

From: Finance Brokers Association of Australia Limited <news@fbaa.com.au>
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To: Rocco Massaria
Subject: FBAA advises brokers not to sign banks' financial abuse declaration



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The Finance Brokers Association of Australia (FBAA) has demanded that banks walk away from a new requirement that brokers sign a declaration stating they are unaware of borrowers suffering financial abuse, and have advised brokers not to sign any such declaration.

FBAA managing director Peter White says while the association supports moves to prevent people being coerced into a loan, this is a knee-jerk reaction from the banks that requires far more legal and industry consultation.

Noting that the proposed wording hasn't even been widely released, he said, "To try and ram this through with little notice is not only ridiculous and ill-conceived, but creates massive risks for brokers with almost no benefit to borrowers."

Mr White said brokers are not psychologists and the suggestion that they can somehow predict if someone is being wrongly influenced to apply for a loan is foolish.

He also believes brokers would be exposed to legal action both from banks and borrowers, and revealed that professional indemnity (PI) advisers have told him that this declaration would not be covered under existing PI terms for brokers.

"My initial information is that PI insurance could increase tenfold to cover a declaration like this. There are so many issues that have not been considered, and banks must put this aside until these have all been addressed."

He also said that emotional abuse of any kind is a complex subject, and being able to recognise in-depth signs when discussing a mortgage puts far too much pressure on brokers.

"It's absurd to even suggest that finance and mortgage brokers can do a two-hour or two-day course and suddenly be able to analyse people to the point where they can declare there is no financial abuse taking place.

"The banks are attempting to bring a simple solution to what is a serious and complex issue, and I have to question whether this is more about protecting themselves than the public."

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