

My story and history with the Commonwealth Bank of Australia

Without Prejudice

My name is Tanya Hargraves. I have been a business woman in Canberra since 1991. I am a graphic designer and publisher. I have created many publications and marketing material for government and private enterprise.

For ten years I owned a house in Jerrabomberra, a suburb on the outskirts of Canberra, and a boutique office in the heart of Canberra where I carried out my business.

2008 - 2009

In 2008 I decided to live on a small block of land so that I could house my horses. I wanted to sell my home in Jerrabomberra to purchase a semi rural property. Mid 2008 when I was paying wages for one of my staff at the CBA branch in Canberra I asked the clerk about a home loan. He escorted me upstairs and introduced me to the banking manager. The banking manager crunched numbers and examined my income and offered to lend me approx \$1.6mil so that I could purchase a property at Yass, refinance the Jerrabomberra home and my office in Deakin ACT, which included transferring my business banking to CBA. He convinced me I could afford to keep my Jerrabomberra home as an investment property. Upon settlement there was a shortfall for the Yass property stamp duty, the valuation for the office was not as high as expected, so he lent me additional funds, a \$20,000 personal loan and a \$50,000 overdraft for my business to cover the shortfall. This was late 2008 while the GFC hit Australia.

All of a sudden I was heavily in debt to CBA and I had all my eggs in one basket. I thought I could manage because the interest rate they offered were low, 5.09%. They set up the loans in a very complex manner, eg: included 12 bank accounts, which made it very difficult to understand and a much I should pay into each account.

2010

After 12 months the CBA increased the interest rate to over 9.5% and changed the loans to a overdraft cheque account. I started falling behind in the repayments.

The banking manager at CBA called me into the City branch and wrapped me around the knuckles. He also told me [REDACTED], my original banking manager who signed up the loans, had been fired for over lending to myself and another person.

He told me I had no choice other than to sell a property. I decided to sell the Jerrabomberra property and the bank required me to sell it as vacant possession. I broke the lease with my tenants. I listed it with a real estate agent and it took approx 6 months to sell. During that time, while the house was for sale and vacant, I fell further behind in my repayments. The CBA started charging penalty interest rates 3-4% about the normal housing variable rates.

2011

Early in 2011, without any warning CBA froze my cheque account, overdraft and merchant facility for my business. I had an argument with [REDACTED] from the head office in Sydney requesting that she allow me to continue to run my business. But she did not care at all about my business.

I lost my online merchant facility which damaged my income.

In 2011 there was an article in the Financial Review saying CBA went offshore for their investors during the GFC, the investors are from China, India, Indonesia and Vietnam, the Asian market. [REDACTED]

[REDACTED]

2012 - 2013

Early 2012 I made a complaint to the Financial Ombudsmen about the default penalty interest and the freezing of my business cheque accounts. FOS told me when I was offered the loans that there was no way I could afford the loans, total \$1.6mil. Around that time ANZ lost a class action claim in the Supreme Court for charging excessive bank fees. FOS negotiated with CBA that they should pay back the default interest charged to my accounts which totalled \$32,000 if I sold my Deakin office.

I did not want to sell my office, but I could not re-finance at that time, due to the CBA defaults listed on my CRA. So I had no choice but to except the offer. I retrenched my staff and moved my business to my home in Yass. I lost my business phone number which I had for over 10 years. My office was my superannuation fund for my retirement. I am 56 years old and can not recover financially.

FOS wrote an agreement for moving forward with the repayments of the Yass property, it read:

Repay the residual debt by monthly principal and interest payments of \$4,200.00. The remaining debt is 25 years. The interest rate to be variable and the initial interest rate to be 7.24% per annum. Interest rates will vary in line with the Banks interest rates generally. The first payment is due on 1 August 2012 and on the 1st of every month thereafter, or the first business day after, until all debt is cleared in full.

I made payments of \$4,200 for 4 months. Then interest rates dropped in Dec 2012. I did not receive any bank statements, even after many requests, so I made payments according to Netbank online debits from my account.

In Jan 2013, during the bush fires 6 km from Yass, I received an eviction letter from [REDACTED] Legal giving me 7 days to vacate. I phoned [REDACTED], who was my banking manager at the time, and spoke to her about the eviction notice. We had an argument about the amount I should pay. She said I should pay \$4,200 each month for the life of the loan (25 years) I argued that was completely impractical as no one can predict the interest rates over the next 25 years. I argued that the contract states that I pay \$4200 while the rates are 7.24%. Because it was a variable loan and if rates rise I pay more and if rates decrease I pay less. The the interest rates have dropped so I paid what was reflected on the Netbank online running statement. How could she possibly expect me to pay \$4,200 for 25 years? What if in 10 years time the interest rates increase to 12% do I still pay \$4,200? She couldn't answer that question? She also said the investors want their money back.

