

From: Ruth Holton-Hodson
Subject: Electronic Fund Transfers

Comments:

Mar 31, 2009

Federal Reserve Board Email comments

Dear Email comments,

Dear Reserve Members,

I cannot urge you strongly enough to require banks to provide opt-in overdraft protection. My twin brother who is a paranoid schizophrenic has been forced to pay hundreds of dollars in overdraft fees charged by the Bank of America for purchases as small as \$2.00. For example, last year, in two days he used his ATM card for 4 purchases totaling about \$15-he had to pay \$140 in overdraft fees-\$35 for each purchase. All my brother lives on is his SSI plus a small allowance from myself and my parents-\$135 month. Since his SSI check is directly deposited into his account if any overdraft fess are due, they come directly out of his check-In the case of the \$140 set of fees it left him short of money to pay his rent. I have tried for years to negotiate with B of A to find some mechanism that would prevent him from being able to take out more money than he has. The answer I have always been given is that I could setup a savings account for him-I believe I need to keep a minimum balance of \$200 in the savings account to prevent me having to pay a fee to maintain the account-they get you anyway they can. Or co-sign on a credit card. Of course any poor activity on his part would then affect my own credit rating. Last fall, I finally got a hold of an agent who suggested that I get an ATM only card. We signed him up for that and imagine my surprise when he still was able to overdraw.

Surely, I thought a bank would not let people withdraw money from their account if they didn't have sufficient funds in their account. I was wrong. When I called to talk about the situation to an agent I was told that this was a service the bank provided their customers. OF course they don't tell you that this "service" costs you \$35 a pop. I asked what I could do to prevent my brother from using his card to withdraw money he didn't have. I was told that not only did I have to ask for an ATM- only card, but to also insist that it be set so he couldn't take out more than he had. That solution worked for a short period until he lost his card, called the bank for a replacement and he was sent a debit card. So we're back to square one and will have to go back to the bank to insist on the much more limited card. Frankly, it is outrageous that banks can charge such outlandish fees with minimal disclosure to the clients. Not only should they be required to provide opt-in overdraft protection but they should be required to provide an opt-in debit card. Banks don't want customers to know what their options are for fear that people will choose the route that does not expose them to their high fees. Again I stongly urge you to require the opt-in provision.

Please allow me the chance to opt-in to overdraft services. This is the only way that I will truly feel protected.

Sincerely,

Ms. Ruth Holton-Hodson