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January 15, 2019

Timothy J. Sloan
Chief Executive Officer and President
Wells Fargo & Company
420 Montgomery Street
San Francisco, CA 94104

Dear Mr. Sloan:

I write to request more information about exorbitant banking fees Wells Fargo charges students on financial products marketed to them through agreements with their colleges. A report by the Consumer Financial Protection Bureau (CFPB) prepared in February of 2018, but only recently released through a Freedom of Information Act request,[1] reveals that the fees charged to college students by Wells Fargo for debit cards and other financial products are more than three times higher than the average charges by other financial institutions.

This report raises serious questions about whether the marketing agreements between Wells Fargo and colleges across the country are "inconsistent with the best financial interests" and in compliance with the U.S. Department of Education Cash Management standards promulgated in 2015.[2] The revelations included in the report suggest that Well Fargo's shameful culture of squeezing its customers — opening millions of fake accounts, charging customers for car insurance they did not need or know about and then repossessing cars for unpaid premiums, improperly foreclosing on hundreds of homes— remains intact despite numerous regulatory actions and your repeated public assurances that the company has changed. This culture is having disastrous effects on college students.

Wells Fargo and other banks have long entered into agreements with colleges to market and sell financial products to students, including bank accounts and debit cards. These arrangements are often extremely lucrative for both banks and colleges – college students paid more than $27 million in account fees during the 2016-2017 academic year, and colleges received more than $16.6 million in compensation from the agreements.[3] In 2016, the CFPB found that these agreements are often coercive and non-transparent, and continue to pose risks to consumers.[4]

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[1] Letter from Consumer Financial Protection Bureau to the U.S. Department of Education regarding Bureau's Office for Students and Young Consumers college-sponsored deposit and prepaid accounts analysis, February 5, 2018, https://s3.amazonaws.com/storage.citizensforethics.org/wp-content/uploads/2018/12/07220951/Final-Letter_Dept_Education_Campus_Banking-1-1.pdf
[2] 34 CFR 668.164
[3] Letter from Consumer Financial Protection Bureau to the U.S. Department of Education regarding Bureau's Office for Students and Young Consumers college-sponsored deposit and prepaid accounts analysis, February 5,

The recently revealed CFPB report is based on an extensive analysis of nearly 600 marketing agreements between colleges and 14 financial institutions, including Wells Fargo. CFPB staff also analyzed approximately 1.3 million student bank accounts opened under these agreements and found that, at most colleges, a majority of students using sponsored accounts paid no fees at all.

BankMobile, the largest provider of campus accounts, charged each student an average of $12.12 in fees annually. In contrast, Wells Fargo—the second largest provider with 304,227 active accounts in 2016-2017—charged college students an average of $46.99 in fees annually, the highest of the banks examined, and more than three times higher than other banks. As a result, while Wells Fargo provided about one-quarter of the accounts, it collected more than half of all fees paid by college students using sponsored financial products.

The CFPB examined bank fees at 573 colleges – 30 served by Wells Fargo, and 543 served by other banks. The students at the 30 colleges with Wells Fargo products paid more in total bank fees than the students at the other 543 schools combined. The magnitude of these fees and the discrepancy between Wells Fargo and other financial institutions suggest that student served by Wells Fargo are getting ripped off and raises questions about Wells Fargo's marketing tactics and the propriety of the agreements the bank has with colleges.

Worse still, the burden of Wells Fargo's fees does not hit all students equally. Low-income students are more prone to overdraft on their accounts and to suffer from your bank's excessive overdraft fees. And while Wells Fargo has justified these exorbitant fees by saying that "customers use their accounts in different ways," such as sending wires, purchasing more checks, or sending money overseas,[5] it has provided no evidence that the students it serves have meaningfully different financial needs than students served by Wells Fargo's competitors that charge little to nothing in fees.

