

Reverse mortgage Vulnerable customer statement

HEARTLAND REVERSE MORTGAGES

At Heartland we are proud to have helped over 23,000 Australian seniors live a more comfortable retirement with our reverse mortgage. We aim to provide customers with peace of mind and have a culture that places significant importance on the duty of care we have for every customer.

We ensure our staff are aware of potential vulnerability in our customers, and that they take steps to provide the appropriate support.

Heartland's approach

Heartland acknowledges that defining vulnerability is a complex challenge and very personal to our customers when presented. We understand that any person could become vulnerable at any time and are likely have already experienced periods of increased vulnerability at some point in their lives, which could be permanent, temporary (short or longer term) or sporadic.

Heartland is committed to responsible lending. We will always ensure the loan, and its purpose, is of benefit, and is suitable for the customer – this includes debt repayment, gifting, and asset purchases.

If a vulnerability presents itself, whether through self-disclosure. Identification through customer dealings or via a vulnerability, we will take action.

Reverse Mortgage Protections

Heartland is committed to responsible lending, and we recognise the trust each customer places in us when they take out a reverse mortgage. We will always ensure the loan, and its purpose, is of benefit and is suitable for the customer – this includes debt repayment, gifting, and asset purchases. All Heartland reverse mortgages have protections built into both our product and thorough application process.

Our reverse mortgage protections video can be viewed [here](#), and provides an outline of these protections.

Who is a vulnerable person?

Vulnerable customers are not part of a segregated, defined group. Vulnerabilities are often not clear-cut and may lie on a spectrum, relating to a set of factors. At Heartland we treat every customer, and loan, individually and on a case-by-case basis. However, in general, vulnerabilities can often relate to one of these four classifications:

1. Accessibility

Barriers that prevent a person from interacting 'as normal' with Heartland or prevent them from acquiring information.

2. Comprehension

Problems with understanding, remembering, and assessing information

3. Circumstance

Circumstances which may predispose an individual to a poorer outcome, or there is an inference of vulnerability.

4. Age

If a customer's age may predispose them to a potentially poorer outcome, we may take extra steps to ensure we are comfortable with competency.

Possible Signs of Vulnerability

- **Physical**
This includes hearing, sight, or limited mobility.
- **Intellectual**
This includes brain injury, mental health, living with dementia, or financial illiteracy.
- **Social**
This includes English as a second language, recent immigrant, isolated, recent bereavement, and financing the expenses of family members.
- **Addiction**
Addictions such as gambling, alcohol, drugs, shopping – whether by the customer directly or through a family member.
- **Financial**
Recent divorce, high level of debt, little income, large number of dependents.

Loan Purpose

When dealing with Heartland, already vulnerable customers may experience challenges that make them even more susceptible to detriment

Any situation which is identified as vulnerable will be treated with an appropriate level of care to ensure that the customer is not being taken advantage of.

Heartland will follow our [Elder Abuse Guidelines](#) if a red flag for abuse is identified.

We will also assess loan use, and ask further questions to ensure our lending is responsible, – here are examples:

- **Gifting**

If a loan purpose is for gifting, our [Gifting Guide](#) will be followed.

- **Debt**

If the loan is to repay a debt, or there are high levels, of debt, suitability and benefit will be assessed.

- **Investment**

If the purpose of loan is for investment or business purposes, independent financial advice will be required.

- **Scam or Fraud**

If, on assessment of an application, it appears that loan funds are being used to pay a scammer, or fraud is being committed, we will not lend until we have comfort funds are being used for the direct benefit of the borrower.

- **Addiction**

If the loan purpose appears likely to be used for an addiction, such as gambling, Heartland will not lend until we have comfort funds are being used for the direct benefit of the borrower and not to protract or support addictions.

Identification

If a vulnerability presents itself, whether through self-disclosure, identification through customer dealings or via a sign of vulnerability, we will take action.

Accessibility

Heartland is committed to assisting customers, in the form that they are most comfortable with and in a way which is accessible.

Communication channels include phone, email, webchat, and in person at our Melbourne office. If there is a language barrier during the application process, we will review our network of mortgage brokers to identify and offer appropriate assistance.

Independent Legal Advice

All customers must receive independent legal advice as part of the application process. This ensures that the customer understands the agreement they are making, and provides an independent check to ensure an unsuitable or misunderstood loan is not being provided. It is also a useful step to detect and prevent elder abuse.

The solicitor should be able to communicate to the customer in their chosen language.

Customer Agents

Heartland will only allow applications signed by an agent of the customer (Power of Attorney, Guardian or Administrator) when it is for financial matters, provides for lack of capacity, and:

- The customer is unable to sign for themselves;
- The funds are for the benefit of the Nominated Borrower(s); and
- The order has not been revoked.

When independent legal advice is provided, Heartland requires the solicitor to sign a letter of comfort confirming this information.

