

United States Senate

WASHINGTON, DC 20510

May 9, 2023

Jane Fraser
CEO
Citigroup
388 Greenwich Street
New York, NY 10013

Dear Ms. Fraser:

We write regarding the Consumer Financial Protection Bureau's (CFPB) proposed rule to limit exorbitant credit card late fees and save American consumers billions of dollars,¹ and to inquire about the role your company is playing in an ongoing effort by the county's most powerful banks to quash that rule.

The CFPB has found that American families lose an estimated \$12 billion a year to credit card late fees.² Consumers, even those who may only be a few hours behind on a credit card payment, may be slapped with fees as high as \$41.³ Under the CFPB's proposed rule, credit card issuers would be required to justify late fees in excess of \$8 (the amount that CFPB estimates is sufficient for covering costs to card issuers), automatic annual inflation adjustments to late fees would be terminated, and late fees would be capped at 25% of the required minimum payment.⁴ Together, these actions would save American families up to \$9 billion a year.⁵

This effort is consistent with Congress's intent to protect consumers from excessive and exploitive fees. In the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act), Congress required that late fees be "reasonable and proportional" to costs incurred by the issuer.⁶ Unfortunately, banks have exploited a safe harbor granted by the Federal Reserve Board to charge fees as much as five times higher than the costs they incur because of late payments.⁷ That is why we were glad to see the CFPB propose a rule to rein in exploitive late fee practices and properly enforce the law.

While the banking industry has opposed the proposed rule and argued that saddling Americans with excessive late fees is essential for teaching them "responsible credit management" or

¹ 88 FR 18906

² Consumer Financial Protection Bureau, "CFPB Proposes Rule to Rein in Excessive Credit Card Late Fees," press release, February 1, 2023, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-proposes-rule-to-rein-in-excessive-credit-card-late-fees/>.

³ *Id.*

⁴ *Id.*

⁵ *Id.*

⁶ Credit Card Accountability Responsibility and Disclosure Act, Public Law 111-24.

⁷ Consumer Financial Protection Bureau, "CFPB Proposes Rule to Rein in Excessive Credit Card Late Fees," press release, February 1, 2023, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-proposes-rule-to-rein-in-excessive-credit-card-late-fees/>.

“timely repayment,”⁸ consumers have filed thousands of complaints related to credit card late fees with the CFPB. In one example, a consumer details how late fees caused lasting financial damage following a period of health issues, which they describe as “the hardest moment of [their] life.”⁹ Consumers clearly suffer under excessive late fees.

American families have an opportunity to save billions in excessive credit card late fees and will benefit greatly from the CFPB’s efforts to curb these practices. Given your role as a credit card issuer, we ask for answers to the following questions no later than May 23, 2023:

1. How much money do you collect in credit card late fees each year?
 - a. What proportion of these fees are collected from low-income earners (families with incomes below 200% of the federal poverty threshold)?
2. What is the estimated annual cost of collecting late credit card payments?
3. Do you agree with bank lobbyists who argue that this rule will hurt those it tries to help?
 - a. Many banks have reduced or eliminated overdraft fees, another harmful junk fee, without raising costs for consumers. How do you reconcile this with the lobby’s argument that consumers will pay the price for limited late fees?

Sincerely,



Elizabeth Warren
United States Senator



Richard Blumenthal
United States Senator

⁸ Bank Policy Institute, “The Role of Credit Card Late Fees in Encouraging Timely Repayment Is Essential to Efficient Functioning of the Market,” Paul Calem, January 18, 2023, <https://bpi.com/the-role-of-credit-card-late-fees-in-encouraging-timely-repayment-is-essential-to-efficient-functioning-of-the-market/>; American Bankers Association, “ABA to CFPB: Extreme Late Fee Proposal Would Harm Consumers, Reduce Access to Credit,” Rob Nichols, February 1, 2023, <https://www.aba.com/about-us/press-room/press-releases/cfpb-late-fee-proposal-would-harm-consumers-and-reduce-access-to-credit>.

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Tammy Baldwin
United States Senator



Bernard Sanders
United States Senator



Peter Welch
United States Senator



Sherrod Brown
Chairman
Senate Committee on
Banking, Housing, and Urban
Affairs



Jack Reed
United States Senator

United States Senate

WASHINGTON, DC 20510

May 9, 2023

Stephen J. Squeri
Chairman and CEO
American Express Company
200 Vesey Street
New York, NY 10285

Dear Mr. Squeri:

We write regarding the Consumer Financial Protection Bureau's (CFPB) proposed rule to limit exorbitant credit card late fees and save American consumers billions of dollars,¹ and to inquire about the role your company is playing in an ongoing effort by the county's most powerful banks to quash that rule.

