

## MORE PENALTY FEES CUT AS CAMPAIGN GAINS MOMENTUM

CHOICE and Consumer Action have welcomed NAB's announcement today it will cut direct debit dishonour fees from \$50 to \$30 and will launch a new mainstream transaction account that allows consumers to avoid bank penalty fees altogether.

NAB's announcement follows a similar announcement from ANZ last week. NAB goes further to provide genuine choice to most customers.

"NAB has shown welcome leadership and set a new benchmark in the way penalty fees apply on transaction accounts," Consumer Action co-CEO Catriona Lowe said. "NAB's decision to cut fees and launch new and fairer products shows that the bank has listened to consumers."

"It is pleasing that NAB has committed to further reviewing penalty fees policies and we look forward to ongoing leadership from NAB across its product range," CHOICE Manager of Policy and Campaigns Gordon Renouf said.

The announcements by NAB and ANZ follow the June launch of a nationwide campaign against unfair bank fees by CHOICE and the Consumer Action Law Centre.

Penalty fees are charged when consumers don't have enough money to cover a direct debit or cheque payment, go over their credit card limit or make a late payment. Other banks and financial institutions continue to charge penalty fees as high as \$50 for each default. NAB will retain penalty fees on some accounts.

"Now that two of the major banks have recognised that unfair fees need to go, Westpac, St George, the Commonwealth Bank and other institutions need to follow suit," Mr Renouf said.

CHOICE and Consumer Action have argued that penalty fees are often applied unfairly and are regularly set at levels well above the estimated cost to the institution. A 2004 research report found that many of the penalty fees are likely to be illegal.

"Until we know the underlying cost to the banks, we won't know what constitutes a fair penalty," Mr Renouf said. "It's time for an independent regulator to investigate the real costs that banks incur in dealing with these issues, as well as the costs borne by consumers."

"CHOICE and Consumer Action's campaign is gathering momentum and we are pleased that some banks have now responded," Ms Lowe said. "Our campaign will continue until penalty fees on bank accounts and credit cards are brought under control."

For an interview or further information please contact CHOICE senior policy officer Elissa Freeman on (02) 9577 3349 or 0411 037 375 or Consumer Action co-CEO Catriona Lowe on 0412 633 090.

Visit the campaign website at [www.fairfees.com.au](http://www.fairfees.com.au)