So, guess what, the greedy [REDACTED] start charging default interest again.

A couple of months later I was handed a Supreme Court claim by the CBA calling in the loan. I went back to FOS and made another complaint. This time I got a women who was less helpful. She arranged a phone conciliation between FOS, CBA and myself. We agreed over the phone that CBA will reduce the payment down to the variable rate of the day equivalent to \$2,800 per month for 6 months while I re-finance or sell the property. I also requested that the portfolio loan they originally set up be changed to a housing loan, but they refused to change it.

After the phone conciliation FOS requested that CBA write the agreement, I requested the FOS representative to write the agreement as FOS representative wrote the previous agreement, but she left it to the bank to write. The agreement came back from the bank with additional clauses one being that I would not take legal action against CBA, even though they had taken legal action against me. It also said that CBA will continue to charge default interest to my accounts. Which meant because of the reduced payment plan of \$2,800 per month I would continue to fall behind in the loan which made it impossible to refinance with another bank. I was led to believe during the phone conciliation that they would reduce the interest to reflect the variable home loan rates at the time equivalent to \$2,800 per month. I could not sign the agreement. FOS then sent the complaint higher up the ladder to the Ombudsman.

2014

During the 5 months, while under review with FOS, on the 14 Feb CBA entered default judgement against me. I was advised by FOS that CBA should not have entered default judgement because all legal action should be frozen while under review by FOS.

FOS is financed by the Australian banks by charging them annual membership. This is unfair to the public. Why would FOS ever bite the hand that feeds them?

In November, I received an Eviction Notice from the Sheriffs Office. I then sought free legal advice from Financial Rights Legal Centre (FRLC) in Sydney. I promptly advertised my property for sale so that I could at least try to maintain my equity.

My lawyer from FRLC advised me to file a Stay of Action in the Supreme Court while I sold my property.

2015

In March 2015 I was granted another Stay of Action for three months so that I could continue to market and sell my property. My property is a 20 acre lifestyle horse property facing the river at Yass.

I explained to the Supreme Court Registrar that the market was soft due to the public service retrenchments and three months did not give me enough time to sell the property. Nevertheless, in that time I found a buyer who was prepared to allow me to rent back for 6 months while he sold his property and I buy another property. He had his finance approved and he was in the process of purchasing my property eg getting land searches, building inspections and a valuation which were to take place the following week.

The Stay of Action ran out on the 15 May. According to the court I was suppose to have the property sale finalised by this date.

I went back to the Supreme Court Registrar. I requested a third Stay of Action to allow the sale to go through as normal. The Registrar did not grant another Stay of Action. When I was driving home from Sydney, very upset, because I was given 3 days to find new accommodation for my horses, livestock and myself. I decided to turn around and go back the Supreme Court and request to be heard before a Judge but it was to late in the day, after 3pm, for a Judge to hear my case, unless I pay Judge [REDACTED] hundreds of dollars for her to hear my request for a Stay of Action after 4pm. I could not afford to pay hundreds of dollars in cash so I "booked" Judge [REDACTED] for the following day, Friday, during business hours. The eviction was to take place the following Tuesday, 11am 26 May 2015.

During my court appearance I pleaded with Judge [REDACTED] that I only needed two weeks to finalise the sale of my property and that I have a large amount of equity left in my property, giving me another two weeks to allow the sale to go through would not prejudice CBA.

I also pleaded to Judge [REDACTED] that three days was not enough time to find a new home for myself, horses, livestock and equipment etc. She said three days is plenty of time to find new accommodation. I also pleaded that the buyer will exchange contracts within two weeks and that the eviction was not necessary. I pleaded that I could not physically move my livestock, furniture and machinery in three days.

She did not grant me a Stay for two weeks or have any understanding or consideration for rural Australia and the welfare of my horses and livestock.

The last thing I said to her was that she left me no choice other than to bring my livestock and horses to the Supreme Court, as I had nowhere else for them to go! I did not do this, as they would not "fit in" the Supreme Court, my animals have more integrity.

I tried to negotiate with [REDACTED] Legal, who are CBA's lawyers, but they were non negotiable.

Tuesday, 11am, 26 May 15, the Sheriff (a [REDACTED]), security blokes and the locksmiths cut the lock on my front gate and broke into my property. They changed the locks to the house, the stables, chained and locked the front gate and ordered me off the property and told me I would be trespassing if I entered the property again.

I have vested interest in the property. At the time of the eviction CBA had not transferred the Deeds from my name into the banks name, so therefore, I believe they did not legally own the property and did not have the right to force me off my own property, they were trespassing.