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Sincerely,



Elizabeth Warren
United States Senator



Richard Blumenthal
United States Senator

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United States Senator



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Peter Welch
United States Senator



Sherrod Brown
Chairman
Senate Committee on
Banking, Housing, and Urban
Affairs



Jack Reed
United States Senator

United States Senate

WASHINGTON, DC 20510

May 9, 2023

Brian T. Moynihan
Chairman and CEO
Bank of America Corporation
100 North Tryon Street
Charlotte, NC 28255

Dear Mr. Moynihan:

We write regarding the Consumer Financial Protection Bureau's (CFPB) proposed rule to limit exorbitant credit card late fees and save American consumers billions of dollars,¹ and to inquire about the role your company is playing in an ongoing effort by the county's most powerful banks to quash that rule.

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Sincerely,



Elizabeth Warren
United States Senator



Richard Blumenthal
United States Senator

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Tammy Baldwin
United States Senator



Bernard Sanders
United States Senator



Peter Welch
United States Senator



Sherrod Brown
Chairman
Senate Committee on
Banking, Housing, and Urban
Affairs



Jack Reed
United States Senator

United States Senate

WASHINGTON, DC 20510

May 9, 2023

Richard D. Fairbank
Chairman and CEO
Capitol One Financial Corporation
1680 Capital One Drive
McLean, VA 22102-3491

Dear Mr. Fairbank:

We write regarding the Consumer Financial Protection Bureau's (CFPB) proposed rule to limit exorbitant credit card late fees and save American consumers billions of dollars,¹ and to inquire about the role your company is playing in an ongoing effort by the county's most powerful banks to quash that rule.

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Sincerely,



Elizabeth Warren
United States Senator



Richard Blumenthal
United States Senator

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United States Senator



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United States Senator



Peter Welch
United States Senator



Sherrod Brown
Chairman
Senate Committee on
Banking, Housing, and Urban
Affairs



Jack Reed
United States Senator

United States Senate

WASHINGTON, DC 20510

May 9, 2023

Roger C. Hochschild
Director, CEO, and President
Discover Financial Services
2500 Lake Cook Road
Riverwoods, IL 60015

Dear Mr. Hochschild:

We write regarding the Consumer Financial Protection Bureau's (CFPB) proposed rule to limit exorbitant credit card late fees and save American consumers billions of dollars,¹ and to inquire about the role your company is playing in an ongoing effort by the county's most powerful banks to quash that rule.

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Sincerely,



Elizabeth Warren
United States Senator



Richard Blumenthal
United States Senator

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Jack Reed
United States Senator

United States Senate

WASHINGTON, DC 20510

May 9, 2023

Jamie Dimon
Chairman and CEO
JPMorgan Chase & Company
383 Madison Avenue
New York, NY 10018

Dear Mr. Dimon:

We write regarding the Consumer Financial Protection Bureau's (CFPB) proposed rule to limit exorbitant credit card late fees and save American consumers billions of dollars,¹ and to inquire about the role your company is playing in an ongoing effort by the county's most powerful banks to quash that rule.

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Jack Reed
United States Senator

United States Senate

WASHINGTON, DC 20510

May 9, 2023

William S. Demchak
Chairman, President, and CEO
PNC Financial Services Group
300 Fifth Avenue, The Tower at PNC Plaza
Pittsburgh, PA 15222

Dear Mr. Demchak:

We write regarding the Consumer Financial Protection Bureau's (CFPB) proposed rule to limit exorbitant credit card late fees and save American consumers billions of dollars,¹ and to inquire about the role your company is playing in an ongoing effort by the county's most powerful banks to quash that rule.

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This effort is consistent with your stated position that banks should "be less reliant on some of the gotcha fees that historically have supported the industry,"⁶ and with Congress's intent to protect consumers from excessive and exploitive fees. In the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act), Congress required that late fees be "reasonable and proportional" to costs incurred by the issuer.⁷ Unfortunately, banks have exploited a safe harbor granted by the Federal Reserve Board to charge fees as much as five

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⁵ *Id.*

⁶ Yahoo News, "Banks quietly curb overdraft fees – long a target for Democrats," Marissa Gamache, August 5, 2021, <https://news.yahoo.com/banks-quietly-curb-overdraft-fees-162315210.html?guccounter=1>.

