

Announcement

10 June 2010

1. On 12 May 2010 Financial Redress and IMF announced that they were planning to support class actions on behalf of the customers of twelve Australian banks to recover unfair bank and credit card exception fees.
2. Financial Redress and IMF note the announcement today by the Reserve Bank that, within the 9% increase in total bank fee income to \$12.7 billion in the year to 30 June 2009, customers suffered \$1.2 Billion in exception fees. Exception fees on household credit cards grew by 10%.
3. In the two years from 1 July 2007 to 30 June 2009, the banks have therefore deducted \$2.4 Billion in these unfair fees.
4. Although previous figures are not available, it is reasonable to assume that over a six year period (the statute of limitations) around \$7 billion will have been deducted from the accounts of personal and business customers.
5. Most banks recognised that the exception fee game was up at the end of 2009 and slashed these fees, in some cases to zero. Amazingly, despite the looming federal legislation outlawing unfair fees, some banks are clinging to their fees until the last moment. That moment will arrive on 1 July 2010 when the legislation receives the royal assent and becomes law.
6. So far, 112,700 account holders have joined the planned class actions. Registrations are spread across the states, but residents of Victoria have been the most active participants in the actions so far.
7. It is likely that the first class action will be launched within 6-8 weeks.
8. James Middleweek, Managing Director of Financial Redress, commented:
 - "These figures show that, in the teeth of the global downturn, when customers needed help, the banks actually deducted \$1.2 billion from their customers' accounts. Credit card exception fees were up 10%. People should be rightly angry".
 - "We have had a good sign up to the class actions so far, but are still only scratching at the surface of the numbers affected by these unfair charges. I can only urge as many people as possible to keep joining up at www.financialredress.com.au if they want a chance to recover some of the \$7 billion of their money that their banks have deducted, plus interest".

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