

October 6, 2022

Charles Scharf  
Chief Executive Officer and President  
Wells Fargo & Company  
420 Montgomery Street  
San Francisco, CA 94104

Dear Mr. Scharf,

I am writing regarding troubling new information I have received indicating that Wells Fargo (Wells) customers are reporting fraud and scams on the bank's Zelle platform at a rate that is nearly 2.5 times higher this year than it was in 2019, and that the rate of reported fraud and scams this year is more than twice as high for Wells customers than it is for customers of other banks.<sup>1</sup> This data indicates that Wells Fargo appears to have a significant problem with regard to preventing fraud and scams on Zelle. My concerns about this alarming pattern are exacerbated by Wells' refusal to make public its Zelle scam and fraud data, and by your bank's long history of ripping off its customers.

I opened an investigation of fraud on the Zelle platform in April 2022, writing to Early Warning System (EWS), the platform's parent company, and then to Wells Fargo and the six other banks that own EWS, to seek information on the extent of fraud on the network and how defrauded customers are paid back.<sup>2</sup> I released the results of that investigation earlier this week, which revealed that (1) the extent of fraud on Zelle was increasing dramatically; and (2) banks were failing – in what may be a violation of federal law – to repay customers who were defrauded on the platform.<sup>3</sup>

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<sup>1</sup> Letter from Wells Fargo & Company to Senators Warren and Menendez, September 28, 2022, [On file with the Office of Senator Elizabeth Warren]; Letters from PNC, US Bank, and Wells Fargo to Senators Warren, Menendez, Reed, and Colleagues, August 8, 2022, [On file with the Office of Senator Elizabeth Warren]; Letter from Bank of America to Senators Warren and Menendez, September 28, 2022, [On file with the Office of Senator Elizabeth Warren].

<sup>2</sup> Senator Elizabeth Warren, "Senators Warren, Menendez, Reed Blast Zelle Parent Company on Failure to Address Consumer Fraud and Scams," press release, April 26, 2022, <https://www.warren.senate.gov/oversight/letters/senators-warren-menendez-reed-blast-zelle-parent-company-on-failure-to-address-consumer-fraud-and-scams>; Senator Elizabeth Warren, "Warren, Menendez, Reed, Colleagues Demand Answers from Big Banks on Widespread Fraud on Zelle Instant Payment Application," press release, July 8, 2022, <https://www.warren.senate.gov/oversight/letters/warren-menendez-reed-colleagues-demand-answers-from-big-banks-on-widespread-fraud-on-zelle-instant-payment-application>.

<sup>3</sup> Senator Elizabeth Warren, "Facilitating Fraud: How Consumers Defrauded on Zelle are Left High and Dry by the Banks that Created It," October 3, 2022, p. 1, <https://www.warren.senate.gov/imo/media/doc/ZELLE%20REPORT%20OCTOBER%202022.pdf>.

Wells Fargo did not cooperate with this investigation. Your bank failed to provide me with the information I requested in July 2022.<sup>4</sup> Even more troublingly, after you indicated to me in a hearing before the Senate Banking, Housing, and Urban Affairs Committee that you would provide me with information “immediately,”<sup>5</sup> your bank still withheld key information, refusing to provide data that would allow me to determine how often Wells has reimbursed its customers when they were defrauded on Zelle.<sup>6</sup>

And then, after providing a limited set of information, Wells Fargo declared that the information was confidential and not to be released publicly. Wells Fargo was wrong to withhold this information – which is clearly in the public interest – from release. While I am not releasing the information to the public at this time, I will provide it to regulators on a confidential basis given the severity of the trends your data show, and your bank’s long record of consumer abuses. Indeed, on at least eight occasions in the last six years, your bank has been found defrauding or ripping off its customers.<sup>7</sup>

Even without releasing any of the information you have indicated is confidential, the latest data on Zelle-related fraud reported by Wells Fargo customers clearly reveals another example of Wells’ long and sordid history of misbehavior and mistreatment of its customers.<sup>8</sup> My staff’s analysis of the Wells data reveals two troubling findings about the rate at which customers are reporting that they are ripped off by fraud and scams on Zelle. Three banks – PNC Bank, Bank of America, and US Bank – reported data on the percentage of Zelle transfers that resulted in fraud and scam claims by customers in 2022.<sup>9</sup> For these three banks collectively, 0.03% of transactions – a total of over 135,000 claims – resulted in customers reporting fraud or scams.<sup>10</sup> But for Wells Fargo, the rate at which its customers reported being ripped off by fraud and scams on Zelle was more than twice as high.<sup>11</sup>

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<sup>4</sup> Letter from Wells Fargo & Company to Senators Menendez, Warren, Reed, Brown, Van Hollen, Whitehouse, Sanders, and Duckworth, August 8, 2022, [On file with the Office of Senator Elizabeth Warren].