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times higher than the costs they incur because of late payments.⁸ That is why we were glad to see the CFPB propose a rule to rein in exploitative late fee practices and properly enforce the law.

While the banking industry has opposed the proposed rule and argued that saddling Americans with excessive late fees is essential for teaching them “responsible credit management” or “timely repayment,”⁹ consumers have filed thousands of complaints related to credit card late fees with the CFPB. In one example, a consumer details how late fees caused lasting financial damage following a period of health issues, which they describe as “the hardest moment of [their] life.”¹⁰ Consumers clearly suffer under excessive late fees.

American families have an opportunity to save billions in excessive credit card late fees and will benefit greatly from the CFPB’s efforts to curb these practices. Given your role as a credit card issuer, we ask for answers to the following questions no later than May 23, 2023:

1. How much money do you collect in credit card late fees each year?
 - a. What proportion of these fees are collected from low-income earners (families with incomes below 200% of the federal poverty threshold)?
2. What is the estimated annual cost of collecting late credit card payments?
3. Do you agree with bank lobbyists who argue that this rule will hurt those it tries to help?
 - a. Many banks have reduced or eliminated overdraft fees, another harmful junk fee, without raising costs for consumers. How do you reconcile this with the lobby’s argument that consumers will pay the price for limited late fees?
4. You stated: “We’re going to have to get back to charging basic fees for basic products, and be less reliant on some of the gotcha fees that historically have supported the industry.” You made this statement in the context of overdraft fees, which your bank has tried to modestly curtail. Credit card late fees are similarly regressive and disproportionate to the value of the service provided by the bank. Will you commit to applying the same principle to move away from overreliance on late fees for credit cards?

Sincerely,

⁸ Consumer Financial Protection Bureau, “CFPB Proposes Rule to Rein in Excessive Credit Card Late Fees,” press release, February 1, 2023, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-proposes-rule-to-rein-in-excessive-credit-card-late-fees/>.

⁹ Bank Policy Institute, “The Role of Credit Card Late Fees in Encouraging Timely Repayment Is Essential to Efficient Functioning of the Market,” Paul Calem, January 18, 2023, <https://bpi.com/the-role-of-credit-card-late-fees-in-encouraging-timely-repayment-is-essential-to-efficient-functioning-of-the-market/>; American Bankers Association, “ABA to CFPB: Extreme Late Fee Proposal Would Harm Consumers, Reduce Access to Credit,” Rob Nichols, February 1, 2023, <https://www.aba.com/about-us/press-room/press-releases/cfpb-late-fee-proposal-would-harm-consumers-and-reduce-access-to-credit>.

¹⁰ Letter from National Consumer Law Center to Consumer Financial Protection Bureau, August 1, 2022, https://www.nclc.org/wp-content/uploads/2022/08/CFPB_2022_0039_group_comment.pdf.



Elizabeth Warren
United States Senator



Sherrod Brown
Chairman
Senate Committee on
Banking, Housing, and Urban
Affairs



Jack Reed
United States Senator



Bernard Sanders
United States Senator



Peter Welch
United States Senator



Richard Blumenthal
United States Senator



Tammy Baldwin
United States Senator

United States Senate

WASHINGTON, DC 20510

May 9, 2023

Andrew Cecere
Chairman, President, and CEO
U.S. Bancorp
800 Nicollet Mall
Minneapolis, MN 55402

Dear Mr. Cecere:

We write regarding the Consumer Financial Protection Bureau's (CFPB) proposed rule to limit exorbitant credit card late fees and save American consumers billions of dollars,¹ and to inquire about the role your company is playing in an ongoing effort by the county's most powerful banks to quash that rule.

