



FAMILY FIRST



Steve Fielding Family First Senator for Victoria

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BANK PENALTY FEES HAVE PUSHED PEOPLE OVER THE FINANCIAL EDGE

Evidence given at today's Senate inquiry into Family First's draft laws to ban exorbitant bank penalty fees has confirmed the need for the new legislation.

"Welfare group the St Vincent de Paul Society said their financial counsellors found that up to 95% of their clients are significantly impacted by bank penalty fees," Family First leader Steve Fielding said today.

"Vinnies CEO Dr John Falzon said that bank penalty fees have pushed some people over the financial edge, when they have been struggling to make ends meet.

"Consumer group *Choice* supported Family First's bill to rein in skyrocketing bank penalty fees and believes the Australian Securities and Investments Commission (ASIC) should be given the power to police bank fees to stop fee gouging.

"Choice said 'there is bank penalty fee gouging in Australia'.

"Law Council of Australia representative Mr Ben Slade said 'these fees are causing significant injury in Australia.'"

The statistics tell the story:

- Families are hit by penalty fees of up to \$50, with multiple fees for some mistakes;
- Credit card over limit fees have skyrocketed from nothing in 2000 to more than \$30;
- banks seize up to 16 times the cost of processing dishonoured cheques and 92 times the cost of processing dishonoured direct debit transactions.

The Senate Economics Committee will report on Family First's *Fair Bank and Credit Card Fees Bill 2008* 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 ASIC to monitor fees, investigate complaints and demand information to ensure fees reflect costs;
- Outlawing inward cheque dishonour fees and charging multiple fees for one 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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