

Senators press Wells Fargo for data and algorithms handling refinancing applicants

Article

The news: Wells Fargo's refinancing practices are under scrutiny by several US senators following a Bloomberg [investigation](#) that found the bank **only approved 47% of Black**

homeowners' mortgage refinancing applications in 2020.

More on this:

- Sen. Sherrod Brown (D-Ohio), who chairs the committee that oversees banking, and several of his Democratic colleagues [jointly issued](#) a letter **calling for an investigation into the bank's refinancing practices**. The letter was addressed to the heads of the Consumer Financial Protection Bureau (CFPB) and the Department of Housing and Urban Development (HUD).
- Sens. Elizabeth Warren (D-Massachusetts) and Ron Wyden (D-Oregon) [addressed a letter](#) to Wells Fargo CEO Charlie Scharf requesting him to share, on or before March 28, 2022, **the algorithms and data used for reviewing refinancing applications**.

Wells Fargo's approval rate for Black applicants **was markedly lower than its 72% approval for white applicants**, according to Bloomberg, which reported that **the bank had the lowest rate for Black applicants among big lenders**.

The banking giant denied any wrongdoing to Bloomberg and pointed to a 2020 internal review that found "other factors such as credit scores" explained the gaps. Wells Fargo declined to share 2021 refinancing information with Bloomberg.

The big takeaway: The senators' focus may raise more [questions](#) about whether new technologies further discrimination.

- The CFPB is [already](#) looking into whether unchecked AI practices in banking are harmful.
- A [similar review](#) is happening among watchdogs in the UK.

Wells Fargo also faces another potential blow to its reputation, following others over the past decade such as:

- Its 2016 fake accounts [scandal](#), whose consequences [included](#) the Federal Reserve's 2018 imposition of an asset cap.
- Its 2012 [agreement](#) with the Department of Justice, which included a payout of over \$175 million to settle accusations that it discriminated against Black and Hispanic borrowers.