

## BANK FEES UNFAIR BUT NO ACTION FROM THE SENATE

CHOICE and the Consumer Action Law Centre say they are extremely disappointed with the Senate Economics Committee's failure to recommend new laws to protect consumers from unfair bank penalty fees.

The committee's report on its inquiry into the Australian Securities and Investments Commission (Fair Bank and Credit Card Fees) Amendment Bill 2008, proposed by Family First, was tabled late yesterday.

"The report rightly acknowledges a range of concerns about unfair penalty fees but the senators failed to recommend any action to deal with the problems they found," said CHOICE senior policy officer Elissa Freeman.

"This is a disappointing result for frustrated consumers who are badly in need of better legal protections against unfair bank penalty fees," said Ms Freeman.

The report found problems with unfair penalty fees include:

- Customers cannot always avoid penalty fees
- Some penalty fees are almost certainly much greater than the costs incurred by the financial institution
- Customers do not have ready access to any dispute resolution process regarding unfair fees

Director of Policy & Campaigns at Consumer Action Nicole Rich said the report noted that penalty fees increased significantly in the past seven years and the market for the fees has been largely uncompetitive.

"It is astounding that the report said government action would be premature even though many banks and credit unions continue to charge these excessive fees.

"The Committee has expressed concern about the past indifference of financial institutions to the effect of these unfair fees on disadvantaged Australians, but still recommended no action. Action is long overdue, not premature," said Ms Rich.

Last year CHOICE and Consumer Action launched a joint Fair Fees campaign calling for an end to unfair bank penalty fees. Penalty fees are charged where a customer is found to have breached the terms of their banking contract. For example, a penalty fee may be charged where a transaction account is overdrawn, there are insufficient funds to process a direct debit payment or a customer exceeds their credit card limit. Penalty fees can be as high as \$50 per default.

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