

The Financial Ombudsman's statement.

In light of the [agreement announced today between the Office of Fair Trading \(OFT\) and a number of representative banks](#) - to take a "test case" to the High Court about unauthorised overdraft charges - the ombudsman service has confirmed it will put on hold its own work on complaints about these charges, pending the outcome of the legal proceedings.

The law is one of the issues that the ombudsman has to take into account when making decisions on individual cases - and this important "test case" involving OFT and the banks is expected to give vital clarity on the key issues of law involved in disputes about unauthorised overdraft charges.

Responding to the news about the proposed High Court "test case", Tony Boorman, principal ombudsman, said today:

This year the ombudsman service has been dealing with tens of thousands of enquiries and complaints about bank charges - and county courts across the UK have similarly been coping with significant volumes of bank-charge claims.

In the cases that the ombudsman service has settled so far, all disputed unauthorised overdraft charges have been repaid - but on a voluntary "goodwill" basis, without the ombudsman reaching the stage of investigating the merits of the legal issues. Meanwhile, cases heard in the county courts have so far resulted in a range of outcomes - with inconsistent and unpredictable judgments and no clear legal precedent being set.

So it's in the interests of everyone involved - consumers with current accounts, the courts, the banks and other current-account providers - that the High Court "test case" announced today should settle the legal uncertainties relating to the level, fairness and lawfulness of unauthorised overdraft charges.

We agree that it's also in the general interest for the ombudsman service to suspend its own work on complaints about unauthorised overdraft charges, while waiting for the High Court to make a decision on the significant legal issues involved.

It is expected that the decision by the ombudsman service to suspend further work on complaints about unauthorised overdraft charges will be reflected by a similar response by the county courts. For the county courts and the ombudsman service, the High Court "test case" should mean that very significant volumes of cases can be managed in a fair, cost-effective and orderly way. The ombudsman service's decision to put complaints on hold - while the key legal questions are answered - does not affect consumers' ability to bring complaints to the ombudsman about other banking-related problems, including financial difficulty or hardship.

To help with the fair and orderly management of consumer complaints about unauthorised overdraft charges, the [Financial Services Authority \(FSA\) has announced](#)

[that banks and other current-account providers can also put cases on hold](#), pending the "test case" decision. Once the law has been clarified, it should then be possible for these cases to be settled in line with what the High Court decides.