



Australians could be owed thousands in wronged bank fees

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By **Grahame Armstrong**
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BANK customers in Australia for years have been ripped off paying penalty fees that are not legally enforceable, a new Perth law firm claims.

The firm, Financial Redress, is going after the big banks on behalf of customers in a bid to have penalty fees refunded.

Managing director James Middleweek said that under ordinary contract law only the true cost of a service could be charged.

Late payments or overdrafts really only cost a bank a few cents, not the \$30-\$50 it charged customers.

Even if customers have given the banks permission to charge fees, with a signature at the time of opening the account, banks might still be liable.

Mr Middleweek said details about bank fees were always in the small print but this "disclosure" did nothing to change the fact that banks were charging much higher fees than it was costing to provide a service.

"In contract law you can only recover your loss," Mr Middleweek said.

"Just because it's disclosed doesn't mean it's right. I could disclose that I'm going to hit you on the head but it doesn't make it right when I go and do it."

"Bank customers in Australia could be owed thousands of dollars, without even realising it", Mr Middleweek said.

"Australian banks have been ripping consumers off with penalty charges for too long. How can banks charge their customers up to \$50 a time when the true cost is probably only a few cents?"

"These charges are not just unfair; they are also legally unenforceable, so customers can recover their money. Claims can be much bigger than people think, especially as we calculate interest too."

Banks had the advantage of automatically deducting fees from customer accounts, rather than

negotiating the fee directly with customers.

"If you said to me I'm going to charge you \$40, I'd say get stuffed," Mr Middleweek said.

"But the banks have the advantage of running your bank account - they just do it. Then the ball is in the customer's court to do something about it."

The move in Australia comes after a UK court decision last week that found fees for unauthorised overdrafts and bounced cheques were subject to unfair contract rules.

The decision could, according to Mr Middleweek, have major ramifications for Australian banks."

Mr Middleweek said Australian bank customers seemed unaware that they were being ripped off. Australians pay on average \$1000 a year for banking services, compared with \$749 per household in the UK and \$850 in the USA, according to the latest Fujitsu Consulting bank fee survey, released this week.

The study also found that Australian banks charge higher fees for additional credit cards and exceeding credit limits, have higher fees on transaction accounts, charge more to use ATMs overseas and for foreign transactions and make customers pay significantly higher charges for overdrafts.

Mr Middleweek told Business at *PerthNow.com.au* that it was possible to take on Australian banks for excessive fees because he had done it himself before setting up the business.

He recouped eight credit card late payment fees of \$25 each.

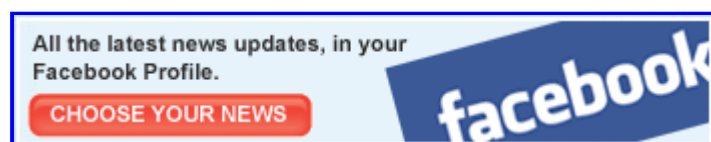
Due to the statute of limitations, Mr Middleweek said claims could go back more than six years.

For more information see www.financialredress.com.au

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