

CFPB's TCF Bank Overdraft Fee Case Has Echoes of Wells Fargo's Fraud

FOR IMMEDIATE RELEASE: JANUARY 19, 2017 || Contacts: Chi Chi Wu (cwu@nclc.org) or Jan Kruse (jkruse@nclc.org); 617.542.8010

Case Demonstrates the Need for a Strong and Independent Consumer Watchdog

The following statement is issued by National Consumer Law Center Staff Attorney Chi Chi Wu in response to today's announcement that the Consumer Financial Protection Bureau is suing TCF National Bank over deceptive tactics used by that bank to enroll customers into costly overdraft coverage of one-time debit card purchases and ATM withdrawals.

"The consumer watchdog that is on the side of working families has done it again by taking strong, firm action against a bank behaving badly. TCF Bank allegedly deceived its customers so it could keep gouging them with pricey fees for unnecessary overdrafts on debit card purchases that most people would rather have denied than pay a big fee. TCF's CEO even named his boat 'Overdraft;' trick fees may keep the bank CEO afloat but they sink ordinary people.

TCF testing found that the less information they gave consumers, the bigger the pay for the bank. The bank allegedly tricked people into thinking that their consent to overdraft fees was a required part of the sign up process for a new account. But since 2009, consumers have had a choice. The main purpose of opting in to debit card overdrafts is to allow the bank to charge a hefty fee, usually around \$35, as almost entirely pure profit for the bank.

As in the case of the fake account scam at Wells Fargo, TCF's abuse of its customers appears to have been driven by pressure on front-line bank employees through bonuses and quotas. While TCF allegedly held celebrations to commemorate success in tricking 500,000 of its customers into paying high overdraft fees, its customers suffered as millions of dollars were drained from their wallets and their families struggled financially due to these unnecessary fees.

The CFPB's action against TCF demonstrates the importance of having a strong and independent consumer watchdog on the side of bank customers and working families. We call on President-Elect Trump to reject calls from Wall Street to help banks keep lining their pockets by firing CFPB Director Rich Cordray or by weakening the consumer watchdog."