The banking industry is making forays into the high-cost lending market with “bounce protection” plans, a new form of high-cost credit that boosts fee income for banks. Using aggressive marketing techniques, banks are encouraging their low- and moderate-income customers to use bounce loans as a source of credit. Rather than denying a withdrawal, banks permit customers to overdraw at the ATM or through debit card transactions without informing them about the overdraft or accompanying fees.

Policy Analysis

Policy Briefs, Reports & Press Releases

- Press Release: CFPB Quietly Launches Web Database of Prepaid and Payroll Card Fees and Disclosures but Some Cards with Overdraft Fees are Missing, Oct. 16, 2019
- Press Release: Consumer, Civil Rights Advocates to CFPB: Don’t Water Down Overdraft Fee “Opt In” Rule, July 2, 2019
- Press Release: Booker, Brown Bill Would Rein in Abusive Overdraft Fees that Cost Consumers Billions Every Year, Aug. 2, 2018
- Advocates File Amicus Brief To Defend Consumers Against Capital One Overdraft Fee Practice, Aug. 28, 2017
- CFPB’s TCF Bank Overdraft Fee Case Has Echoes of Wells Fargo’s Fraud, Jan. 19, 2017

Comments

- Consumer and civil-rights coalition opposition letter to the Consumer Financial Protection Bureau (CFPB) re: Overdraft rule review pursuant to the Regulatory Flexibility Act, Docket No. CFPB-2019-0023 (opposing weakening overdraft fee opt-in rule), July 1, 2019; press release

More+

Litigation


Additional Resources

- Bounce Protection: How Banks Turn Rubber into Gold by Enticing Consumers to Write Bad Checks - An Examination of Bounce Protection Plans

Overdraft Loans Archive