

Ex-Synapse customers need banking solutions that will help them start over

Article

The news: Synapse's partner banks are facing a class-action lawsuit after [its collapse](#) left 100,000 customers without access to \$90 million in collective savings, per the Independent.

The details: American Bank, AMG National Trust, Lineage Bank, and Evolve Bank & Trust have all been named in this lawsuit, alleging “gross mismanagement of cash deposits of ordinary consumers who have lost access to their holdings,” per the Independent. The lawsuit also criticizes the partner banks’ lack of contingency plans for the collapse of a critical third-party service provider like Synapse.

Multiple customers’ harrowing stories were included in the lawsuit:

- A former schoolteacher from Texas got back just \$500 of the more than \$282,000 she had deposited in fintech app Yotta, which was partnered with Evolve.
- Some Evolve customers received less than \$1 on deposits over \$10,000.

How we got here: Synapse’s former CEO alleged during a creditor hearing that the company co-mingled customer funds, fintech reserves, and its own operating funds with “for benefit of” (FBO) accounts—where multiple users’ funds are pooled, per PYMNTS.

When Synapse declared bankruptcy in April, its partners could no longer access a system that they used to identify its records. That has prevented many customers from accessing their funds and banks from determining what customers have deposited. And the Federal Deposit Insurance Corporation (FDIC) won’t reimburse consumers because the fintech’s collapse falls outside of its jurisdiction.

What this means for financial institutions (FIs): Ex-Synapse customers are likely seeking FIs that not only have FDIC or National Credit Union Administration insurance—but also offer tools that will help them rebuild their wealth. Such tools include high-yield savings accounts, budgeting and financial planning tools, advisory services, no-fee checking accounts, and rewards programs.

Compassionate messaging will also be key when marketing such services to these customers who have experienced major losses.

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