

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (FIFTH HEARINGS)

NAB

NAB08QW:

Kelly	Default interest	In regards the application of default interest: a) Does the Bank believe that its lawful right to impose a default interest charge arises from a breach of contract? b) Does the Bank believe that the quantum of such default interest charged is subject to the 'law of penalties' i.e. that is the quantum must be based upon a genuine pre-estimate of the loss incurred to the bank – and if not, that it may be deemed as an unenforceable penalty?
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Answer:

NAB's right to charge interest following default at a higher rate arises from the terms of the contract agreed between NAB and its customer. The charging of interest at a higher rate following a default is well established at law.