I grabbed what I could of my personal possessions and left the property. I could not find accommodation for my horses so they had to stay on the property for a few more days. The bank then threatened to impound them and told me I was not to enter the property under any circumstances or I will be trespassing. I was told by [REDACTED] Legal I was to be supervised by their security people if I wanted to move my horses. So I organised the security people through my solicitor. They were 1.5hrs hours late. I could not move my horses in the dark. They sped around my property with their lights on high beam, terrifying my horses and causing damage to the water pipes etc. My horses welfare were at high risk due to these reckless thugs which the bank employees.

The bank attempted to sell my property to the buyer I originally found. [REDACTED] Legal and the bank knew there was a large amount of equity in my property as they said this to me after court.

I was sent documents by [REDACTED] Legal including a Deed of Settlement and Release which includes:

- Confidentiality agreement stating that I do not make any comments to any other person either verbally, through social media or in writing and the internet etc.
- I will not take any legal action against the CBA in the future.
- I agree to the sale to the buyer I found and that it is being sold at market value, which it is not, I had a valuation done in March and it is being sold for \$50,000 under market value. The documentation did not include a summary of costs or any figures of the proceeds of the sale.

[REDACTED] from CBA phoned me on the 14 July and then emailed a copy of the Deed of Release documents.

This was the first time anyone from the bank has contacted me directly in over twelve months. When I tried to contact the bank directly I was always referred to [REDACTED] Legal which inturn they charged costs to my mortgage.

[REDACTED] was demanding to know why I did not signed the documents. I told him I could not sign the documents because;

- it did not include any of the sale proceeds and costs.
- the property was sold for under market value.
- I am not prepared to sign a confidentiality agreement and open ended Deed of Release because of the above.

[REDACTED] told me if I do not sign the documents the bank will organise an auction and this process will take two to three months. The real estate agent, [REDACTED], which I assigned is now assigned to CBA to gain additional \$8,000 in commission. I made [REDACTED] from CBA aware of this but they were not willing to alter their contract with [REDACTED].

The property was vacant for months, it will become a hazard and a fire risk as summer approaches. My neighbours noticed a flood in the shed and the stables. Due to the sub zero winter temperatures, -8, the water pipes in the shed burst and flooded the stables and the paddocks. Fences are falling down and major damage to the property is occurring. CBA will not allow me to enter the property to fix any problems, they have threatened me with trespassing if I enter the property.

On the 31st October 2015 CBA auctioned my property. There was two bidders at the auction, the same two

buyers who had shown interested in my property prior to the eviction, the highest bid was \$826,000, a \$4,000 shortfall of CBA's valuation. The bank passed-in, blocked the sale, of my property. Each month CBA charged the monthly mortgage including compound interest and default interest and my debt accrued.

After numerous requests CBA and [REDACTED] finally offered to provide a copy of their legal costs only if I paid [REDACTED] \$750 up front, I refused to pay. On the 24th November 2015 CBA finally provided, after the auction, copies of their the banks legal fees and costs in excess of \$200,000.

Four months after the auction, February 2016, CBA finally sold my property by private treaty for \$830,000. CBA blocked the sale at auction so they could extort additional interest charges, legal fees and other obscure miscellaneous fees until there was no equity left.

In Summary

- In 2009 CBA should not have convinced me to retain my Jerrabomberra home as an investment property and then lend me \$1.6 mil to refinance my Deakin property, my Jerrabomberra property and provide finance of \$740,000 to purchase my Yass property. I provided documentation of all my income prior to taking the loans, which was less than \$80,000 per annum. I relied on their commercial skill and expertise to calculate my income against costs to service the loans. In 2010 they admitted in an email to me their unconscionable lending and mal administration and that I could not afford the loans when I took them out. I should not have to wear all of the responsibility for CBA's incompetence.
- CBA should not have taken court action while the complaint was under review by FOS.
- CBA should not have evicted me two weeks prior to the exchange of sale contracts for the Yass property. They attempted to sell my property to the same buyer I had arranged. They charged enormous additional fees, in excess of \$100,000.
- CBA should not have interpreted the following FOS agreement wrongly and to their advantage, so as to [REDACTED] me to default:

"repay the residual debt by monthly principal and interest payments of \$4200.00. The remaining term is 25 years. The interest rate to be variable and the initial interest rate to be 7.24% per annum. Interest rates will vary in line with the Banks interest rates generally. The first payment is due on 1 August 2012 and the first of every month thereafter, or the first business day after, until all debt is cleared in full".

For the first 3 months I paid \$4200 per month, then interest rates fell, I then paid the variable interest that was debited to my mortgage account each month. CBA expected me to pay \$4200 per month for the next 25 years with a variable interest rate? I tried to explain to [REDACTED] from CBA this does not calculate eg: if in 5 years time interest rates increased to say, 10%, did she expect me to pay \$4200 per month? She could not answer this question. She was not interest in resolving the issue. She said "the investors want their money back because FOS made us pay back \$32,000 in over charged interest".

