Bank Of Queensland Has Debts To Pay - $20K To Call It Quits..?? No Way..!!

Summary:
It's not just the big four banks that have been abusing their clients and the law. Second tier operations like Bank Of Queensland got off even lighter than the big banks. Bankers need to look at what even the impaired Royal Commission managed to do to AMP. Michael Sanderson is owed around $2 million after BOQ manipulated valuations to assist its asset stripping sting. Time for the bank to pay up. See story for important information re: valuation abuse; Equality of Arms; Model Litigant guidelines. It's a game changer.

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Michael Sanderson vs BoQ: inside a 6 year costly battle over loans

BOQ has offered to pay $20,000 to a former Queensland timber supplier if he will drop all legal action against the bank after a six-year battle.

The fight has been not only long but costly for both sides: borrower Michael Sanderson says his business plans and life were wrecked, while BoQ has bled hundreds of thousands of dollars in a complex dispute about extending loans.

It's a quarrel marked by suspicion on both sides and cloudy issues.

Mr Sanderson says he never missed a payment but was left hanging when BoQ did not renew a $462,500 loan. The valuation on the property that secured the borrowings had plummeted and internal bank documents indicate BoQ had concerns about a new loan being repaid.

The row was briefly raised at BoQ's annual shareholder meeting late last year and comes in the wake of a flood of customer complaints revealed during Kenneth Hayne's landmark royal commission into financial services.

Mr Sanderson told The Courier-Mail he will not accept the offer – but has **gone to a new regulator seeking $2 million in compensation.**

"I've been fighting for six years. I'm not going to walk away," Mr Sanderson said.

Now living in rural Victoria, Mr Sanderson and his wife Phyllis had borrowed money from BoQ in 2008 for their company Styx (a play on the term "the sticks"), which owned a block of rural land near Hervey Bay in Queensland. It had what he estimates was millions of dollars' worth of firewood.

It also had potential to be subdivided and valuers for BoQ had estimated the property was worth $900,000 at the time.

Mr Sanderson said initial discussions with the bank had included a verbal undertaking the loan could be renewed for potentially another five years after 2013. But he said he had a business plan that would have resulted in paying off the loan earlier, and so signed a five-year contract.

However, family problems and floods delayed the business plan, he said, meaning the loan had not been repaid when it was first due in 2013.

BOQ RECOVERING FROM A LOSS

This came at a crucial time for the lender. Only in August 2012, BoQ had become the first Australian bank in 20 years to post a loss – of $17 million - and investors were alarmed about bad loans.

Mr Sanderson said he had assumed the loan would simply be renewed. "There was no warning" that it would be called in, he said.

By January 2013, while he was seeking an extension, different valuers for the bank estimated the property was worth $435,000 – a 51 per cent drop on the old valuation.

BoQ eventually offered a 12-month extension, but Mr Sanderson said this was on unacceptable terms. "To take anything less than two years would have been suicide," he told The Courier-Mail.

Internal bank documents, obtained during their court dispute, indicate that bank agents in January 2014 had concerns about the property: it was "difficult to estimate" how much timber could be harvested, there was concern about finding manual labourers.

Bankers argued that BoQ did not have an "appetite" to renew the loan, saying "generally it was due to the risks involved for the bank and the cost of impaired capital".

They also said the Sandersons were reluctant to provide certain information to demonstrate how the loan would be paid off – Mr Sanderson rejects this claim as a "red herring" saying the same information had been provided roughly a year earlier.

Eventually, receivers seized and sold the property. Mr Sanderson said among his forfeitures were

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having to offload a family business at a discount rate and loss of work, along with the wasting of "irreplaceable time". He unsuccessfully argued that BoQ should be bound by an "equality of arms" in which the bank would have to fund his defence of the lender's legal actions.

BANK 'STRIVED TO ACT APPROPRIATELY'

BoQ declined to answer The Courier-Mail's questions, citing the ongoing dispute. But in a letter to the Sandersons, the bank said it had "strived to act appropriately and reasonably" and provide a fair outcome.