Wells Fargo has a history of aggressively and sometimes illegally squeezing its customers to boost its profits, and this report illustrates that the bank is deploying similar tactics on America's college campuses to target vulnerable students. When granted the privilege of providing financial services to students through colleges, Wells Fargo used this access to charge struggling college students exorbitant fees. These high fees, which are an outlier within the industry, demonstrate conclusively that Wells Fargo does not belong on college campuses.

To further understand the CFPB findings, I request responses to the following questions by February 5, 2019:

2018, https://s3.amazonaws.com/storage.citizensforethics.org/wp-content/uploads/2018/12/07220951/Final-Letter_Dept_Education_Campus_Banking-1-1.pdf

[4] Consumer Financial Protection Bureau, "Student Banking Annual Report to Congress," December 2016, https://files.consumerfinance.gov/f/documents/201612_cfpb_StudentBankingReport2016.pdf

[5] Politico, "Trump administration hid report revealing Wells Fargo charged high fees to students," Michael Stratford, December 10, 2018, https://www.politico.com/story/2018/12/10/student-loan-fees-wells-fargo-1021129

1. Why did college students with college-sponsored Wells Fargo accounts pay so much more in fees during the 2016-2017 academic year than students with college-sponsored accounts offered by the bank's competitors?

2. What were the demographic characteristics of the consumers of these campus accounts and how do they differ from those served by Wells Fargo's competitors, if at all? Do Wells Fargo customers have meaningfully different financial needs than students served by the bank's competitors? Please provide evidence.

3. For each college-sponsored account, please provide a comprehensive breakdown of the different types of fees, including overdraft fees, which and how many students were charged, and the total amount that students paid for each type of fee during the 2016-2017 academic year.

4. For each of the 30 colleges[6] with which Wells Fargo partnered to offer student accounts during the 2016-2017 academic year:

    a. How much money did Wells Fargo pay to each of these colleges? Did Wells Fargo provide any other services or other items of value to the colleges? How much does Wells Fargo plan to pay each college under the life of the agreement?

    b. What financial products did Wells Fargo market to students attending each of these schools?

    c. Please provide the information about the costs of the financial products that was disclosed to students, as required by Department of Education regulations.[7]

    d. What did Wells Fargo receive in return for paying these colleges to partner with them?

5. Regarding the marketing agreements between Wells Fargo and the 30 colleges with which the bank partnered to offer student accounts during the 2016-2017 academic year:

    a. Provide the general marketing agreements between Wells Fargo and each of these institutions.

    b. Do these agreements prohibit Wells Fargo from charging certain fees, including overdraft fees?

    c. Do these agreements require Wells Fargo to notify or seek approval from colleges for future fee increases or account changes in advance? Do the agreements permit the college to provide input or impose limitations on future account fee increases?

    d. Do these agreements require Wells Fargo to provide colleges with regular access to detailed data about fees, including the amount and frequency of fees charged, and data segmented by type of fee or cohort of consumer?

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[6] Wells Fargo, "The Wells Fargo Campus Card Program," https://www.wellsfargo.com/debit-card/campus-card/schoolshttps://www.wellsfargo.com/debit-card/campus-card/schools

[7] 34 CFR 668

e. Do these agreements include detail on how student complaints are evaluated and resolved? Please provide that detail. Do colleges maintain the ability to terminate an agreement based on student complaints?

f. Do these agreements require colleges to market Wells Fargo accounts?

g. Provide a detailed description of where Wells Fargo is permitted market its accounts, including new student orientations, campus card offices, and other locations on campus.

6. When did Wells Fargo officials become aware of the findings of the CFPB report?

    a. What actions did Wells Fargo take in response to the report? Did Wells Fargo take any actions to reduce the fees it charges college students?

    b. Did Wells Fargo communicate with CFPB officials or Education Department officials in an effort to delay or prevent release of the CFPB report?

Sincerely,

Elizabeth Warren

Elizabeth Warren
United States Senator