Heartland also requires a certified copy of the documentation (or confirmation it has been lodged with the appropriate Land Title Office).

Post settlement, we will vet any new Power of Attorney requests, including a legal review and onboarding of any Customer Agent.

Annual Questionnaires

Each year, Heartland requires the completion of an Annual Questionnaire. Its purpose is to confirm the residents of the home, that rates and insurance payments are up to date, and that the property is being maintained.

If we do not receive the annual questionnaire, Heartland will take additional steps to ensure that our customers are safe and contactable.

Payment of Loan Funds

Loan proceeds are only paid to Authorised Recipients. These are a bank account in the name of the customer, their solicitor's trust account, an existing debt in the customer's name, or a bill (government, local, or body corporate agency) payable by the customer.

Reluctance to discuss

When vulnerable, the customer may:

- Fear that telling someone about their vulnerability will lead to losing a family relationship, possible retaliation, or further loss of independence;
- Be reluctant to believe that someone they trust is exploiting them;
- Want to protect any perpetrators, if they are being taken advantage of, from legal repercussions;
- Fear they will not be believed, or that their situation will be taken seriously with an appropriate response;
- May not realise their vulnerability if information is being withheld from them, or account statements and other mail have been redirected.

Due to this, an independent discussion directly with the customer is of vital importance when there is a sign of vulnerability.

Actions to take if a vulnerability is identified

1. Privacy

At all times, privacy procedures are followed. If a child or friend of a customer calls, no information will be released unless there is permission provided (an authority letter, Power of Attorney, Administration or Guardianship in place.).

2. Customer Discussion

Frontline staff should listen to the customer. If there are concerns raised directly by the customer, they should always be taken seriously and documented on the lending system.

Criticism or negative responses to customer situations are to be avoided. A supportive and understanding approach which aligns with Heartland's duty of care is crucial in a red flag investigation.

If there are red flags, and third parties have included themselves into the financial transaction without due cause, the customer should be contacted without the third-party present for an independent conversation.

3. Escalation

All concerns and suspicions are escalated to management immediately if financial abuse is suspected or confirmed. Heartland may:

- a. Not offer a loan;
- b. Not provide additional funds;
- c. Delay the release of funds until investigations can be made;
- d. Report fraud to the Police;
- e. Notify protective agencies (such as the Public Advocate) if there has been an abuse of Power of Attorney, or Administration/Guardianship order;
- f. Speak to any additional account holder(s), attorneys, or signatories;
- g. Request permission to speak to other family members to assist;
- h. As part of the application, require a medical certificate to confirm capacity of the borrower;
- i. If there is an immediate fear of safety, contact the Police; and/or
- j. If the customer cannot be contacted directly, request a Police welfare visit.

If an ongoing vulnerability is identified, staff will note a 'care flag' on our lending system to ensure that any person who deals with the customer is aware that care should be taken in our approach.

Review

Heartland will always take due diligence in relation to identifying vulnerability.

It is important that questions are asked to determine the customer's true situation. Depending on this situation, and the customer's requirements and objectives, they may or may not be vulnerable.

Doing the Right Thing

Heartland is committed to doing the right thing by our staff, shareholders, customers, and community.

Banking and Finance Oath

Heartland is 100% committed to the Banking and Finance Oath. Each of our staff are signatories of this oath, and have committed to treating each and every one of our customers in a fair and ethical manner.

Dementia Australia

Heartland is proud to be partnering with Dementia Australia. We support the great work that they do in raising Dementia awareness and promoting healthy ageing.

Industry Guidelines

Heartland is not a bank, however we ensure our approach to Vulnerable Customers aligns wherever possible with the [Australian Bankers' Association's Industry Guidelines](#).

Support Services

Financial Abuse

If a customer advises of abuse, they will be referred to the national Elder abuse phone line: 1800 ELDERHelp (1800 353 374).

Memory Loss

If a family member or friend believes that the customer is experiencing memory loss or confusion, or the customer has asked for help, they will be referred to Dementia Australia 1800 100 500.

Hardship

If a customer is experiencing financial difficulty, Heartland will follow its hardship procedures. They may also be referred to the National Debt Helpline 1800 007 007. Further information on financial assistance can be found on the [financial tools page](#) of our website.

Crisis Support

If a customer requires crisis or emotional support, they are referred to Lifeline's 24-hour support line 13 11 14.

Information provided is accurate as at 1 April 2022 and may change from time to time.

Every situation is different - this information has been prepared without taking into account your needs, objectives, or financial situation. If you are considering a reverse mortgage, we encourage you to understand how it may affect your personal circumstances - talk to friends and family, speak to professionals, and use the resources and tools Heartland has available.

Loans are subject to loan approval criteria. Terms, conditions, fees and charges apply. Credit provided by ASF Custodians Pty Ltd (ACN 106 822 780 / Australian Credit Licence No. 386781).