It wrote to them in November saying it planned to drop a claim against the couple and release "you from any and all amounts you might owe the bank". "BoQ has completed the writeoff of the current debt being $686,851.78," it added.

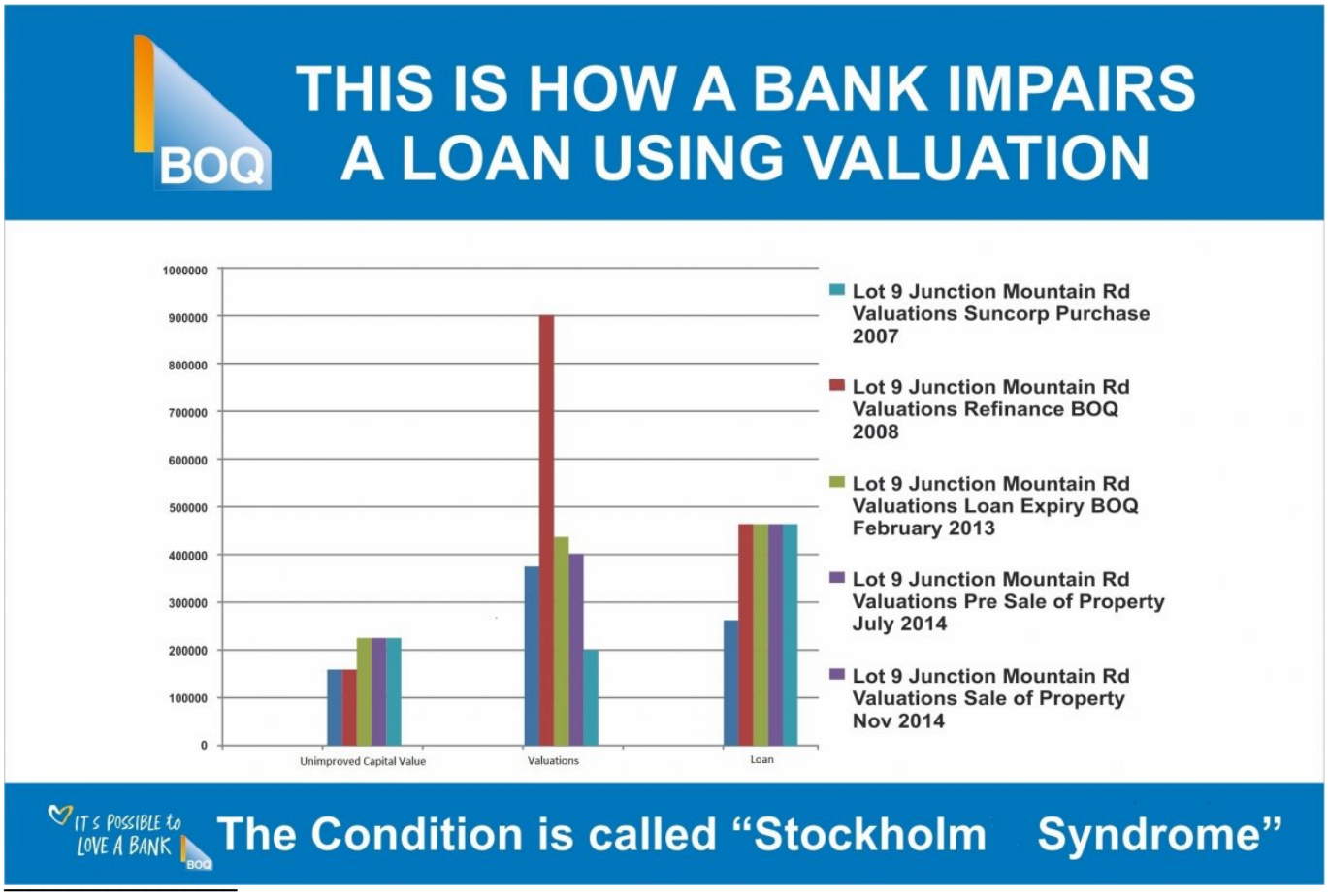
BoQ also offered $20,000 to the couple, without admitting any liability, asking the Sandersons in return "agree to dismiss all court action and to release BoQ from any … claims".

