

EDR Review Secretariat
The Treasury, Langton Crescent, Parkes ACT 2600
Phone: +61 2 6263 2111

Dear Chairperson.

Feedback Regarding a complaint to the then Australian Banking Industry Ombudsman Limited and subsequent submission to the Standing Committee on Economics, Finance and Public Administration

Having been a Banker, Accountant and Certified Financial Planner I have seen the real operations of the complaints procedures at first hand. In these roles I have been a Manager, Personal and Investment Products at a state level for a major bank; Manager Compliance at a state level for a major bank and written the CFP examination questions on their code of ethics for Financial Planning Association of Australia. I have also had a customer complain to the banking ombudsman about a systemic weakness in the banks' products, policies and procedures. I therefore have had hands on experience of the real culture that your are reporting on.

I am currently retired from the above industries, but working as a freelance journalist to improve the assistance to freelancers and the cyber security to individuals and businesses.

I believe that the Treasury is already aware of this systemic issue and certainly the Financial Planning Association of Australia is and The Australian Bankers Association Inc. is .They may choose not to say anything about systemic weaknesses to the parliamentary inquiry, but that is their choice and they can own the consequences. It is not my choice because I know the consequences from my former clients' overseas experiences of ordinary citizens not speaking up when they know public administration is unjust and has gone wrong. This is experience of a complaint to the then Australian Banking Industry Ombudsman Limited and subsequent submission to The House of Representatives Standing Committee On Economics, Finance and Public Administration on the Inquiry Into Bank Prudential Supervision - APRA Australian National Audit Office Report No. 42 2000-01

The submission laid out the processing map steps necessary to avoid the circumstances of where we now find our economy with record low interest rates and over priced housing assets. I had the background, qualification and knowledge to do this. It would have saved my client from an unfortunate incident that will stay with her for the rest of her life. The injustice will stay with me also and it is why I am writing this submission.

I am aware that the process steps outlined in my submission for managing interest rate risk is the main Financial Technology Blockchain smart contract solution that banks are working on and they will want to copyright or patent it. However, this will not help those people who lost their homes or investments because of it. It is of course a global issue. Our country and the Financial Planning Standards Board (FPSB) are badly in need of an Open Innovation Forum to prevent situations like this arising. The World Economic Forum (WEF) have done this for countries where parliaments have not moved to address critical problems. Here is one example of a current system risk:

<https://www.weforum.org/agenda/2016/05/the-pensions-crunch-is-coming-heres-what-to-do-about-it>. Here is one solution: <http://5starinnovation.com/>. There will be others. The Global

Financial Crisis was caused by a lack of an open forum to address issues about systemic risk that professionals knew about. The United States have now fixed that problem for their country: https://en.wikipedia.org/wiki/Dodd%E2%80%93Frank_Wall_Street_Reform_and_Consumer_Protection_Act. The FPSB and its members will be subject to this act.

Please confirm to me in writing that myself, my family or my client who complained are not subject to repercussions in past, present or future. If we have been please refer the matter to the Victorian Police.

I enclose the relative documents which are self explanatory. The identity of my client has been protected in her letter of complaint.

My best wishes for a successful inquiry.

John Cosstick

6th. October 2016

Margaret Cosstick

From: (REPS) [@aph.gov.au]
Sent: Wednesday, 26 September 2001 14:29
To: 'cosstick@bigpond.com'
Subject: RE: Standing Committee on Economics, Finance and Public Administration

Dear Mr Cosstick

Thankyou for your email below requesting information regarding the status of your submission. I hereby confirm that your submission to the Inquiry into Bank Prudential Supervision Inquiry: APRA has been accepted and authorised for publication at the committee's meeting on Thursday 20 September 2001.

As your submission is now a public document, anyone can access a copy by contacting the secretariat directly or by visiting the committee's website at <http://www.aph.gov.au/house/committee/efpa>. The submission will be available on the internet next week, w/e 5 October 2001. I will contact you on to advise you when the internet site has been updated with your submission. Alternatively, you yourself can provide a copy of the submission to others or direct them to us for a copy. Anyone can encourage others to make a submission, so you may invite others to write or email the committee regarding this inquiry.