The CFPB has found that American families lose an estimated \$12 billion a year to credit card late fees.² Consumers, even those who may only be a few hours behind on a credit card payment, may be slapped with fees as high as \$41.³ Under the CFPB's proposed rule, credit card issuers would be required to justify late fees in excess of \$8 (the amount that CFPB estimates is sufficient for covering costs to card issuers), automatic annual inflation adjustments to late fees would be terminated, and late fees would be capped at 25% of the required minimum payment.⁴ Together, these actions would save American families up to \$9 billion a year.⁵

This effort is consistent with Congress's intent to protect consumers from excessive and exploitive fees. In the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act), Congress required that late fees be "reasonable and proportional" to costs incurred by the issuer.⁶ Unfortunately, banks have exploited a safe harbor granted by the Federal Reserve Board to charge fees as much as five times higher than the costs they incur because of late payments.⁷ That is why we were glad to see the CFPB propose a rule to rein in exploitative late free practices and properly enforce the law.

While the banking industry has opposed the proposed rule and argued that saddling Americans with excessive late fees is essential for teaching them "responsible credit management" or

¹ 88 FR 18906

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³ *Id.*

⁴ *Id.*

⁵ *Id.*

⁶ Credit Card Accountability Responsibility and Disclosure Act, Public Law 111-24.

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American families have an opportunity to save billions in excessive credit card late fees and will benefit greatly from the CFPB’s efforts to curb these practices. Given your role as a credit card issuer, we ask for answers to the following questions no later than May 23, 2023:

1. How much money do you collect in credit card late fees each year?
 - a. What proportion of these fees are collected from low-income earners (families with incomes below 200% of the federal poverty threshold)?
2. What is the estimated annual cost of collecting late credit card payments?
3. Do you agree with bank lobbyists who argue that this rule will hurt those it tries to help?
 - a. Many banks have reduced or eliminated overdraft fees, another harmful junk fee, without raising costs for consumers. How do you reconcile this with the lobby’s argument that consumers will pay the price for limited late fees?

Sincerely,



Elizabeth Warren
United States Senator



Richard Blumenthal
United States Senator

⁸ Bank Policy Institute, “The Role of Credit Card Late Fees in Encouraging Timely Repayment Is Essential to Efficient Functioning of the Market,” Paul Calem, January 18, 2023, <https://bpi.com/the-role-of-credit-card-late-fees-in-encouraging-timely-repayment-is-essential-to-efficient-functioning-of-the-market/>; American Bankers Association, “ABA to CFPB: Extreme Late Fee Proposal Would Harm Consumers, Reduce Access to Credit,” Rob Nichols, February 1, 2023, <https://www.aba.com/about-us/press-room/press-releases/cfpb-late-fee-proposal-would-harm-consumers-and-reduce-access-to-credit>.

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Tammy Baldwin
United States Senator



Bernard Sanders
United States Senator



Peter Welch
United States Senator



Sherrod Brown
Chairman
Senate Committee on
Banking, Housing, and Urban
Affairs



Jack Reed
United States Senator

United States Senate

WASHINGTON, DC 20510

May 9, 2023

Wayne Peacock
President and CEO
United Services Automobile Association
800 Nicollet Mall
San Antonio, TX 78288

Dear Mr. Peacock:

We write regarding the Consumer Financial Protection Bureau's (CFPB) proposed rule to limit exorbitant credit card late fees and save American consumers billions of dollars,¹ and to inquire about the role your company is playing in an ongoing effort by the county's most powerful banks to quash that rule.

The CFPB has found that American families lose an estimated \$12 billion a year to credit card late fees.² Consumers, even those who may only be a few hours behind on a credit card payment, may be slapped with fees as high as \$41.³ Under the CFPB's proposed rule, credit card issuers would be required to justify late fees in excess of \$8 (the amount that CFPB estimates is sufficient for covering costs to card issuers), automatic annual inflation adjustments to late fees would be terminated, and late fees would be capped at 25% of the required minimum payment.⁴ Together, these actions would save American families up to \$9 billion a year.⁵

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Sincerely,



Elizabeth Warren
United States Senator



Richard Blumenthal
United States Senator

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United States Senator



Sherrod Brown
Chairman
Senate Committee on
Banking, Housing, and Urban
Affairs



Jack Reed
United States Senator

United States Senate

WASHINGTON, DC 20510

May 9, 2023

Charles W. Scharf
CEO and President
Wells Fargo & Company
420 Montgomery Street
San Francisco, CA 94104

Dear Mr. Scharf:

We write regarding the Consumer Financial Protection Bureau's (CFPB) proposed rule to limit exorbitant credit card late fees and save American consumers billions of dollars,¹ and to inquire about the role your company is playing in an ongoing effort by the county's most powerful banks to quash that rule.

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United States Senator



Richard Blumenthal
United States Senator

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