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Banks in court over charges to customers

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29th July, 2007

THE ARTICLE

Banks in court over charges to customers

British banks have been placed under the microscope over the fairness of charges to customers who go over their authorized overdraft limits. Tens of thousands of customer complaints about how high these charges are has led Britain's competition watchdog, the Office of Fair Trading (OFT), to launch a court case against the banks. The OFT has been investigating charges for unauthorized overdrafts since March to determine whether or not they are unfair. It believes the charges are too high relative to the costs to the banks. This is being greatly disputed by eight of Britain's leading banks, who have agreed to a test case to settle the issue once and for all in court. They say there are many costs involved when a customer goes overdrawn without first getting permission to go in the red.

Banks currently fine customers as much as \$80 for a single bounced cheque. Industry analysts believe the actual cost to the bank for these bounced payments could be as little as \$4 – especially as the process is computerized and rarely involves human decision-making. Overdraft penalties boost the revenue of Britain's banks by around \$3.5 billion a year. If the courts rule against the banks, they could be forced to repay more than \$20 billion of penalty charges dating back over six years. Banks might also be prevented from making false or misleading statements to customers. It is claimed that some banks lie to deter account holders from reclaiming unauthorized overdraft charges. A consumer organization called on the public to switch banks: "Vote with your feet and show the banks who is boss," it said.

WARM-UPS

1. BANKS: Walk around the class and talk to other students about banks, bank accounts and bank charges. Change partners often. After you finish, sit with your original partner(s) and share what you found out.

2. CHAT: In pairs / groups, decide which of these topics or words from the article are most interesting and which are most boring.

microscopes / fairness / overdrafts / limits / complaints / competition / costs / fines / industry analysts / decision making / misleading statements / bosses

Have a chat about the topics you liked. Change topics and partners frequently.

3. FINANCIAL SERVICES: In pairs / groups, talk about your thoughts on these financial services. Rank them in order of which you think are best.

- | | |
|-------------------------|------------------------|
| • banks | • investment companies |
| • credit card companies | • stock markets |
| • loan companies | • investment bankers |
| • insurance companies | • other _____ |

4. BANK HEADLINES: Talk about these headlines with your partner(s). What are the stories behind them? Could they come true? Would you like them to come true? Change partners and share what you said and heard.

- Banks to start charging \$50 a month to have an account
- Banks guarantee five percent return on all accounts
- The last bank branch closes – all online from now
- More cashiers - No more waiting in banks
- Bank charges declared illegal
- Banks must return all charges made over the past six years
- Personalized banking - Banks return to making home visits
- All banks taken over by governments

5. BANKS: Spend one minute writing down all of the different words you associate with banks. Share your words with your partner(s) and talk about them. Together, put the words into different categories.

6. QUICK DEBATE: Students A think banks provide a wonderful service. Students B think banks offer a terrible service. Change partners often. Share your findings.

BEFORE READING / LISTENING

1. TRUE / FALSE: Look at the article's headline and guess whether these sentences are true (T) or false (F):

- | | |
|--|-------|
| a. British banks may soon have to end all charges to customers. | T / F |
| b. A competition watchdog is taking Britain's banks to court. | T / F |
| c. The banks do not want to go see this case in the courts. | T / F |
| d. The banks say bank charges to customers are justified. | T / F |
| e. British customers are fined up to \$80 if their cheques bounce. | T / F |
| f. Banks make many decisions over how much to charge customers. | T / F |
| g. Banks may have to repay six year's worth of certain charges. | T / F |
| h. Some banks lie to customers about reclaiming bank charges. | T / F |

2. SYNONYM MATCH: Match the following synonyms from the article:

- | | |
|---------------------|---------------|
| 1. authorized | a. inspector |
| 2. watchdog | b. discourage |
| 3. determine | c. overdrawn |
| 4. once and for all | d. penalty |
| 5. in the red | e. incorrect |
| 6. fine | f. automated |
| 7. computerized | g. finally |
| 8. boost | h. decide |
| 9. false | i. approved |
| 10. deter | j. strengthen |

