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Comments:

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Comments:

Overdraft fees should be opt-in, and banks should not be allowed to count "holds" on funds for the purposes of determining overdrafts. The banks cannot have it both ways - if they are allowed put a hold on funds, and base overdrafts on available funds, then they can generate a series of overdrafts, EVEN IF THERE WAS OTHERWISE ALWAYS SUFFICIENT FUNDS IN THE ACCOUNT. I have seen this happen, even when the purchases were discretionary and could have easily been denied by the bank. The banks have been exploiting what should be a reasonable and fair system (for providing payments in excess of funds) as a money maker for years, and customers have had no means of avoiding the charges other than keeping obscenely large amounts of money (often with no interest or very minimal interest) or paying annual fees for overdraft protection lines of credit (where these can be obtained). Banks used to allow overdrafts from savings or other accounts, with minimal cost to the bank, but it is obvious that because overdraft fees are more profitable, they are often the sole option available to customers. Another issue and reason that overdraft charges need to be opt-in is that banks often clear checks and charges in the order that is to their best advantage. Since overdraft charges are levied per charge, clearing a single large charge against an account first (even if other smaller charges are already pending) can result in significant charges to consumers, than if charges were posted as they were received. Since customers have no control over the order that charges are posted to their accounts, this is another reason that overdraft fees should be opt-in. Finally, most consumers are not aware of overdraft fees until their accounts are seriously overdrawn. A single overdraft fee can cause a casade of overdraft charges for several days because customers are unaware their accounts are overdrawn for the two or three days that a postal notification takes to arrive. Unknowingly, customers may continue to post charges to their accounts, unaware that overdraft fees have removed any remaining funds that the customer believed (in good faith) he had in the account. For this reason, banks should also be prohibited from assessing overdraft fees on charges made to accounts that, for the overdraft charges themselves, would otherwise have been paid with available funds (i.e., funds on hold are released for other use, but several overdraft charges applied to the account as a result of the hold have caused the available funds to now be

depleted). In summary, because of misuse and abuse of overdraft charges (as discussed above), banks should be required to opt-in for overdraft protection, should be required to pay items on a first-in, first-paid basis (unless they give customers an alternative, and customers agree), they should not be allowed to count holds on funds for the purposes of determining whether sufficient funds are available to pay an item, and they should not be allowed to assess overdraft fees on additional unpaid items that are caused by the overdraft fee itself consuming additional funds that would have been otherwise available to pay the item.