Should you have any further questions please don't hesitate to contact me on

Kind Regards

> -----Original Message-----

> From: Margaret Cosstick [mailto:cosstick@bigpond.com]

> Sent: Wednesday, September 26, 2001 8:57 AM

> To: 'EFPA.Reps@aph.gov.au'

> Subject: Standing Committee on Economics, Finance and Public

> Administration

>

>

>

>

> The Secretary,

> Standing Committee on Economics, Finance and Public Administration,

> Bank prudential supervision: Australian Prudential Regulation Authority:

> Review of Audit report no. 42 2000-01,

> Committee Secretariat,

> Canberra, ACT

>

> Dear Sir,

>

> Re Submission dated 30.8.2001 - John Richard Cosstick

>

> I have been advised verbally that the abovementioned submission has been
> accepted and is now a public document. Please confirm by e-mail that this

>

> is the case and when it will appear on the web page with other
> submissions.

>

> If I wish to invite other members of the public or other organisations to
> write or e-mail the committee in support of the submission is this allowed

>

> under standing procedures, including giving them a copy of the submission?

>

> I ask for approval to do this as I have been a Liberal Party supporter



HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON ECONOMICS,
FINANCE AND PUBLIC ADMINISTRATION

Parliament House
CANBERRA ACT 2600
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E-mail: EFPA.reps@aph.gov.au
<http://www.aph.gov.au/house/committee/efpa/>

27 September 2001

Mr John R Cosstick
82 Brunswick Road
MITCHAM VIC 3132

Dear Mr Cosstick

**INQUIRY INTO BANK PRUDENTIAL SUPERVISION – APRA
AUSTRALIAN NATIONAL AUDIT OFFICE REPORT NO. 42 2000-01**

I am writing to advise that your submission of 30 August 2001 to the *Australian Prudential Regulation Authority: Review of Audit Report No 42 2000-01 Inquiry* has been authorised for publication by the committee.

The matters you have raised will be given careful consideration by the Committee. The secretariat will contact you again if the Committee requires further information from you or would like you to attend a public hearing.

As you have made a submission you will receive a copy of the report of the inquiry. Copies of public submissions and the transcripts of evidence given at public hearings are available on the committee's website at:
<http://www.aph.gov.au/house/committee/efpa/apraaudit/index.htm> or by contacting

Should you have any queries regarding this matter, please contact
on

Thank you for your contribution to the inquiry.

Yours sincerely

Secretary

30th. August 2001

82 Brunswick Road,
Mitcham, Vic. 3132
Telephone 03 9884 9704
E-mail: cosstick@bigpond.
Com.au.

Mr. David Hawker MP,
The Chairman,
House of Representatives,
Standing Committee on Economics,
Finance and Public Administration,
Parliament House,
Canberra ACT 2600

Dear Sir,

**SUBMISSION TO THE COMMITTEE ON ENQUIRY INTO BANK
PRUDENTIAL SUPERVISION: APRA**

MATTER FOR CONSIDERATION

(A) Provision of an interest rate monitoring service to clients where they have a choice between fixed rate and variable rate borrowings.

It is recommended that all banks and associated lending institutions establish and adhere to adequate policies, practices and procedures for evaluating the clients' limit in the ability to increase their repayments to service increasing repayments as a result of rising interest rates.

The procedures would establish the clients' increased repayments limit at the time of the loan application. It would be expressed as a switch rate that triggers the lenders offer to transfer to a fixed rate from a variable rate to stop repayment increases. It could be called a stop loss rate from the clients' perspective.

(B) Timing of the introduction of the service to clients by lenders.

It is recommended that there would be no past time limit as to the introduction of the service by the lenders to existing clients with existing loans. This would mean that existing borrowers with loans could ask for the service at any time, but lenders would be required to offer the service to existing borrowers within six months of the introduction of appropriate legislation. For all new borrowers it would be a requirement that all lenders be required to offer the service.

(C) Monitoring of the provision of the interest rate monitoring service.

