ABC Exposes NAB Predatory Business Tactics - Interview With Dr Peter Brandson - Founder and CEO Of Bank Reform Now

Summary:
Neil Woolrich from ABC TV's The Business - Gets the facts about NAB and the need for the Bank Reform Now campaign.

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How did your dispute with the NAB come about?

In 2004 the NAB gave a family member a substantial loan that was totally unjustifiable based on the person's income and assets. It became quickly clear that the loan was given in large part due to my relationship to the borrower. In other words it was my income and assets the bank was interested in harvesting .... down the track. The key point is that this sort of damage can affect anyone even if you do not directly have a loan with a bank.

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What was the cost to you and your family, both in terms of the financial impact, and the personal impact?

NAB tried to kick us out of our family home .... with one week's notice. Due to the way NAB maladministered the loans and the flow on effects of their predatory lending I have ended up carrying a multimillion dollar debt. Debts that were initially not in my name and for which I was not a guarantor or signatory. The trauma and stress caused by this led to a divorce - particularly difficult for my four children

Why are you launching a campaign against them, rather than taking them to court?

In a nutshell - the law favours the banks. While I would likely win I would only get a fraction of the damages caused to me and my family. I told NAB CEO Cameron Clyne that I was not copping it. Once I discovered how many other people NAB has harmed ... settling my dispute was not enough. I want to make sure that any person harmed by predatory banking is fully compensated by the bank. If I won in Court the bank would want a confidentiality agreement. That is how banks like to keep the issue quiet. The time for covering up bank misbehaviour is over. This campaign will collect stories from clients and bank whistleblowers. We aim to set several precedents with NAB bank victims getting proper compensation. Additional funding coming to the campaign from supporters and banks will be used to boost mental health services in rural Australia.

How widespread do you think these sorts of predatory lending practices are?

Predatory lending is very common ..... and remember .... banks caused the GFC by engaging in this type of inappropriate lending. We are talking about white collar crime on a grand scale - we aim to expose just how widespread this problem is. Everyone should get their Loan Application Forms from their bank and check that the details are correct - income - assets etc. Bankers often alter these figures to make the loan appear acceptable .... for example Loan to Value ratios are falsely lowered to less than 80%. Don’t forget .... bank staff often can only get pay rises and promotions by meeting ludicrous sales targets. A system like that can only encourage inappropriate lending.

The Banking and Finance Consumers Support Association show that 100% of major bank generated low doc loans BFCSA has discovered to date, have fraudulent income figures created by bank calculators during the assessment process.

BFCSA also found 18% of Full Docs are toxic loans via the same internal assessment process. Forged signatures are also of concern and articulated by BFCSA Members in over 200 submissions to Parliament.

Is it only the NAB or do the other major banks do it as well?

All the banks do it to varying degrees but my research shows that NAB has a shocking reputation for it. If you look at their poor history of business decisions and the massive losses that they have incurred in various failed ventures - it explains why they have been under such pressure to boost their profits despite the damage predatory banking causes to their clients. The banks must be fully investigated with a Royal Commission. The recent Senate inquiry into ASIC threw us a sop - a proposed Royal Commission ..... but only into the CBA's financial planning arm ..... and even this is being resisted by the Finance Minister. We are not silly ... we know that banks are the biggest donors to both major political parties. CBA victims are the tip of a very deep iceberg.

Have you had many people contact you about this (even though the website hasn’t launched yet)?

The BRN campaign has been in pre-launch since late last year. Just from a couple of news stories and limited internet presence I have had many people contacting me with their own stories. In the last 2 weeks I’ve had three families - two involved in farming - from NSW, Victoria and Queensland - tell me

how NAB deliberately set them up and took them down. Heartbreaking stuff and it is happening right around the country. Many people I have spoken too are only now realising that banks are not like they were 50 years ago - they are not on your side - helping you to achieve your goals. Even business people are surprised when a bank brings them down. We are trying to help people become aware before they become a victim. Prevention is better than cure.

What about in your work as a GP – do you see the effects of predatory lending on a regular basis?

Ask any Doctor and you will find that financial difficulties are a one of the biggest causes of mental distress - anxiety and depression. If you dig a bit deeper the issue is that people are struggling to keep their heads above water. To look after ourselves and our families is a difficult job. Particularly if you have debts that are too much for you to bear. There are laws which are supposed to stop banks giving people loans they can't afford to manage but the laws are often ignored by the banks and not enforced by the government. Many people given these excess amounts do not even realise the bank knew from the start that the client could not afford the loan. Only when the bank wants to take their house it might click that the bank gave the loan only to get fees, interest and commissions - the customer's welfare is not even considered. Pretty hard to get the work life balance right when you have to spend so much time and money improving the bank’s bottom line rather than enjoying the fruits of your labour with your family and friends.

Do you think ASIC and the government are doing enough in this area?

I have been forced into becoming a bank reform activist precisely because ASIC and the government are not doing the right thing by the people. The government will never bring the banks into line. If we want change it is up to the people to force change onto the banks and the government. My campaign is well planned - we target one bank at a time - NAB first because they are the worst offender. I promise to set a precedent that will protect every Australian from bank rip offs - with the people's support we will all win.

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