

Bank charge, not a night mare now! 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. The case is brought by the Office of Fair Trading against seven High Street banks and one building society has moved to the UK highest legal authority after banks lost their appeal hearing in May against an earlier High Court ruling last year. The role of the five law lords presiding over the case is to decide whether charges levied by banks against customers who have overspent into an unauthorised overdraft which can cost up to 35 pound a time can be assessed by the OFT for fairness. If the OFT wins, it is expected to release a highly critical report on the charges later this year, which would force banks to repay billions of pounds in charges back to more than 1 million customers. If the Office of Fair Trading wins its legal battle against eight High Street banks, any restitution payment could substantially swell any potential repayments to customers, who could receive all their refunded charges as well as a portion of any profits the banks have made from investing them. However, the industry could take its case to the European courts if it is unsuccessful in the House of Lords - or appeal the OFT's report through the UK courts.

About the Author

John Smit is Marketing Manager and share more information about bank charges, [conveyancing solicitors](#), online will writing service, property lawyer

Source: [ArticleMS Templates](#)