It is recommended that compliance with the introduction and provision of the interest rate monitoring service should be an essential part of the “bank’s policies, practices and procedures related to the granting of loans and making investments and the ongoing management of the loan and investment loans” (P104 of The Australian National Audit Office Performance Audit on Bank Prudential Supervision).

(D) Change in the basis of the provision of mortgage protection insurance.

It is recommended that all lenders be required to offer mortgage protection insurance in case of the death or disability of any borrower so that the debt is cleared in case of the event occurring. This would be subject to normal insurance standards in the acceptability of the clients as insurable after their personal medical attendant’s report is evaluated. The insurance evaluation could be outsourced.

It is recommended that the practise of lenders utilising mortgage insurance be reviewed. Lenders use mortgage insurance when an application has an unacceptably high loan to security ratio. Lenders use mortgage insurance to protect themselves against a shortfall in case of a borrowers’ default in repayment of their loan. This may lead to a mortgagee’s auction which may leave a shortfall in clearance of the debt. It is normal practise for the premium for the mortgage insurance to be added to the amount borrowed and paid off over the period of the loan. However, this does not occur with mortgage protection insurance premiums which protects the borrowers.

It is recommended that the premium for mortgagee protection insurance become an amount of the loan structure so that the reduction arrangement becomes principal, lender’s mortgage insurance (paid for by the borrower), interest, lender’s fees and mortgage protection insurance for the borrowers.

BACKGROUND

(A) The need for an interest rate monitoring service.

Currently, all banks and other lenders in the personal sector are aggressively marketing loans when the interest rates on the loans are the lowest for a generation. These loans are often as a result of government home loan grants and are at a very high loan to security ratio with the lenders utilising mortgage insurance to manage the risk. This assumes that the interest rates will not rise quickly nor that there will be a slump in the value of homes. Where there is a high outgo to income ratio for the borrowers they often require a second income to manage the loan repayments.

Historically, there have been two types of interest rates for personal borrowers: fixed and variable. The variable rate is usually the lower rate and is often between 1.00-% pa. to 1.50% pa.

In the current market clients are reluctant to use fixed rate loans because it is difficult for borrowers on a tight budget to decide to increase their repayments. Often these vulnerable borrowers are young families in outer suburbs and are in marginal electorates. In the 1980’s and early nineties many young families (and others) were

caught in an interest rate spiral and couldn't afford the repayments. Many current borrowers need help to know when to cap their costs and move to a fixed rate loan. It often reached the stage in the 1980's early 1990's that home loan borrower's (typically young families) were capitalising interest and their loans were increasing.

SUMMARY

The scenario for a social disaster for young families (and others) has been set. Lenders have a social responsibility to prevent it occurring, but it needs legislation to make sure the protection to borrowers happens.

I believe that it is not only the social responsibility that should make lenders make the recommended changes, but prudent lending practice to ensure that the quality of their assets does not deteriorate. This is where APRA should ensure that the recommended changes occur because the potential criticism will be directed to them.

I have had long experience as an accountant, banker and certified financial planner and can provide my resume as proof of this fact.

Please advise whether this submission is accepted or otherwise.

Yours faithfully,



John R. Cosstick PNA NIA



FPA

FINANCIAL PLANNING
ASSOCIATION
of Australia Limited

ABN 62 054 174 453

11 March 2004

Mr John Cosstick
82 Brunswick Road
MITCHAM VIC 3132

Dear John

Re: Consultant Agreement

Please find enclosed a Consultant Agreement relating to the writing of the multiple choice questions and solutions for the CFP Certification Assessment.

Under this agreement, we request you to provide the following Services with the specified timetable and Fees outlined below:

Service	<ul style="list-style-type: none">• Includes writing and preparing twenty multiple choice questions and solutions for CFP Certification Assessment, as well as ancillary tasks such as meeting and liaising with FPA personnel, practitioners and instructional designers, as appropriate
Timelines	<ul style="list-style-type: none">• First draft to be supplied by 13 January 2004• Final version to be supplied by 30 January 2004
Fees	<ul style="list-style-type: none">• \$45 (GST inclusive) for each multiple choice question submitted by the Consultant and deemed of appropriate standard by FPA to be used for the CFP Certification Assessment. FPA will advise the Consultant which questions are usable and the Consultant will itemise and invoice the FPA for each service in accordance with Clause 3
Standard	<ul style="list-style-type: none">• Questions must be original• Questions must examine mastery of both conceptual and technical aspects of a topic including specific detail.

