NAB: More Take - Less Give

Summary:
More and more cases of NAB's predatory business practices are coming to light. Here the 7.30 Report exposes the massive damage deliberately inflicted on the Safetli family.

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NAB Accused Of "Unconscionable Conduct"

KERRY O'BRIEN: As growing numbers of Australians sink further and further into debt, leading to what has now been dubbed mortgage stress, **the lending practices of the big banks are also coming under increasing scrutiny** with two influential Federal Parliament committees and ASIC, all intensifying their inquiries.

It comes amid complaints of unscrupulous behaviour by lenders in cases where customers claim they

have been forced to the wall after being persuaded to sign complicated loan guarantees they could neither afford nor understand.

> The National Australia Bank has come in for particular criticism accused of "unconscionable conduct" towards borrowers who have lost everything.

Nick Grimm reports.

AMANDA SAFETLI: We had a very comfortable life. That's all changed. They have taken away...

HAISSEM SAFETLI: My mum's home.

AMANDA SAFETLI: Yeah, my mother-in-law's home.

HAISSEM SAFETLI: Took away four factories in Queensland.

AMANDA SAFETLI: Yes.

HAISSEM SAFETLI: One factory in Melbourne. About ten factories in New South Wales, took a house off us in Cabramatta.

NICK GRIMM: The Safetli family know what it's like to lose almost everything to the bank.

In fact, when the National Australia Bank foreclosed on their loans the husband, Haissem Safetli, even lost his grip on sanity.

AMANDA SAFETLI: I had a husband who was a successful businessman who had a complete breakdown, who ended up in a mental health facility trying to take his own life.

HAISSEM SAFETLI: I completely lost the plot. I lost my mind, I lost everything, I lost all feelings that I have left in this world.

NICK GRIMM: Before their financial ruin, the Safetlis thought they were building their wealth on solid foundations. But they now say **NAB's banking practices brought it crashing down around them.**

The question worrying authorities now is, how many other Australians could be in the same situation?

NICK SHERRY, SENATE FINANCIAL SERVICES COMMITTEE: It erodes confidence, certainly erodes my confidence in the robustness of bank dispute processes.

GRANT CHAPMAN, SENATE FINANCIAL SERVICES COMMITTEE: Well, if it's a systematic and regular occurrence then obviously it's a very serious matter.

NICK GRIMM: Today the Safetlis are in financial limbo, as their dispute with NAB has dragged on Haissem Safetli has tried to make a living out of selling tyres from his home garage.

So this is the factory floor now?

HAISSEM SAFETLI: Yeah, my 3 car garage as you can see, it's where we put everything in here. Tyres, everything else.

NICK GRIMM: Haissem Safetli says his troubles began when NAB itself overextended finance to his wholesale tyre company under an existing trade refinance and credit facility. In this notice of termination and formal demand, the bank admits it made a mistake. In fact, an $800,000 mistake.

HAISSEM SAFETLI: Actually a National Australia Bank letter saying we made a mistake. A genuine mistake.

NICK GRIMM: But according to the Safetlis, that didn't stop the bank demanding immediate repayment. The money had already been spent on new stock and the family's cash problems only got worse as the bank began seizing assets, triggering a cascading series of loan defaults.

HAISSEM SAFETLI: At any time we could have sold assets and paid off the bank. The problem you have with the banks is when they grab you, that's it, you're finished.

NICK GRIMM: It might have been just another of the scores of business collapses that occur every year but authorities are especially concerned about what happened next.

FAOUZIA SAFETLI: I end up with nothing. My son he end up with nothing. We all end up with nothing, our kids, his kids.

NICK GRIMM: Faouzia Safetli and her daughter in law Amanda Safetli claim they were asked by the family's bank manager to come to his office to sign some routine documents.

FAOUZIA SAFETLI: He put all the papers in front of me. "Sign here", I sign, that's it. "Thank you very much." That's it.

AMANDA SAFETLI: I know in hindsight we should have checked these things, or I should have. My mother-in-law has limited English, limited reading. You walk into the bank, they give you a wad of documents, say 100 pages and the little tabs that say, "Sign here, sign here". And you do it.

NICK GRIMM: What both women claim they were never told was that they were, in fact, signing binding personal guarantees over the loans mistakenly made to Haissem Safetli's tyre business. Those guarantees would shortly afterwards see them each lose their homes.

And did anybody say, "Before you sign this document, please go and get legal advice, speak to your own lawyer"?

FAOUZIA SAFETLI: No, no one told me that, honestly.

BRUCE FORD, DISPUTE ASSIST: That raises a very serious level of question over the internal practices at the NAB.

NICK GRIMM: Bruce Ford is an independent advocate who helps people like the Safetlis resolve disputes with the banks.

> BRUCE FORD: The NAB and all banks are obliged at law to provide consumers to obtain independent legal advice prior to granting a guarantee. That wasn't followed through with Mrs Safetli.

NICK GRIMM: The corporate watchdog the Australian securities and Investments Commission ASIC, shares the concern, as it makes clear to the bank in this letter.

NATIONAL AUSTRALIAN BANK (voiceover): NAB’s knowledge of Mrs Safetli's level of understand and the lack of any opportunity afforded to Mrs Safetli to obtain legal advice, raises concern about unconscionable conduct by NAB.