<sup>5</sup> Senate Committee on Banking, Housing, and Urban Affairs, “Annual Oversight of the Nation’s Largest Banks,” September 22, 2022, <https://www.banking.senate.gov/hearings/annual-oversight-of-the-nations-largest-banks>; Senator Elizabeth Warren, “At Hearing, Warren Blasts Bank CEOs on Failure to Protect Consumers From Zelle Fraud,” press release, September 22, 2022, <https://www.warren.senate.gov/newsroom/press-releases/at-hearing-warren-blasts-bank-ceos-on-failure-to-protect-consumers-from-zelle-fraud>.

<sup>6</sup> Letter from Wells Fargo & Company to Senators Warren and Menendez, September 28, 2022, [On file with the Office of Senator Elizabeth Warren].

<sup>7</sup> Senator Elizabeth Warren, “Warren to CFPB Director Rohit Chopra: Break Up Wells Fargo, Cheating Consumers is in Bank’s DNA,” press release, April 26, 2022, <https://www.warren.senate.gov/newsroom/press-releases/warren-to-cfpb-director-rohit-chopra-break-up-wells-fargo-cheating-consumers-is-in-banks-dna>.

<sup>8</sup> Senator Elizabeth Warren, “At Hearing, Warren Blasts Bank CEOs on Failure to Protect Consumers From Zelle Fraud,” press release, September 22, 2022, <https://www.warren.senate.gov/newsroom/press-releases/at-hearing-warren-blasts-bank-ceos-on-failure-to-protect-consumers-from-zelle-fraud>.

<sup>9</sup> Senator Elizabeth Warren, “Facilitating Fraud: How Consumers Defrauded on Zelle are Left High and Dry by the Banks that Created It,” October 3, 2022, p. X, <https://www.warren.senate.gov/imo/media/doc/ZELLE%20REPORT%20OCTOBER%202022.pdf>. Truist also provided information on fraud and scams on Zelle, but not in a format that allowed an estimate of the percentage of Zelle transactions that resulted in fraud and scam claims.

<sup>10</sup> *Id.*

<sup>11</sup> Letter from Wells Fargo & Company to Senators Warren and Menendez, September 28, 2022, [On file with the Office of Senator Elizabeth Warren]; Letters from PNC, US Bank, and Wells Fargo to Senators Warren, Menendez, Reed, and Colleagues, August 8, 2022, [On file with the Office of Senator Elizabeth Warren]; Letter from Bank of

Even more troublingly, the percentage of Wells' Zelle transactions that result in fraud and scam claims appears to be increasing rapidly: that rate is nearly 2.5 times higher this year than it was in 2019.<sup>12</sup> The percentage of transactions that resulted in scam claims alone – in which Wells' customers reported being fraudulently induced into making payments with their Zelle accounts – increased nearly six-fold.<sup>13</sup> The fact that Wells customers are now nearly 2.5 times more likely to be defrauded or scammed using Zelle than they were in 2019 is inexplicable.

This is profoundly troubling information, revealing that Wells is failing to protect its customers from fraud and scams on the Zelle platform – and that the banks failures are becoming even worse. You owe Congress and the public answers for these failures. I therefore ask that you provide me with answers to the following questions no later than October 20, 2022:

- 1) What explains Wells' severely bad performance with regard to preventing scams and frauds on its Zelle platform?
- 2) What actions will you be taking to reduce scams and fraud moving forward?
- 3) Which company executives are responsible for preventing fraud and scams on the Zelle platform, and how are they being held accountable for their failure to do so?
- 4) Has Wells reported what appears to be its uniquely poor record of preventing fraud and scams on Zelle to either its shareholders, its Board members, or its regulators? If so, please provide copies of these reports.
- 5) Will Wells commit to releasing publicly ongoing information on the extent of fraud and scams on the Zelle platform, and the extent to which your bank is reimbursing customers who are defrauded?
- 6) Please provide the dollar value of the refunds Wells Fargo provided to customers who reported cases of scam on Zelle in each of the years from 2017 – 2021 and for the period of January 2022 – June 2022. Please do not combine these values with any other values.
- 7) Please provide the dollar value of the refunds Wells Fargo provided to customers who reported cases of fraud on Zelle in each of the years from 2017 – 2021 and for the period of January 2022 – June 2022. Please do not combine these values with any other values.
- 8) Please provide the number of Zelle fraud claims Wells Fargo reimbursed in each of the years from 2017 – 2021 and for the period of January 2022 – June 2022. Please provide this information broken down by year.

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America to Senators Warren and Menendez, September 28, 2022, [On file with the Office of Senator Elizabeth Warren].


<sup>12</sup> Letter from Wells Fargo & Company to Senators Warren and Menendez, September 28, 2022, [On file with the Office of Senator Elizabeth Warren]

<sup>13</sup> *Id.*

- 9) Please provide the number of Zelle scam claims Wells Fargo reimbursed in each of the years from 2017 – 2021 and for the period of January 2022 – June 2022. Please provide this information by year.

Thank you for your attention to this matter.

Sincerely,



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Elizabeth Warren  
United States Senator

cc:

The Honorable Rohit Chopra, Director, Consumer Financial Protection Bureau  
The Honorable Jerome Powell, Chair, Board of Governors of the Federal Reserve  
The Honorable Michael J. Hsu, Acting Comptroller of the Currency  
The Honorable Merrick Garland, Attorney General of the United States