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# Bankwest hits back

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20-Jun-2012

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BANKWEST has dismissed accusations that its purchase by Commonwealth Bank at the height of the GFC had prompted it to act against risky clients or manufacture customer defaults.

The bank's defence of its lending practices was contained in a submission to a Senate inquiry into the post-GFC banking sector, which has been prompted by a steady stream of complaints that the rationalisation of Australia's banking sector caused undue harm to numerous business customers.

The inquiry has received 118 submissions so far, many from irate bank customers, including some that have targeted Bankwest.

Among the submissions is one from Geoff Shannon regarding his experiences as a Bankwest customer, which led him to found Unhappy Banking, an activist group that claims to represent 414 disgruntled bank customers.

In his submission, Mr Shannon claimed that CBA stood to benefit by classifying Bankwest loans as impaired because that would reduce the price it had to pay to HBOS/Lloyds for the WA-based bank.

He said when Bankwest placed a loan into the impairment section it triggered the warranty clause in the agreement, which had resulted from the fire sale of Bankwest when its UK parent HBOS had become mired in financial difficulties.

Mr Shannon said the benefit was not just in the lower price paid for Bankwest, but extended to tax concessions and value of assets recovered.

In her submission Bankwest chief executive strategy and reputation, Suzanne Tindal, said the takeover had not prompted concerted action against any particular class of customers.

"... the CBA sale agreement and purchase price adjustment process did not have any impact on Bankwest's approach to dealing with customers," Ms Tindal wrote.

"The acquisition did not cause any change to existing contractual arrangements between Bankwest and its customers."

"It is not in Bankwest's interests, and it makes no commercial sense, to 'manufacture' defaults or to cause or increase losses."

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