3. PHRASE MATCH: Match the following phrases from the article (sometimes more than one combination is possible):

- | | |
|-----------------------------------|--------------------------------------|
| 1. British banks have been placed | a. case against the banks |
| 2. customers who go over | b. back over six years |
| 3. launch a court | c. and for all in court |
| 4. determine whether or | d. the red |
| 5. settle the issue once | e. under the microscope |
| 6. go in | f. against the banks |
| 7. rarely involves human | g. not they are unfair |
| 8. the courts rule | h. show the banks who is boss |
| 9. penalty charges dating | i. their authorized overdraft limits |
| 10. Vote with your feet and | j. decision-making |

WHILE READING / LISTENING

GAP FILL: Put the words into the gaps in the text.

Banks in court over charges to customers

British banks have been _____ under the microscope over the fairness of charges to customers who go over their _____ overdraft limits. Tens of thousands of customer complaints about how high these charges are has _____ Britain's competition watchdog, the Office of Fair Trading (OFT), to _____ a court case against the banks. The OFT has been investigating charges for unauthorized overdrafts since March to _____ whether or not they are unfair. It believes the charges are too high relative to the costs to the banks. This is being greatly _____ by eight of Britain's leading banks, who have agreed to a test case to settle the issue _____ and for all in court. They say there are many costs involved when a customer goes overdrawn without first getting permission to go in the _____.

Banks currently fine customers as much as \$80 for a _____ bounced cheque. Industry analysts believe the _____ cost to the bank for these bounced payments could be as little as \$4 – especially as the _____ is computerized and rarely involves human decision-making. Overdraft penalties _____ the revenue of Britain's banks by around \$3.5 billion a year. If the courts rule _____ the banks, they could be forced to repay more than \$20 billion of penalty charges _____ back over six years. Banks might also be prevented from making false or misleading statements to customers. It is claimed that some banks lie to _____ account holders from reclaiming unauthorized overdraft charges. A consumer organization called on the public to switch banks: "Vote with your _____ and show the banks who is boss," it said.

disputed

led

determine

placed

red

launch

authorized

once

boost

dating

process

single

feet

against

actual

deter

LISTENING

Listen and fill in the spaces.

Banks in court over charges to customers

British banks have been placed under the microscope _____ charges to customers who go over their authorized overdraft limits. Tens of thousands of customer complaints about _____ has led Britain's competition watchdog, the Office of Fair Trading (OFT), to _____ the banks. The OFT has been investigating charges for unauthorized overdrafts since March to _____ they are unfair. It believes the charges are too high _____ to the banks. This is being greatly disputed by eight of Britain's leading banks, who have agreed to a test case to settle the _____ in court. They say there are many costs involved when a customer goes overdrawn without first getting permission _____.

Banks currently fine customers as much as \$80 for a single bounced cheque. Industry analysts believe _____ bank for these bounced payments could be as little as \$4 – _____ computerized _____ human decision-making. Overdraft penalties boost the revenue of Britain's _____ \$3.5 billion a year. If the courts rule against the banks, they could _____ more than \$20 billion of penalty charges _____ six years. Banks might also be prevented from making false or misleading statements to customers. It is claimed that some banks _____ holders from reclaiming unauthorized overdraft charges. A consumer organization called on the public to switch banks: "_____ and show the banks who is boss," it said.

AFTER READING / LISTENING

1. WORD SEARCH: Look in your dictionaries / computer to find collocates, other meanings, information, synonyms ... for the words '**bank**' and '**charge**'.

bank	charge

- Share your findings with your partners.
- Make questions using the words you found.
- Ask your partner / group your questions.

2. ARTICLE QUESTIONS: Look back at the article and write down some questions you would like to ask the class about the text.

- Share your questions with other classmates / groups.
- Ask your partner / group your questions.

3. GAP FILL: In pairs / groups, compare your answers to this exercise. Check your answers. Talk about the words from the activity. Were they new, interesting, worth learning...?

4. VOCABULARY: Circle any words you do not understand. In groups, pool unknown words and use dictionaries to find their meanings.

