thorough investigation by an extended RC with the power to set in place recommendations for the compensation of individual bank victims and access to affordable and meaningful justice.

Story Details**Story Of:** John Kovar
Financial Institution (if other): La Trobe Financial
Bank Malpractice Type: Incompetent Business Practices
Corruption
Powermongering & Greed
Unconscionable Conduct
Other Bad Banking Behaviour

Video - Extend Banking Royal Commission:

Bank Victim Story John Kovar (La Trobe Financial)

Video of Bank Victim Story John Kovar (La Trobe Financial)

Overview Of Bank Victim's Case

Bank Story Overview:

La Trobe Theft and Fraud regulators won't look at

John Kovar (JK) La Trobe Financial

Case Summary

History

- JK and friend bought a house with finance from La Trobe Financial
- JK 4 years later buys the friend out with finance from La Trobe Financial.
- **JK told by a broker it had to be a business loan. JK questions the broker as applications states "business loan only if funds are predominantly used for business purposes" and he already had a mortgage on the house.**

Wrong loan set up

- 2007: JK told by La Trobe's solicitor, it has to be a business loan and JK has to sign a non-coded loan form

$27,000 theft

- **Loan settlement $494,000 la Trobe charge $63,000 exit fees to change the mortgage security and make a further error in calculations that robs him of approx $27,000, adding to a total of $90,000**

- 6 months after application and negotiations, JK accepts a reduction of $60,000, couldn't work out where $30,000 of his money had gone to. Missed summer business trading.
- JK's income reduces by over $100K and he missed a payment

Exorbitant fees

- **La Trobe puts JK straight into default with a late payment fee $25,000 (5% of loan amount)**
- Over the next 31 months although payments were intermittent, JK pays an average of $5,300 ($5,294.04) per month, the mortgage was $4,000 ($4,051.16) per month
- The fees charged since taking on the loan average out to $6,295.16 per month

Interest only costing full loan in 5 years

- **JK would have had to pay La Trobe $10,000 per month to keep his home. That's a total of $320,365.11 for 31 months (loan was for $494,000), or he loses his home (which he did lose)**
- **Continuing at a monthly rate of average $5,900 at that rate at 5 years the loan would cost $491,000 about the same as the loan amount $494,000. And that's an interest-only loan with fees charges and un-fixable miscalculations (THEFT).**

House sold $230K under price

- 2011: La Trobe sold JK's property that he bought for $765,000 for $530,000 (loan amount plus agents fees) leaves no equity for JK.
- La Trobe tried to make JK pay them another $54,000, which they say he still owes them.

Regulator not interested

- 2013: JK went to Financial credit Ombudsman, nothing JK said was dealt with or looked at. All JK got was "La Trobe is a professional company and can do no wrong."

Outcome

- JK ended up with nothing, living in his car on Newstart allowance, (still on it now) eventually JK bought a caravan from the tip for $150, and that is still his home.
- JK believes La Trobe owe him the equity and assets (approx total $500K) he had when he bought the house... plus interest.
- Also the social loss and income loss he has experienced because of them. The property JK lost to La Trobe is worth about 1.6 million now.

Transcript - Video Q&A Interview

Leon Ashby (LA) Asks...:

La Trobe Theft and Fraud regulators won't look at.

Extract From Video - John Kovar (JK) Home Loan - La Trobe Financial

Interview with Leon Ashby (LA) 14th August 2018 - Extending The Bank Royal Commission, recorded at Parliament House, Canberra ACT Australia.

LA: John, what sort of loan did La Trobe demand you have for your house purchase?
JK: A business loan.

LA: Did La Trobe charge you $90,000 in exit fees just to change the mortgage security?
JK: Yes

LA: Did you complain and get $60,000 paid back but still lost $27,000?
JK: Yes

LA: When you missed a payment and were put in default, how much was the late payment fee?
JK: $25,000

LA: Did Latrobe increase your interest only loan by adding a series of fees such that you would pay them the full value of the loan within 5 years?
JK: Yes and I still had the full $494,000 to pay off.

LA: Did La Trobe sell your property $230,000 under the price you bought it for?
JK: Yes

LA: Did La Trobe try to make you pay them another $58,000 claiming it as a shortfall?
JK: Yes

LA: When you went to the Financial credit Ombudsman, did they look at your case?
JK: No, they just said "La Trobe are a professional company and can do no wrong."

LA: What is the property worth today that you lost?
JK: 1.6 million

LA: Have you ended up with nothing, living on Newstart allowance, and camping in a $150 caravan you got from the tip?
JK: Yes

LA: Has the royal commission addressed a case like yours in the hearings so far?
JK: No and there are hundreds if not thousands of us who need to be heard not just read about by the royal commission.

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[Other Notes & Commentry]

Notes:

From Australian Dream To Poverty

John's story is a classic example of why the Banking and Financial Services Royal Commission needs to be extended. This type of case is under-represented. There needs to be thorough investigation by an extended RC with the power to set in place recommendations for the compensation of individual bank victims and access to affordable and meaningful justice.

Cast a vote and sign the petition today! >www.bankreform.com.au/petition



More Information:

Consumer Reviews - La Trobe Financial Services
Bank Victims Horror Stories - Extend RC Series
Sign Petition For Extended Banking Royal Commission

Related Links:

What Can I Do? Banking RC
What's Missing From Banking RC ?

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