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Unhappy Bankwest clients push senate inquiry

Rania Spooner
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A group of unhappy Bankwest customers head to Canberra to call for an inquiry.

Pressure is mounting in Canberra for a senate inquiry into Bankwest over claims the bank pursued aggressive commercial book clearing after it was taken over by the Commonwealth Bank during the global financial crisis.

A small delegation of disgruntled Bankwest commercial clients, a lawyer and a former bank insider are heading to Canberra in the coming days to lobby senators over a number of serious allegations.

Bankwest strongly denies the allegations, most of which are the subject of ongoing legal proceedings.

The group claim the bank's behaviour changed towards small and medium sized commercial property clients after the CBA bought Bankwest from British parent company HBOS in 2008.

It was widely understood at the time that the WA-based bank was in bad shape due to the impact of the GFC on HBOS.

Former client Geoff Shannon has been involved in several lawsuits and counter suits with the bank since three of his businesses went under in 2008.

The Port Macquarie builder, whose license has been removed for life due to the disputes, launched the 'Unhappy Banking' website in December to rally others affected by what he claims was a surge in similar business closures starting at the time of the takeover.

On the website Mr Shannon alleges the bank pursued a "ruthless" commercial book clearing agenda following the takeover.

Bankwest strongly denies the claims and says the matter is currently before the NSW Supreme Court.

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"It's not at all in the bank's interest for customers to default on their loans," a Bankwest spokeswoman said.

"There were numerous defaults by Mr Shannon's companies which led to the bank taking recovery action."

The Unhappy Banking media contact is former Bankwest external relations head Adrian Bradley who was made redundant by the bank a year ago.

Pursuing class action

Bankwest's outgoing managing director Jon Sutton told the Australian Financial Review in mid-2010 the bank was moving to limit its exposure to property developers.

Mr Sutton made the comment after a loan impairment expense increase to \$754million was revealed in the Bank's 2009-2010 financial results, according to the spokeswoman.

"The increase was primarily due to losses from property development lending," she said.

"During this period the property development sector generally was under greater pressure due to the GFC and falling property values."

But she said the comment referred to assessment criteria for future borrowers and did not relate to existing loan holders.

Mr Shannon said he and his lawyer have rallied together seeking out property developers or small commercial clients who believe they were treated unfairly during this period.

More than 200 people have contacted the group seeking legal help, Mr Shannon said.

He said the website has had more than 16,000 hits in its first month online.

Rallying the senate

The Unhappy Banking group is waging its war on two fronts.

While investigating a possible class action, they have also been rallying Australian senators for a Federal inquiry.

"Surely if there was an inquiry and they were completely exonerated isn't that the most powerful thing to go out to the Australian public," Mr Bradley said.

Australian Greens Acting Leader Senator Christine Milne said the Greens were still undecided about whether they would back the inquiry.

"We are concerned about this issue and are open to taking the matter seriously in the parliament, including discussing a potential senate inquiry," she said.

The bank denies any wrongdoing and rejects claims there is pressure building in Canberra.

"The matter is an isolated issue being dealt with in the court and does not justify a senate inquiry," the spokeswoman said.

But last week Mr Sutton had a telephone conference with a man who has previously been central to driving the inquiry within Canberra, Nationals Senator John Williams.

WAtoday understands the bank has also been in talks with Liberal Party senator Matthias Cormann, who is due to meet with Unhappy Banking on Tuesday.

Senator Cormann said while the main issues discussed with him related to ongoing court matters, there were some "systematic issues" about which he and Senator Williams had requested further information from the bank.

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"We will be considering the issues raised over the coming weeks to determine whether a further senate inquiry would add any further value and if so in what form," he said.

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