5. TEST EACH OTHER: Look at the words below. With your partner, try to recall exactly how these were used in the text:

<ul style="list-style-type: none">• placed• tens• launch• determine• disputed• red	<ul style="list-style-type: none">• bounced• little• rarely• forced• misleading• feet
---	--

STUDENT BANKS SURVEY

Write five GOOD questions about BANKS in the table. Do this in pairs. Each student must write the questions on his / her own paper.

When you have finished, interview other students. Write down their answers.

	STUDENT 1 _____	STUDENT 2 _____	STUDENT 3 _____
Q.1.			
Q.2.			
Q.3.			
Q.4.			
Q.5.			

- Now return to your original partner and share and talk about what you found out. Change partners often.
- Make mini-presentations to other groups on your findings.

DISCUSSION

STUDENT A's QUESTIONS (Do not show these to student B)

- a) What did you think when you read the headline?
- b) Do you like your bank?
- c) What good or bad experiences do you have with banks?
- d) What aspect about your bank would you like to change?
- e) How would you describe the service you receive from your bank?
- f) What adjectives would you use to describe banks / your bank?
- g) Do you think bank charges are too high?
- h) Do you think bank charges reflect the costs incurred by the banks?
- i) Who do you hope wins the court case (and why)?
- j) Have you ever gone into the red?



STUDENT B's QUESTIONS (Do not show these to student A)

- a) Did you like reading this article?
- b) Have you ever written a cheque that bounced?
- c) What do you think of banks charging \$80 fines for things that cost them \$4?
- d) Do you think banks use charges to boost their profits?
- e) How do you think banks will feel if they lose the court case and have to repay billions of dollars of charges?
- f) Do you think people should question and challenge the claims made in adverts more often?
- g) What do you think of the claims that banks lie to and mislead customers about bank charges?
- h) Have you ever vote with your feet?
- i) What questions would you like to ask banking executives?
- j) Did you like this discussion?

AFTER DISCUSSION: Join another partner / group and tell them what you talked about.

- a) What was the most interesting thing you heard?
- b) Was there a question you didn't like?
- c) Was there something you totally disagreed with?
- d) What did you like talking about?
- e) Which was the most difficult question?

LANGUAGE

CORRECT WORD: Put the correct words from a–d below in the article.

Banks in court over charges to customers

British banks have been placed under the microscope (1) ____ the fairness of charges to customers who go (2) ____ their authorized overdraft limits. Tens of thousands of customer complaints about how high these charges are has led Britain's competition watchdog, the Office of Fair Trading (OFT), to (3) ____ a court case against the banks. The OFT has been investigating charges for unauthorized overdrafts since March to (4) ____ whether or not they are unfair. It believes the charges are too high (5) ____ to the costs to the banks. This is being greatly disputed by eight of Britain's leading banks, who have agreed to a test case to settle the issue once and for all in court. They say there are many costs involved when a customer goes overdrawn without first getting permission to go in the (6) ____.

Banks currently fine customers as much as \$80 for a (7) ____ bounced cheque. Industry analysts believe the actual cost to the bank for these (8) ____ payments could be as little as \$4 – especially as the process is computerized and rarely involves (9) ____ decision-making. Overdraft penalties boost the revenue of Britain's banks by around \$3.5 billion a year. If the courts rule against the banks, they could be forced to repay more than \$20 billion of penalty charges (10) ____ back over six years. Banks might also be prevented from making false or misleading statements to customers. It is claimed that some banks lie to (11) ____ account holders from reclaiming unauthorized overdraft charges. A consumer organization called on the public to switch banks: "Vote with your (12) ____ and show the banks who is boss," it said.

