

NEWS RELEASE FROM BOB EGERTON, BANK CHARGES CAMPAIGNER

FOR IMMEDIATE RELEASE

BANK CHARGES CAMPAIGNER CALLS ON STATE-OWNED RBS/NATWEST TO PULL OUT OF BANK CHARGES TEST CASE

Bank charges campaigner, Bob Egerton, has called on the government to intervene in the long-running saga of the bank charges test case and to instruct RBS/Natwest to withdraw its appeal against the High Court ruling on the unfairness of penalty charges. The so-called test case was launched by the Office of Fair Trading (OFT) in July 2007 and has crawled at a snail's pace through the court system. The Court of Appeal heard an appeal from 8 of Britain's high street banks in early November and it will probably be several months before a judgment is announced. Even then, there could be a further appeal to the House of Lords. Meanwhile, a further hearing is scheduled in the High Court for 9 December to consider other issues that were not covered in the first batch of hearings.

Bob Egerton says, "The government's rhetoric about putting the banks' feet to the fire is just that – empty rhetoric. With the government now having acquired a majority stake in Royal Bank of Scotland Group, it is in a position to take direct action to help the millions of bank customers who have been mercilessly exploited for years by Britain's high street banks imposing draconian penalty charges on their accounts. The government should instruct RBS to withdraw from the court proceedings, to sit down with the OFT and work out a fair charging regime not just for consumers but also for small businesses, and to make fair settlements of the tens of thousands of claims caught in the logjam of the courts system. This could be an exemplar for the other banks who will then have to follow suit or face humiliation in the courts. If the government does not intervene, we will have the farce of the taxpayer funding one set of highly paid lawyers representing the OFT to fight a continuing court battle against another set of highly paid lawyers representing RBS also being funded by us the taxpayer. The government has, to date, talked loudly about the banks. Now is the time to talk softly, but to use the big stick that it carries."

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Editor's note:

The test case was launched in July 2007. It concerns whether or not the penalty charge regimes that banks have in their terms and conditions with personal account holders can be assessed for fairness under the provisions of The Unfair Terms in Consumer Contracts Regulations 1999. The first High Court hearing was held in January 2008 to consider just the banks' most recent terms and conditions. Judgment was delivered in April 2008 in which the judge said that the terms could be assessed for fairness. The banks appealed this decision and the appeal was heard in early November. A decision is awaited on that. Meanwhile, in October the high court judge delivered his verdict on the banks' historical terms and conditions and came to the same conclusion as on the current terms. But a few issues were left undecided and a further hearing on those will be held on 9 December.

The test case, in theory, only concerns personal account customers because business account customers are not covered by the UTCCRs. However, the banks did throw into the test case the issue of common law penalties which are applicable in business accounts. This means that the banks may try to use the test case judgment (which was broadly favourable to the banks on the issue of common law penalties) to block business account claims.

News release issued by Bob Egerton

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