

Banks are following the rules

The term bank charge which is also inaccurately known as unfair charges covers all charges made by banks to their customers. The term often relates to the bank charges in respect of personal current accounts. In the UK, this was not common practice until the 1990s when banks began to introduce this type of charge as a means of product differentiation often offering additional services bundled with the bank account itself. Such services include travel insurance, mobile phone insurance, preferential rates on other products. It is estimated that UK banks make an estimated 4.7 billion pound profit a year from unfair charges or bank charges to their client accounts. The law in Britain does not permit a penalty clause. In spite of this, when you may have been overdrawn in the bank, even by a penny, banks have automatically sent you a letter telling you that you are overdrawn - and charged you anything from 20 pound to 40 pound just for sending this letter. This is in addition to any interest charges for being overdrawn or having an unauthorised overdraft. Other unfair charges include returned cheques fees, excessive fees for overdrafts, excessive fees for unpaid standing orders, excessive fees for unpaid direct debits, card misuse fee, unpaid cheque fee, unarranged borrowing fee, late payment fee for credit cards, account misuse fee, late payment fee for store cards, late payment fee for catalogue purchases, fee for exceeding authorised overdraft limit, and other irregular fees. However, people of U.K., got some relief when during a ruling that credit cards should only charge no more than a 12 pound annual fee in 2006, the Office of Fair Trading declared that some bank charges were unlawful as well as unfair. This opened up opportunities for people to reclaim unlawful bank charges. To date the banks in the UK have not challenged this decision and have refunded the unlawful bank charges to their customers. However, the battle for bank charges has been in the House of Lords since June 23.

About the Author

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