

Harrods

BANK LIMITED

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Unarranged Overdraft Charges

A number of banks are engaged in a High Court test case with the Office of Fair Trading ("OFT") to decide the legality of unarranged overdraft charges.

On the 8th October 2008 and 21st January 2009, the Court decided that all but one (Nat West) of the banks' charges were incapable of being regarded as penalties, but following Appeal, the Court of Appeal has ruled that they are assessable for fairness under the "Unfair Terms in Consumer Contract Regulations 1999". This means that the OFT has the power to investigate the issue of bank charges and it expects to reach a decision on fairness later this year.

It has been agreed that the banks may appeal further to the House of Lords.

As previously agreed with the Financial Services Authority and the Financial Ombudsman Service, customer complaints relating to unarranged overdraft charges will currently remain on hold until the test case is concluded.

At Harrods Bank Limited, any such charges are assessed according to the work and time involved and do not include any additional penalty. Currently, we have no complaint cases outstanding, but we wish to advise you of the test case progress as part of our obligation to keep you informed on this topical issue.



MALCOLM MCLEAN
General Manager

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