

## **FIC Says Overdraft Charges Unfair On Consumers**

*The new delay to the handling of unauthorised overdraft charges endorsed by the Financial Services Authority (FSA) is prejudicial to accountholders, the Fair Investment Company (FIC) has warned.*

July 26, 2008 (FPRC) -- A statement from the firm follows the announcement by the FSA that the right to delay resolving unfair charges disputes has been extended for another six months. The new waiver replaces an existing allowance which is due to expire on July 26th. Following the move, all banks who had previously applied for an extension will be able to reapply. As such, 98 per cent of UK financial institutions will be able to delay resolving overdraft charges.

Commenting today (June 25th), FIC warned that many banks are continuing to profit from the levies - which run as high as 40 pounds - even while a high court test case seeks to assess their legitimacy. The group proclaimed that by allowing for a further delay of resolutions, many consumers will feel they are being left in the lurch for even longer waiting to hear whether they are entitled to compensation.

The case hinges around the legal question of whether the charges imposed by many banks for unauthorised overdrafts are proportional to the costs of processing items such as unpaid direct debits and cheques. In recent developments, the judge Mr Justice Andrew Smith residing over the case ruled that there were grounds for an investigation into whether the fines were fair and proportional. However, an appeal hearing will have to be completed before this stage of the case can go ahead. While the delays continue, FIC indicated that the banks are continuing to take as much as three billion pounds from consumers who slip into the red.

For those who have done so, there is a chance that such charges will put further strain on monthly budgets that are already stretched to the limit. As such, missing bill payments due to insufficient funds could well have a knock-on effect on people's ability to meet repayment commitments on mortgages, credit cards or personal loans.

To remedy the situation, Brad Askew, managing director at FIC partner Claims Financial, urged: "If consumers have to wait another six months to reclaim bank charges, then I see no reason why the situation should not be reciprocal. The banks should also be subjected to this hiatus and not allowed to implement any further bank charges until consumers can claim their money back."

Meanwhile, James Caldwell, director of the FIC, informed accountholders: "Just because the FSA has prolonged the reclaiming process doesn't mean you can't put your claim in. That way, you will have all the paperwork in place and be further up the queue for getting your money back if the consumer eventually emerges victorious."

For those who have been struggling to keep up with payments as the credit crunch bites and inflation spirals upwards, taking out a debt consolidation loan may prove an effective way to reorganise finances in a more manageable way. Taking out this type of loan may be of particular interest to consumers who have struggled to maintain their desired lifestyle. According to a recent study by Axa, only one in five households are in a financial position strong enough to meet the criteria of belonging to middle Britain.

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