I believe CBA [REDACTED] my default.

- I have advise from a lawyer and a barrister who say CBA engaged in unconscionable conduct. My lawyers have written a letter of demand for \$534,000 to CBA for the following:
 - a) The Default Judgement was entered irregularly on two occasions, firstly in February 2014, whilst the matter was with FOS, then in September 2014, when they were trying rectify their irregularity. I was not notified that CBA had set aside the Default Judgement in February 14 then entered again in September 2014. I am in the process of writing a defence and requesting the judgement be set aside.
 - b) The CBA is in [REDACTED] of the National Consumer Credit Protection Act 2009.

c) Section 12CA or 12CB of ASIC Act.

d) I am entitled to compensation from CBA Section 178 of the NCCP Act.

e) Under section 12GF of the ASIC Act I am entitled to compensation from CBA arising from 12CA or 12CB of the Australian Securities IC Act 2001.

I need to be back in the same financial position (I want my life back) before I financed all my assets with the CBA in 2009. I have attempted numerous times with CBA to negotiate the costs down so the LVR is reasonable so that I can refinance the loan. CBA was non negotiable.

Since my bad experience with the CBA I am aware of a lot of people that have equity in their properties and are being evicted by CBA and other banks. I am aware of farmers who have [REDACTED], bankers. I have spoken with a 60 Minutes reporter who has featured some of these victims and the unlawful, unjust, unethical actions of the banks and she was astonished by the hundreds of people being evicted by banks in rural Australia.

On the 19 October 2015, before the auction of my Yass property, I wrote to CBA's CEO, Ian Narev, requesting a meeting. My letter was handed down to the CBA complaints section, a women from India, [REDACTED], who denied any maladministration and unconscionable conduct. She did not do anything to stop the auction.

Within five years CBA has profited \$535,000 from the original equity in my properties before I refinanced my properties with them and my mortgage payments of approx \$220,000.

As a result of CBA's conduct I have been left destitute. 30 years of hard work and long hours dedicated to my business was a waste of time. For the past two years I have not been able to work because CBA and its agents [REDACTED] all of my office furniture and equipment and 30 years of artwork which belongs to my clients. Because CBA [REDACTED] my source files I can not run my business and work. I am now, for the first time in my life, dependant on social security. I am suffering from post-traumatic stress disorder.

I am unable to follow through with my legal advise because I do not have the funds to pay a lawyer to represent me in court. I dont believe I have the capability of run a court case against CBA.

I hope my story will reach as many people as possible as a warning in relation to the banks and the damage they can course. I hope the outcome of the 22 parliamentary inquiries and its findings inspires a Royal Commission exposing the [REDACTED] behavior of the banks and provides compensation for the victims, reforms the financial system and jails [REDACTED] bankers. There is scandal after scandal in relation to CBA. Ian Narav is paid over \$12 million per year. Many of his customers have [REDACTED] due to the [REDACTED] he allows his bankers to get away with. [REDACTED] destroys livelihoods, economies and democracies. It helps keep poor countries poor, encourages conflict and instability and leads to fragile environments getting wrecked. Global Witness is calling for senior executives to face personal consequences, including criminal penalties in the most serious cases, when their banks handle suspect funds and facilitate large scale crime on their watch... <https://www.globalwitness.org/en/campaigns/corruption-and-money-laundering/banks/#more>. Transparency International publishes the Corruption Perceptions Index each year. Australia level of public sector corruption is increasing by approx two points per year. This score does not include recent scandals exposed within the ATO, the Chinese political donations, the millions of dollars donated to political parties by the banks. Within ten to fifteen years Australia will be as corrupt as Spain, Cyprus, South Korea, Rwanda etc.

I hope for the future of Australia the corruption is exposed through a Royal Commission. Only through exposing the corruption by running a Royal Commission change can take place. The changes will only take place if the [REDACTED] [REDACTED] bankers are disiplied and jail sentences are imposed on the bankers. There should be changes

to the National Consumer Credit Protection Act so as to protect the banks customers against the lawless, corrupt behavior of the banks. The legislation should be enforced by the authorities such as ASIC, FOS, ASBFEO etc.

I hope, in the future, there is proper legal financial assistance available to people who find themselves having problems with their bank. The average person can not afford lengthy court cases which cost many thousands of dollars and the banks take advantage of this. This is a classic example of lack of Equality of Arms. I dont believe the ethos and culture within the banks will change while they are commercial identities. I strongly believe Australia needs a Sovereign.

Please feel free to contact me anytime if you need any further details.

Tanya Hargraves: [REDACTED]

28 June 2017

MY FARM

