

## Bankwest bid to head off inquiry

PUBLISHED: 27 Jan 2012 PRINT EDITION: 27 Jan 2012

---

### Natalie Gerritsen

Outgoing Bankwest managing director Jon Sutton will move today to head off a Senate inquiry into the bank's actions after its 2008 acquisition by Commonwealth Bank of Australia.

*The Australian Financial Review* can reveal Mr Sutton has arranged to brief Nationals senator John Williams, who is at the forefront of calls for an inquiry, this morning by telephone.

The Greens and Liberals have indicated they are open to the idea of an inquiry after complaints by scores of small business owners who say their debts were called in without warning, destroying their livelihoods.

Bankwest confirmed it had requested the briefing after news of the inquiry broke last week.

"We contacted Senator Williams regarding a number of inaccuracies in the positions being reported and requested a briefing with him to clarify the facts," a spokeswoman said. She said the matter involved only a small number of complaints from a customer base of more than 1 million.

Senator Williams said he "had some questions" for Mr Sutton and indicated he would not be swayed from pursuing the inquiry.

He previously said he had met many unhappy former Bankwest customers.

"Because of the sheer number of people I've met with, I think a Senate inquiry will air what happened and why," Senator Williams said.

CBA led an aggressive book-cleaning operation of Bankwest's bloated loan book, which was burdened by exposure to small and mid-tier property developers, after the acquisition.

Earlier this week, it was announced Mr Sutton would be moving to a senior executive role in CBA, and that CBA general manager of retail and business Rob De Luca would move to Perth next month to replace him.

Mr De Luca will have to steer the bank through the threat of legal action over the allegations.

Litigation funder IMF has indicated it is considering funding a class action of customers who said that their debts were called in unfairly after the CBA takeover.

IMF is already funding prominent Perth property developer Luke Saraceni in his fight to overturn the receivership of his \$500 million Raine Square office tower development.

A decision in the case, in which Mr Saraceni questions the validity of loan documents, is due within the next couple of months, coinciding with the beginning of Mr De Luca's tenure.

Mr De Luca will start at Bankwest in February as managing director designate, and take up the top job in late March.

IMF managing director Hugh McLernon said he had been contacted by many former customers.

"Bankwest has basically crucified many of their commercial clients," he said.

Mr Sutton was appointed immediately after the CBA acquisition and steered the company through the transition.

Under Mr Sutton, the bank reduced its loan impairment expense from a high of \$825 million to \$109 million for the 2010-11 financial year.

It also overhauled its risk and lending practices.

CBA acquired Bankwest for the fire-sale price of \$2.1 billion after its former parent company, HBOS, was unable to support it during the global financial crisis.

The Australian Financial Review

### Related News

Companies [Commonwealth Bank.](#), [IMF \(Australia\) Ltd](#)