



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

Main Committee

ADJOURNMENT

Identity Fraud

SPEECH

Thursday, 26 May 2005

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Plibersek, Tanya, MP

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Ms PLIBERSEK (Sydney) (12.49 pm)—I rise today to speak on the very serious matter of identity fraud. I want to tell the story of one of my constituents who has been a victim of identity fraud and to put on the record the financial costs to her and the difficulties she has experienced as a result of the fraud. Without naming this constituent, she is a doctor who lives in Balmain. She was mailed her tax return cheque from the Australian Taxation Office. The cheque was for over \$41,000. The cheque from the Taxation Office was sent to her accountant and then the accountant mailed it on to her home. Somehow, the cheque was intercepted during that mailing period. A fraudulent account was opened just two days later with a building society in a similar but not exactly the same name. The name was similar but spelt differently and, whereas my constituent is a doctor, the title that was used in the fraudulent identification was ‘Mr’.

The cheque was deposited and cleared, and the entire amount of over \$41,000 was withdrawn in cash amounts over the following 10 days, often in very large amounts. The constituent was repeatedly denied any recompense by the building society, which said that they had no responsibility for the fact that a fake identity had been established and that they had not properly checked the documentation used for the 100-point verification system. I wrote to the building society, the Banking and Financial Services Ombudsman and the Australian Taxation Office. Of course, this is a situation where a constituent is \$41,000 out of pocket and nobody is responsible. Eventually, the building society did agree to pay half of the money that this woman had lost but, of course, are still denying any responsibility.

What is fascinating about this story is just how little power this woman had to complain. First of all, the banking ombudsman told her that, by law, they could not represent the third party; they could only represent the customer of the building society, who of course is the person that established the fraudulent bank account. It is not as though they needed any representation. They were doing just fine—thank you very much.

It is interesting that the Financial Transaction Reports Act 1988 and the regulations of 1990 do not require a bank to retain or copy the documents produced in the 100-point verification. The building society says, ‘Oh, they were very good forgeries.’ We do not know whether they were very good forgeries or not because all we have is a number on a drivers licence. We have no ability to see the documents themselves. The bank is supposed to record the nature of the document, the name of the person, details of age or place of residence, date and place of issue and so on. This did not occur in this instance with the building society.

Only a fake passport and drivers licence numbers were recorded on the withdrawal slip, so there is no way to trace the documents and to have a closer look at them. The name that was used can be either a male or a female name, but the spelling would have indicated to most people that the cheque belonged to a female. Although the title of my constituent is ‘Dr’, the spelling of the name is generally used by a female, but that did not trigger any suspicion on the part of the building society. Nor did the fact that the withdrawals of cash were taken out over a short time and in very large amounts.

I believe there is a serious gap in the law whereby the banking ombudsman cannot represent the person whose money has been stolen but can represent the person who set up the false account. The only option for the victim of the identity fraud is to take legal action. We know how much it would cost to take the building society to court. We really do need to revisit the scope of the ombudsman’s terms of reference to protect banking consumers in a broader sense. The Australian Taxation Office said it had no responsibility, but it might need to look a little more closely at the notion that it is perfectly safe to send out a \$41,000 cheque in the mail. I would certainly think twice about putting \$41,000 into the post. We also need to look at the thousands of passports that are going missing every year, as was reported on *The 7.30 Report* on 3 May, and perhaps stop sending passports out in the mail too. (*Time expired*)