

Overdrafts will be simpler, fairer and easier to manage

The current overdraft market:

 High fees and charges for unarranged overdrafts

Consumers regularly pay more than the equivalent of an interest rate of

10% per day

 Complex charging structures

80% of people cannot correctly choose the most affordable overdraft deal at present

 Repeat overdraft use

14% of consumers use an overdraft every month of the year and pay

69% of all overdraft fees

Our fundamental reforms will mean that:

 Unarranged overdrafts cannot be more expensive than arranged overdrafts, resulting in lower costs for consumers

Fixed fees for borrowing through an overdraft will be banned – no more fixed daily or monthly charges

Overdraft charges will be proportionate to borrowing

 Providers will have to charge using a simple annual interest rate – no more complex charging structures

An APR will be included in overdraft advertising to allow consumers to compare the cost of borrowing

 Providers will be required to do more to help repeat overdraft users