Mr Sanderson disputes suggestions that the offer reflects the bank just trying to staunch any further bleeding on an already money-losing case.

"I think they've come to the realisation they have (stuffed) up," he said. "They fully realise I have the ability to pursue them legally."

While the old Financial Ombudsman Service in 2013 said parts of Mr Sanderson's dispute fell outside of their terms of reference, he is hopeful it will be heard by the newly formed Australian Financial Complaints Authority.

The Valuation Manipulation BOQ used to rip off the Sandersons



BRN Comments

How can a bank repossess someone's property when they have never missed a payment?

How can a valuation drop from $900,000 to $250,000 after the Sanderson's made substantial improvements to the property?

How can the Australian Banking Association genuinely say that banks have listened and are taking appropriate action when we see abuses like this every day?

Michael Sanderson is a champion bank warrior. He has played a critical role on the BRN Advisory Panel. Michael understands the big picture. Until bank clients can access the same legal firepower afforded the banks there will be no justice.

One of our key demands is for Equality of Arms

Legislation must establish an independent bank funded specialist legal aid cell to represent bank victims when they are subject to legal action by a bank - consistent with the human rights principle "Equality of Arms." This will require banks to be responsible for their clients' legal expenses.

Banks should no longer be able to use this country's justice system as a weapon. Bank victims must have timely, proportional, and equitable legal support. Banks may have to be forced into becoming "model litigants." Abuse of the law and legal processes as a weapon to financially decimate their aggrieved clients is no longer tolerable.

Another Key Demand - Banks Must Become Model Litigants

Bank warriors demand that corporations, governments ... and particularly banks must act as Model Litigants. How does it look in practice when powerful entities deliberately **choose to act ethically, morally and fairly** regarding the legal process?

Here are the guidelines we use regarding banks. The bank commits to -

a) Acting honestly, consistently, and fairly in the handling of claims and litigation;

b) dealing with claims promptly and not causing delay. This includes prompt provision of all required and requested documents;

c) making an early assessment of the prospects of a matter;

d) Paying legitimate claims without litigation, including making partial settlements of claims or interim payments, where it is clear that liability is at least as much as the amount to be paid;

e) keeping the costs of litigation to a minimum by:
(i) not requiring the other party to prove a matter the litigant knows to be true;
(ii) not contesting liability if the real dispute is about quantum;
(iii) using appropriate methods to resolve litigation including settlement offers or alternative dispute resolution; and
(iv) ensuring that a person participating in settlement negotiations can settle on behalf of the litigant.

f) Not taking advantage of a claimant who lacks resources;

g) Not relying on a merely technical defence against a claim;

h) endeavoring to avoid, prevent and limit the scope of litigation (including by participating in alternative dispute resolution where appropriate);

i) Equality of Arms - thereby agreeing to fund their client's legal expenses equal to their own

expenditure; and

j) apologising where the litigant has acted wrongfully or improperly.

BRN wishes Michael and Phyllis the best of luck in their quest for justice. BOQ has not acted as a model litigant. It is way past time for BOQ to stop the usual delay, deny, deceive routine .... **PAY UP NOW..!!**

See links below for more information including Michael's Access To Justice pdf

File Attachments:	Attachment	Size
	Access To Justice - Michael Sanderson	792.21 KB

Websites For More Information: Source - $20,000 To Call It Quits - Inside Six Year Bank Battle - Liam Walsh - The Courier-Mail
https://www.couriermail.com.au/business/michael-sanderson-vs-boq-inside-a-6year-costly-battle-over-loans/news-story/017d695cfcbc10935c09283e2334de29

Related Links: Banks Should Fund Victim's Legal Costs
Equal Legal Power - It's Time
Michael Sanderson - Rally Speech

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