Please return one copy of the signed agreement at the earliest opportunity. If you have any queries, please call me on .

Yours sincerely

Certification Standards Manager
Financial Planning Association

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Westpac Banking Corporation

Robert J. White
Managing Director

First Bank in Australia
60 Martin Place
Sydney, Australia 2000
Reply to Box 1 GPO Sydney 2001

8 December, 1987.

Mr. J.R. Cosstick,
Manager, Operations,
360 Collins Street,
MELBOURNE.

Dear John,

By now you will have been advised that you have been selected as a winner of the 1986/87 Managing Director's Special Award.

I congratulate you on this outstanding achievement which was earned against stiff competition from the many thousands of Managers within the Westpac Group.

Nominees for the Award were judged against the following demanding criteria :

- . Rating of "excellent" in the 1986/87 annual performance appraisal
- . Significant achievement ahead of annual objectives
- . Clearly superior performance in relation to peers
- . Outstanding business introduction/gain
- . Contribution to public image of Westpac
- . Degree of innovation
- . Long term potential, and
- . Outstanding subordinate development.

As an Award winner, you have shown that you were one of the top performers in Westpac last year. Thank you for your hard work, your dedication and the excellence of your contribution.

To recognise your achievements we are doing two things this year. Firstly, a special bonus of \$10,000 will be paid to you on 17 December. Secondly, as an Australian Award Winner, I invite you to join the Board for dinner in Sydney on Thursday, 18 February 1988 when the Award presentations will be made. We will contact you shortly concerning the details.

With best wishes for continuing success in your career with Westpac.

Yours sincerely,



FPA

FINANCIAL PLANNING
ASSOCIATION
of Australia Limited

ABN 62 054 174 453

11 March 2004

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82 Brunswick Road
MITCHAM VIC 3132

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Yours sincerely

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Case Manager
Australian Banking
Industry Ombudsman Limited
GPO Box 3A
MELBOURNE VIC 3001

Dear

RE: CUSTOMER COMPLAINT CASE NO.

As requested, I have visited

member employed by John Cosstick also accompanied me as an independent witness. ^{a temporary staff}

The information and my supporting argument for my case is best summarised in the letter I handed to ^{A copy of the letter is attached. He does not believe that he has a case to answer in being in breach of his duty of care to me and my deceased partner,}
It would appear to me that he is wrong.

I enclose for your information a copy of the documentation received from the and what I have taken from my files plus pamphlets on display in Pty. Ltd.'s office showing ^{financial planning in the same office.}
As part of your investigations could you please advise me whether you supervise the complaints for financial planning or is it The Financial Industry Complaints Service Limited or The Australian Competition & Consumer Commission?

The documents on the top of the file of the ^{appears to have as}
standard operating procedure the question concerning Mortgage Protection Insurance. However, this will need to be confirmed by ^{when you are seeking their}
input.

The abovementioned form does not appear to have been completed or commented on by ^{This would appear to be contrary to the instructions of}

The ^{appear to have designed the form to protect its customers from loss and}
itself from negligence claims in not exercising due care in not looking after its clients' interest.

did not follow the instructions of its principal, and as a consequence _____ and I did not have mortgage protection insurance. We were misled by the agent's employee stating that we needed to take mortgage insurance, which we believed was to protect us. The loan to security ratio did not appear to require mortgage insurance because of a bank's normal prudential requirements, but it was for _____ to securitise its loans. As a direct consequence of this our loan was not paid out on _____

The loss that I have incurred is the principal plus debit interest paid on the loan since death. This is the loss for which I wish to be compensated.

Please investigate and advise the next steps in the assessment of my complaint.

Your help and early reply will be appreciated.

Yours sincerely