

Julian Franklin of WA 6076 writes:

Dear Senators,

I support action to ensure fairer bank fees for consumers on bank transaction and credit card accounts. The banks and other financial institutions have failed to fix this problem.

We need an independent regulator with the power to keep fees in check.

Julian Franklin says:

My experience with unfair fees has involved me with legal action against 3 banks. The first being Bankwest, then the National Australia bank and thirdly Westpac. The worst experience was with the National bank until I received a letter from Bankwest earlier this week. I began complaining to Westpac, my first bank a few years ago when I had our account start to be charged penalty fees while we were starting our business, I still remember after never hearing of penalty fees that suddenly I received a leaflet from the bank advising me that from now on the bank would be charging a fee for the account being over limit, then fees such as 'late payment' on an account, an 'honour' transaction, a 'dishonour fee' all started to show up on our accounts, even if the account went over limit by a few cents we would have a obscene fee placed on it. As a self-employed person I tried to obtain overdraft facilities so we could stem the problem but to no avail as we never met the banks protocols for overdraft facilities and so the fees went on. It got to the point that the fees came such a burden that I shut our Westpac business account and went to Bankwest.

Unfortunately we started having issues with Bankwest including 'Direct Debit Dishonours' and 'Honour fees' charged against our account. As we were self employed we have to fight to get our invoices paid from our customs meaning that our cash flow is not smooth and thus at the beginning of the month when our direct debits went out, our account would overdraw and the fees would roll in. I tried to reason with the bank, changed the dates of various direct debits so that they all were not coming out on the same day but the account still would overdraw. I will add that 95% of all the times the account would overdraw, I would have it back in the black within 24 hours, but unfortunately it was generally early the next morning when money was transferred into the overdrawn account and yet the fee would still be placed onto the balance. I spoke to the bank advising that I always had it back in the black within 24 hours and their response was always 'it's not up to them, it is up to their computer system to see if it will debit the fee from the account.' After much frustration I took Bankwest to the Magistrates court of WA to get them to prove the validity of the fees in which they declined to do so and offered to refund all the fees charged to settle the case, which we accepted. Shortly after we had a few more penalty fees levelled against us in which I wrote to bankwest asking again for them to prove the validity of the fees in which we have received a reply letter from HBOSA legal, a law firm that represents Bankwest stating that they will offer me all the fees refunded again if I close my accounts with Bankwest and take my business elsewhere. They went on to state (in their words) "If you do not abide by this request by the 21 April 2008, we will have no alternative but to credit the sum of \$235 to your account, close all your accounts with the bank and send you the proceeds of your accounts as a bank cheque". I must admit that we were a little speechless at the banks arrogance at this move which will leave my wife and I with no account thus no ability to be paid, cannot pay our mortgage, I cannot provide for my wife or 2 young children or pay our bills, all because Bankwest is incensed that I wanted them to prove to me the legitimacy of their penalty fees of \$45 for honour fees and \$50 for direct debit dishonour fees. I have advised them that we cannot take our business elsewhere as all the banks

charge the same penalty fees and the only one that has an account that doesn't (National) has already stated to us that they do not want us to bank with them again.

During our time with Westpac I obtained a credit card from the National Australia bank to act as an 'overdraft' facility so to speak, which was a bad idea. Although we maintained payment to the card it was never by the due date as required by the bank and so we started to get monthly 'missed payment' fees of \$30/month which soon added up to hundreds of dollars in a couple of years. After phone calls, e-mails and letters to the National asking them for legitimate proof of how they calculated their fees we were at our wits end with their arrogance of not proving how the fees are calculated. We filed in the Magistrates court of Western Australia to get the said information of proving the calculation of fees required or for the National to refund all the fees, plus calculated interest, which was the same that they had charged us against the card, plus court costs. This was the only time we finally got them to take us seriously, in which they refunded all the fees plus interest charged plus court costs on the instructions that we close our account with them and go away which is what I agreed to. It was disappointing to see that the bank would still not prove how the fees were calculated and at how they basically told me to get lost.

Finally I took Westpac to the Magistrates court for a credit card that we currently have with them that has been charged the same penalty fees against it. The morning of the court hearing I was called from Westpacs legal team in Sydney and asked to settle with a refund of the fees, which I agreed. I had a few other accounts with them early this decade that attracted penalty fees that I advised them that I would be taking them to court about but they have asked me to forward them the details first so we can negotiate to settle.

All in all, I agree to a business recouping lost money from a customers default, however I do not believe that bank penalty fees are true and correct as to their out of pocket expense. For example, a study by Nicole Rich has found that bank direct debit fees could be around 64-92 times the banks actual cost. Lets say that we meet roughly halfway between that number at 79. I work in the building industry here in West Australia, say I have a customer that has hired me to do some work for them, and say they were supposed to provide me with a bag of cement for the job. Unfortunately the customer couldn't provide me with that bag of cement that day for that job and so I have had to buy a bag myself at \$6.46 (current Bunnings price for 1 bag cockburn grey 20kg cement), I then charge my customer 79 times what I bought it for, which is \$510.34 which I then charge my customer for supplying the cement. I can assure you that I would never get paid that amount and I would never get work in the building industry again as soon as word got out as to what I was charging my customers. Why is it then that Australian banks and other credit providers are allowed to act with such disdain against their customers and get away with it?

I was seriously injured at work in February of 2006, which left me on workers compensation until the end of December of 2007 in which it ran out. That time from the injury till now has provided a large dent in my earning ability to say the least which has not been helped by the enormous pressure heaped upon my family by these bank 'exception fees'. The money recouped from the banks have been Bankwest \$520, National Bank \$852.35 and Westpac \$735 with around another \$2500 to fight for in court from other Westpac accounts.

I sincerely hope that the Senate will see the unfairness of the Bank fees and move to protect the community from Corporations that seem to treat us with utter contempt as nothing but money making objects. Thank you. Julian Franklin