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## **Banks Shirking Duty to Stop Unauthorized Debits** *Advocates urge bank regulators to take action*

**(Washington)** Banks must do more to help their customers stop unauthorized debits from their accounts by payday lenders and others, a coalition of consumer and civil rights groups insisted in a letter sent today to federal regulators. Banks also charge their customers excessive and unfair overdraft and other fees tied to unauthorized charges, and make it difficult for their customers to close their accounts, the advocates said. The groups urged regulators to improve and expand to all banks the [reforms that JP Morgan Chase undertook last year after the problems of Chase customers](#) made headlines.

“These practices by banks are especially harmful to the many Americans who are living check to check,” said Susan Shin, senior staff attorney at New Economy Project in New York. “Banks must work with their customers to prevent and reverse unauthorized charges and the fees triggered by those debits.”

In a [letter](#) to the Consumer Financial Protection Bureau, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corp., the Federal Reserve Board, and the National Credit Union Administration, the groups asked the regulators to make it easier for account holders to:

- Stop single and recurring debits;
- Block or reverse unauthorized charges;
- Avoid excessive and unfair stop payment, nonsufficient funds and overdraft fees;
- Close accounts at an accountholder’s request, even if the account has a negative balance, and keep the account closed even if payday lenders or others attempt to debit the account.

“Whether it is an illegal online payday lender or the neighborhood gym holding your account captive, banks have a legal obligation to help customers regain control of their accounts,” said Lauren Saunders, associate director of the National Consumer Law Center.

Today's letter is focused on the role of the banks that hold consumer accounts. Separately, [consumer groups have supported Operation Choke Point](#) and other efforts aimed at the banks at the other end of the transaction that initiate debits for illegal payday lenders and scammers.

*Read the coalition letter:*

[http://www.nclc.org/images/pdf/banking\\_and\\_payment\\_systems/regulator\\_rdfi\\_issues\\_letter\\_9292014.pdf](http://www.nclc.org/images/pdf/banking_and_payment_systems/regulator_rdfi_issues_letter_9292014.pdf)

Visit NCLC's website for more information on [electronic payments](#) and [payment fraud](#).

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Since 1969, the nonprofit **National Consumer Law Center® (NCLC®)** has worked for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training. [www.nclc.org](http://www.nclc.org)

**New Economy Project** works with community groups to build a new economy that works for all, based on principles of cooperation, democracy, equity, racial justice, and ecological sustainability. [www.neweconomynyc.org](http://www.neweconomynyc.org)