



# FAMILY FIRST



Steve Fielding **Family First** Senator for Victoria

## **MEDIA RELEASE**

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# **FAMILY FIRST GETS A SENATE INQUIRY INTO OUTRAGEOUS BANK PENALTY FEES**

Family First had a victory today with the Senate agreeing to an inquiry into its legislation to stop banks charging customers exorbitant penalty fees.

"Families are being ripped-off by outrageous bank penalty fees that are way above bank costs," Family First leader Steve Fielding said today.

"Families are hit by penalty fees of up to \$50 for every dishonoured periodic payment, direct debit or cheque. Most families find it hard to find \$50 for a minor mistake.

"For example, if your pay goes in late and so does not cover three periodic payments, Westpac would charge as much as \$50 for each failed transaction. Under the same circumstance, National Australia Bank would charge a reference fee of \$30 per day for overdrawing and \$35 for each periodic payment deferred, adding up to \$135 on the first day.

"Just look at these statistics:

- over the last five years late payment fees on credit cards have risen more than 50 per cent from \$20-\$31;
- fees for exceeding credit card limits have skyrocketed by 500 per cent from \$6 to \$30; and,
- some banks seize up to 16 times the cost of processing dishonoured cheques and 92 times the cost of processing dishonoured direct debit transactions, according to the Consumer Action Law Centre."

Family First's *Australian Securities and Investments Commission (Fair Bank and Credit Card Fees) Amendment Bill 2008* has been referred to the Senate Economics Committee for report by 16 September 2008.

"The inquiry will allow families to make a submission to say how bank penalty fees affect them," Senator Fielding said.

Family First's bill is to stop banks slugging customers with outrageous bank penalty fees on their accounts and credit cards by:

- Ensuring penalty fees are for cost recovery only;
- Boosting the powers of the Australian Securities and Investments Commission to monitor fees, investigate complaints and to demand information to ensure fees reflect costs;
- Outlawing inward cheque dishonour fees and charging multiple fees for the same mistake;
- Stopping penalty fees charged just because another bank charge has pushed the customer over or under the necessary bank balance;
- Preventing penalty fees for customers exceeding their credit card limit where the bank does not give customers the option of a solid maximum credit limit.

Family First's Bill covers banks, building societies, credit unions and other institutions that offer credit cards.

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