

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.

Since August 2006, the Mental Health Legal Centre in Melbourne has been running a Credit and Debt Project funded by the Consumer Credit Fund of Consumer Affairs Victoria.

The Project receives advice from its Consumer advisory committee and its Financial Counsellor advisory committee. Through these committees and the Centre's discussions with its clients, we are aware of the impact of bank fees on people experiencing mental health issues.

The Financial Counsellor advisory committee has reported a number of cases where creditors have refused to negotiate with debtors experiencing mental illness or have imposed penalty fees on these creditors with a disregard of their mental incapacity at the time these fees were incurred. People with mental illnesses may become confused about payment details as for many trying to function in daily life is an overwhelming experience.

It is clearly the experience of the Centre's clients that their financial difficulties increase due to the imposition of penalty fees. As well, the stress of trying to deal with extra financial burdens often exacerbates their illnesses.

Further, the amount of the fees is disproportionate to any contractual breaches for late payments, having insufficient funds in their accounts or having over the limit/overdrawn accounts.

The imposition of penalty fees impacts most on those with the least resources to pay them or fight them. It is our view that such fees need independent regulation.

Vanessa Stanton