

# CFPB says larger financial institutions will face penalties if they charge customers for basic account information

Article

**The news:** The Consumer Financial Protection Bureau's (CFPB's) “junk fee” enforcement spree could push financial institutions (FIs) to refund customers to the tune of \$140 million.

- Newly issued guidance will tack another type of fee onto the list of no-nos, preventing large FIs from charging high fees for basic customer service.

**What's new?** The CFPB's latest [guidance](#) is based on a 2010 federal law that prohibits certain FIs from charging excessive fees when customers seek basic information about their own accounts.

- **Large banks and credit unions** with over \$10 billion in assets will be **required to respond to consumer information requests about their accounts in a “timely manner.”**
- What qualifies as “timely” depends on the complexity of the request, accessibility of the information, and regulatory requirements over specific pieces of information.
- The CFPB **won't seek penalties for potential violations before February 1, 2024.**

**How we got here:** Over the last few years, the CFPB has [forced FIs](#) to reevaluate the fees which they charge to customers.

- Following recent investigations, unnamed FIs must return [\\$120 million](#) in surprise overdraft fees to their customers.
- **Bank of America** was ordered to pay [\\$100 million](#) to consumers and \$150 million in fines for repeatedly charging junk fees, among other practices deemed unlawful.
- **Wells Fargo** was slapped with a [\\$2 billion consumer redress bill](#) for charging surprise overdraft fees.
- Since 2021, denial and nonsufficient fund (NSF) revenue has [dropped by 86%](#), reflecting how public scrutiny set off this trend.
- [Credit unions](#) are starting to take heat for continuing these practices.

**What's a 'junk fee?'** While the word “junk” appears in the [press release](#), the [actual guidance](#) doesn't use it. However, the CFPB has clarified what it considers to be problematic.

- Charging fees for responding to customer inquiries—including balance inquiries, loan payoff amounts, or requests for specific supporting documents like check images or original account

agreements—could be seen as unreasonable and a potential violation.

- Generally, this rule wouldn't be violated if a FI imposes fees in certain limited circumstances, such as when customers repeatedly request information they've previously received, as long as these fees aren't considered excessive.
- The context, impact on consumers, and whether fees create unreasonable obstacles are essential factors in evaluating a FI's compliance.

**The new guidance got mixed reviews:** Although the CFPB's [fate recently came under question](#), it dove right back into stirring the pot with these announcements.

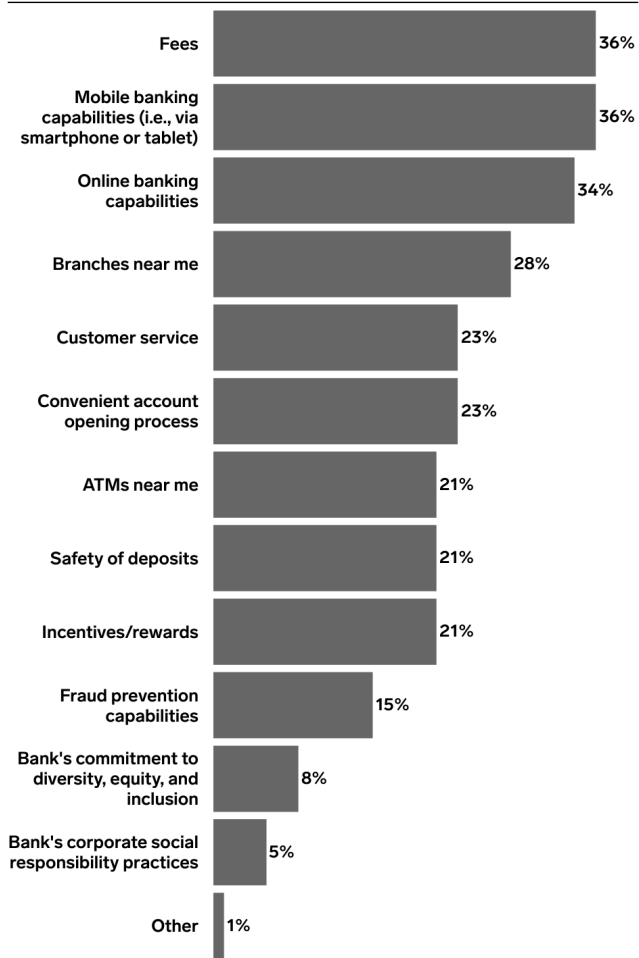
- **National Association of Federal Credit Unions (NAFCU)** criticized the CFPB for "masking a power grab as simple 'guidance'" and said it ought to have first sought input from the public and affected stakeholders.
- National Economic Council Director Lael Brainard, a former Federal Reserve vice chair, said of the CFPB's recent efforts: "Those sneaky fees might not matter a lot to the wealthiest Americans, but they sure do matter for hard-working Americans sitting around the kitchen table trying to stay on top of their bills."
- [Legal experts](#) have expressed concerns about the guidance's lack of clarity and how it differs from other laws regarding a FI's ability to charge fees, whether it will encourage frivolous consumer requests, and how it will affect technological innovation at FIs.

**The bottom line:** While the CFPB's guidance will save consumers money, its impacts on FIs will vary, depending on their size. FIs with less than \$10 billion in assets won't come under the watchful eye of CFPB and can continue to rely on these fees for revenue.

- This may save these smaller FIs money in the short run, but consumers may flock to larger banks that advertise their lack of fees.
- We recommend that all FIs, regardless of size, discontinue charging fees to customers for access to basic account information—or risk adverse competitive positioning and negative attention.

## Top Factors Considered Before Choosing a Checking Account According to New US Checking Account Users, April 2023

% of respondents



Note: respondents could select up to 3  
Source: Insider Intelligence, "US Account Opening Feature Demand Report 2023," July 2023

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