



## MEDIA RELEASE

# Virgin Money pushes for government legislation to clean up mortgage industry

9 August 2007 - An overwhelming 85% of Australians claim the big banks should take responsibility for encouraging Australia's housing affordability problem, according to a survey by Virgin Money.

Virgin Money CEO, David Wakeley, who will be taking part in this Friday's House of Representatives inquiry into home loan lending practices, said it was clear that Australian home owners were feeling the heat and it was time for the industry to take action. As a responsible lender, Virgin Money will be making recommendations at the inquiry to shake up the mortgage industry in a bid to ease some of the rising pressures.

"This week's interest rate rise is the last straw for many Australians who are already struggling to meet their mortgage repayments, and they are pointing the finger at the big banks. Over 81% of people think that the big banks approve loans that people can't afford to repay."

"We believe that irresponsible lending is taking place across the whole industry and that people need to be very wary of lenders that cut corners with lending practices, and brokers who don't hold the necessary qualifications to sell a home loan. Irresponsible lenders are the ones out there not doing enough to check a person's borrowing capacity, accurately value their property or are just too eager to lend too much money."

"50% of people surveyed have suffered from mortgage stress which is a huge jump from the ABS figure of 18.3% from 2006," Mr Wakeley said.

With interest rates the highest they have been in 10 years, home owners are under more than enough pressure. "We believe the mortgage industry needs a shake up to rule out dodgy practices and make the home purchasing experience easier for Australians."

Virgin Money will also be putting forward recommendations that the government turn its focus to our youth. "Following the recent "better super" changes designed to help Australians into retirement, we think it's time to assist first home buyers with tax breaks and larger home buyer grants to help them save for their deposit," Mr Wakeley said.

Some frightening results of the survey revealed that over 80% of people think borrowers should be nervous of the big banks because they are only interested in signing up and not considering their ability to repay.

"What raised a big red flag with us was the fact that one in three people felt their lender offered them too much money, one in four claimed that they didn't have their property valued and one in six didn't have their income checked by their lender when they applied for a home loan," Mr Wakeley said.

When it comes to mortgage brokers, Virgin Money believes that some are simply not educated enough to be guiding a person through one of the most important decisions of their life. "We are pushing for federal government initiated regulation to ensure that all mortgage brokers hold the necessary industry qualifications."

“In these stressful times, we are putting our money where our mouth is - Virgin Money Non Bank Managers are fully remunerated only if the customer is happy.”

Virgin Money is leading the way for the industry by requiring all Virgin Money Non Bank Managers not only hold above average industry qualifications (Cert IV (Mortgage Broking) MFAA member, PS146 compliancy in Super and ASFA membership) but to also complete 150 percent of the MFAA CPD requirements per year with ongoing training to help build a better business.

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**About Virgin Money:** Virgin Money is the financial services arm of Sir Richard Branson's Virgin Group. We launched in Australia in May 2003 to do one thing - shake up the financial services industry. Today, we're well on our way to achieving that goal with award-winning products spanning credit cards, home loans and superannuation. Virgin Money products are simple, great value and transparent, and we're backed up by our world-famous Virgin customer service. There's no funny stuff, just money stuff. <http://virginmoney.com.au>

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