



FAMILY FIRST



Steve Fielding Family First Senator for Victoria

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BANK FEES OUT OF CONTROL

Banks are unlikely to stop charging outrageous bank penalty fees as public is kept in the dark on the "Review of the Code of Banking Practice"

"The issues paper released quietly on Friday for the Review of the Code of Banking Practice has interim recommendations on bank fees," Family First leader Steve Fielding said. "It recommends merely that some words in the code should be changed from 'standard fees and charges' to 'fees and charges' and that the Australian Bankers Association should provide regular penalty fee updates on its website, which it already does.

"The Review acknowledges community concern about bank penalty fees and at last suggests using the principle of 'reasonable recovery of costs' for some bank fees and charges.

"The issues paper also notes:

- **Pensioner debt is increasing** (pg 30): there is an '... increasing number of cases of pensioners in debt with credit cards and then using reverse mortgages to repay the credit card debt';
- **Bank penalty fees and charges have no limits or checks** (pg 61): '... the quantum of fees and the basis for charging such fees is not addressed anywhere in the Code and ... the Banking and Financial Services Ombudsman (BFSO) does not have the capacity to investigate complaints on these issues ...'. One submission noted 'there is, therefore, no avenue to address whether fees are excessive or unfair.'

"Two months ago Family First warned that the Review was proceeding with little publicity and nothing has changed - which means the public does not get a say. The Review website is: www.reviewbankcode2.com.au

"Figures issued by the Reserve Bank earlier this month show banks collected a whopping \$10.5 billion from fees in 2007, increasing by almost 10% in that year.

"Credit card over the limit fees have soared from nothing in 2000 to more than \$30 a pop."

Family First's *Fair Bank and Credit Card Fees Bill 2008* has been referred to the Senate Economics Committee for report by 16 September 2008. Family First's bill will stop banks slugging customers with outrageous bank penalty fees 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 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.

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