



CLIENT SERVICES & POLICY DIVISION Legal Assistance Office



German Supreme Court Decision Regarding Bank Loan Service Fees

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The German Supreme Court recently ruled that a fee that German banks often imposed on customers who applied for a home loan is illegal. While this ruling does not apply to all bank fees charged for initiating a loan, it nevertheless applies in many cases and can run € 1,000 or more. As a result, anybody who applied for a private home loan from a German bank (e.g. for a home mortgage) may want to bring their loan contract to a JAG office for screening by one of our German attorneys. The German media is reporting that applications for refunds should be made by December 31st.

As a result, anyone who has taken out a home loan from a German bank from 2004 to the present may qualify for a sizable refund. Based on the German Supreme Court for Civil Cases ruling, the statute of limitation to get a refund will run out on December 31, 2014 for the fees on loans that were taken out before 31 Dec 2011. Loans taken out after January 1, 2012 have a later deadline but should nevertheless be handled as quickly as possible.

A letter to the bank demanding payment will not stop the statute of limitations. The safest way to meet the December 31st statute of limitations is to have a German attorney file legal papers in the German court system before the New Year. Due to regulatory limitations in AR 27-3, this is something that our on-post German Legal Assistance attorneys cannot do.

Bank Loan Service Fee - De-mystifying comments:

(1) Only loans from 2005 until 2011 are concerned. Given the German law on the statute of limitations (SoL), any claim of yours will NOT be time barred if your loan is more recent than January 2012 due to the applicable 3-year SoL period. Such claims can still be pursued in time next year. Yet, any claims concerning loans before/older than January 1, 2005 are generally (few exceptions) already time-barred due the 10-year back rule from the date of the judgment in 2014.

(2) Only bank loans in the classic sense are concerned, e.g., a service fee may legally be charged in Bausparverträge.

(3) The bank loan term "service fee" (Bearbeitungsgebühr) needs to be specified as such in your paperwork. Other fees are OK.

(4) To stop the SoL, you will either need

(a) a written statement from your bank, waiving their right to the SoL defense with respect to claiming back such service fee ("Verzicht auf die Einrede der Verjährung in Bezug auf die Rückerstattung der Bearbeitungsgebühr")

(b) initiate/file a lawsuit with a competent German court before December 31, 2014. In such a case, you will need to hire an attorney on the economy for in-court representation.

Please feel free to pass on this time sensitive information, and remind people that they have to act quickly if they want to get the money back.

If you have further questions, please make an appointment with the Wiesbaden Legal Assistance Office by emailing us at: USARMY.WIESBADEN.USAREUR.MBX.OJA-WLC-LEGAL-ASSISTANCE-CALENDAR@MAIL.MIL.