- | | | | | |
|-----|---------------|----------------|---------------|---------------|
| 1. | (a) over | (b) under | (c) in | (d) on |
| 2. | (a) looks | (b) in | (c) under | (d) over |
| 3. | (a) lunch | (b) launch | (c) lynch | (d) link |
| 4. | (a) defer | (b) deter | (c) determine | (d) detection |
| 5. | (a) relation | (b) relativity | (c) relatives | (d) relative |
| 6. | (a) bank | (b) black | (c) red | (d) office |
| 7. | (a) single | (b) singed | (c) one | (d) whole |
| 8. | (a) bouncing | (b) bounced | (c) bouncy | (d) bounces |
| 9. | (a) human | (b) computer | (c) machine | (d) mind |
| 10. | (a) date | (b) dated | (c) dates | (d) dating |
| 11. | (a) determine | (b) defer | (c) deter | (d) detect |
| 12. | (a) legs | (b) feet | (c) toes | (d) ankles |

HOMEWORK

1. VOCABULARY EXTENSION: Choose several of the words from the text. Use a dictionary or Google's search field (or another search engine) to build up more associations / collocations of each word.

2. INTERNET: Search the Internet and find more information about bank charges. Talk about what you discover with your partner(s) in the next lesson.

3. BANK POSTER: Make a poster about the different banks in your country and the differences between them. Show your poster to your classmates in the next lesson. Did you all find out similar things?

4. MAGAZINE ARTICLE: Write a magazine article about bank charges. Include imaginary interviews with bank customers and banking executives.

Read what you wrote to your classmates in the next lesson. Which article was best and why?

5. LETTER: Write a letter to the boss of a major bank. Ask him/her three questions about bank charges. Give him/her three suggestions about how to be more honest to customers. Read your letter to your partner(s) in your next lesson. Your partner(s) will answer your questions.

ANSWERS

TRUE / FALSE:

a. F b. T c. F d. T e. T f. F g. T h. T

SYNONYM MATCH:

- | | |
|---------------------|---------------|
| 1. authorized | a. approved |
| 2. watchdog | b. inspector |
| 3. determine | c. decide |
| 4. once and for all | d. finally |
| 5. in the red | e. overdrawn |
| 6. fine | f. penalty |
| 7. computerized | g. automated |
| 8. boost | h. strengthen |
| 9. false | i. incorrect |
| 10. deter | j. discourage |

PHRASE MATCH:

- | | |
|-----------------------------------|--------------------------------------|
| 1. British banks have been placed | a. under the microscope |
| 2. customers who go over | b. their authorized overdraft limits |
| 3. launch a court | c. case against the banks |
| 4. determine whether or | d. not they are unfair |
| 5. settle the issue once | e. and for all in court |
| 6. go in | f. the red |
| 7. rarely involves human | g. decision-making |
| 8. the courts rule | h. against the banks |
| 9. penalty charges dating | i. back over six years |
| 10. Vote with your feet and | j. show the banks who is boss |

GAP FILL:

Banks in court over charges to customers

British banks have been **placed** under the microscope over the fairness of charges to customers who go over their **authorized** overdraft limits. Tens of thousands of customer complaints about how high these charges are has **led** Britain's competition watchdog, the Office of Fair Trading (OFT), to **launch** a court case against the banks. The OFT has been investigating charges for unauthorized overdrafts since March to **determine** whether or not they are unfair. It believes the charges are too high relative to the costs to the banks. This is being greatly **disputed** by eight of Britain's leading banks, who have agreed to a test case to settle the issue **once** and for all in court. They say there are many costs involved when a customer goes overdrawn without first getting permission to go in the **red**.

Banks currently fine customers as much as \$80 for a **single** bounced cheque. Industry analysts believe the **actual** cost to the bank for these bounced payments could be as little as \$4 – especially as the **process** is computerized and rarely involves human decision-making. Overdraft penalties **boost** the revenue of Britain's banks by around \$3.5 billion a year. If the courts rule **against** the banks, they could be forced to repay more than \$20 billion of penalty charges **dating** back over six years. Banks might also be prevented from making false or misleading statements to customers. It is claimed that some banks lie to **deter** account holders from reclaiming unauthorized overdraft charges. A consumer organization called on the public to switch banks: "Vote with your **feet** and show the banks who is boss," it said.

LANGUAGE WORK

1 - a 2 - d 3 - b 4 - c 5 - d 6 - c 7 - a 8 - b 9 - a 10 - d 11 - c 12 - b