NICK GRIMM: Perhaps more seriously for the bank, ASIC is also concerned about NAB providing false evidence about the matter.

NATIONAL AUSTRALIAN BANK (voiceover): Statutory declarations, which stated that she had received

independent legal advice... were... false and known to be false by the NAB.

(excerpt from the NAB television advertisement)

NAB ADVERTISEMENT: Last year, we said we were listening.

(end of excerpt)

NICK GRIMM: NAB likes to promote itself as an organisation responsive to the needs of its customers.

(excerpt from the NAB television advertisement)

NAB ADVERTISEMENT: Our business customers said, "Be more responsive".

(end of excerpt)

NICK GRIMM: But the banks critics say it has a bad track record.

BRUCE FORD: They've been prosecuted four times previously. This is the fifth time, now, that the bank is under scrutiny for those precise things.

NICK GRIMM: In fact, in 2001 the Federal Court ruled that NAB had acted unconscionably in the case of a Tasmanian woman left in charge of her husband's business after he'd suffered a serious head injury. In his absence she signed what the bank told her were "routine papers". They were anything but. What she signed was a personal guarantee over the home. The Australian Competition and Consumer Commission took action, alleging in court the bank did not explain the consequences of the guarantee to her, nor did it reveal that her husband's business was already in serious financial difficulty.

ALLAN FELS, ACCC: Not that long after signing this, the bank then said, "You have to sell your house to meet the personal guarantee".

NICK GRIMM: As a result of that case, the National Australia Bank consented to orders that it would in future ensure its customers had the opportunity to obtain legal advice before signing guarantees.

BRUCE FORD: There's got to be alarm bells ringing for the regulator to say, "Why are we doing it, why are we here again after the ACCC's prosecution for precisely the same thing?"

NICK GRIMM: Looks like you've got a few kilos of documents here?

VOULA AMASSAH: I've got a lot of documents but unfortunately I haven't had any positive results.

NICK GRIMM: Voula Amassah is also locked in dispute with NAB, again over an agreement that she claims was never properly explained to her. The Sydney pharmacist claims she lost her family home and other assets after her husband arranged a loan from the bank.

VOULA AMASSAH: I discovered that the loan had actually been rejected and the only way that it had been passed was by putting it in joint names and using my properties as security.

BRUCE FORD: She was asked to sign, I believe, under a certain degree of duress or stress, but she had no knowledge of the joint loan in her name until she got to the bank.

NICK GRIMM: Voula Amassah has since separated from her husband, but says she's still angry with the bank for keeping her in the dark.

VOULA AMASSAH: Basically I went in to sign a loan document. I wasn't given a copy of that document. I wasn't even afforded, or given any statements when the document, when the mortgage was put into place. And that ended up being a financial disaster for me, a complete financial disaster.

GRANT CHAPMAN: If that is the case, then clearly that is not appropriate practice.

NICK GRIMM: Senator Grant Chapman is the chairman of the Federal Parliamentary Committee on Financial Services which have been on the receiving end of complaints about the banks.

In a written response to one, Senator Chapman notes that the allegations of malpractice and unconscionable conduct suggest a number of banks continue to engage in practices that appear to be seriously flawed.

GRANT CHAPMAN: We want ASIC to thoroughly investigate each of these cases, come back to us with the details of their findings and then we'll make some decisions from there.

NICK GRIMM: Meanwhile, Opposition committee members aren't as confident with ASIC's ability to bring the banks to task and have accused the regulator of dragging its feet.

NICK SHERRY: Basically, when has ASIC examined the operations of internal dispute processes in let's say the four major banks?

BACK REPRESENTATIVE: I can't answer that basically.

NICK SHERRY: I have raised this issue on, as I said earlier at least, two or three previous occasions. I don't seem to be getting anywhere, with some very clear definitive statistical, factual response.

(excerpt from the NAB television advertisement)

NAB ADVERTISEMENT: We know we've still got a long way to go, but we're getting back to basics.

(end of excerpt)

NICK GRIMM: A complaint common to many who have defaulted on their loans is that their banks won't provide them account statements with a precise figure on how much they owe. That's despite banks like NAB vowing to its customers to tell it how it is.

(excerpt from the NAB television advertisement)

NAB ADVERTISEMENT: We're listening and we're cutting the crap. Talk is cheap.

(end of excerpt)

HAISSEM SAFETLI: We're still asking, "How much do we owe ya?" Imagine that. They won't tell you how much you owe 'em. Imagine that. Can you imagine you asking how much...

AMANDA SAFETLI: Write them a blank cheque.

HAISSEM SAFETLI: Write them a blank cheque. That's what they want.

NICK GRIMM: Now we approached and National Australia Bank for its response to the claims being made about its lending practices, but the bank declined to comment, telling us that to do so would breach the privacy of its customers.

However, a bank spokeswoman did tell us the bank makes every effort to work with customers to resolve any disputes and the bank will cooperate fully with any inquiries that are launched into that process.

For their part, though, the Safetlis remain unconvinced by those reassurances.

HAISSEM SAFETLI: They're the ones that tell everybody what to do. They can do anything they want, any time they want and it's about time somebody just put a stop to it.

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KERRY O'BRIEN: Well, that's a few inquiries the banks going to be cooperating with by the sounds of it. Nick Grimm with that report.

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