

From: Timothy Melton, Pasadena,, CA
Subject: Electronic Fund Transfers

Comments:

Board of Governors of Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Dear Federal Reserve Board Director:

I support the proposed requirement that would require financial institutions to obtain consumers' affirmative consent (or opt-in) before any overdraft fees or charges may be imposed on consumers' accounts.

Banks should get explicit permission before enrolling customers in the most expensive overdraft system, automatically covering overdrafts and charging high fees, and should be stopped from using unfair practices to increase their overdraft fees.

I am 50 years old and never had an overdraft until 2 years ago. Now it happens more frequently. This is primarily because once it does happen, the situation gets manipulated by the bank to its advantage, creating hundreds of dollars in additional fees, which can take weeks to overcome.

I bank at US Bank.

I have been charged \$37.50 for a (\$0.92) available balance overdraft. That means I had sufficient funds in my account, but an automatic one business day hold on a deposit created a shortage in available funds.

Once, I got charged \$187.50 in one day because 5 items, each less than \$55 and all ATM or debit transactions that occurred over the weekend and were approved because there was sufficient funds in the account to cover them at the time, were put in line after a \$400.00 check, which the bank said had cleared my account on the Monday night after the weekend.

But recently, US Bank concocted the most egregious and brazen example of generating fees I have ever seen.

I have an automatic payment on my US Bank Line of Credit deducted from my US Bank checking account each month. Last month, on the 2nd, there were not sufficient funds to cover the \$387.00 payment that was deducted. (this is approximately 10 days before the actual due date)

So US Bank returned their own payment and charged me a \$37.50 "returned check charge".

This left a positive balance in my account of \$63.00 on the 3rd. I figured I could make the payment before the due date, so I withdrew \$60.00 of the \$63.00 on the 3rd.

Then to my surprise on the 4th, the payment came through again, and this time it was paid.

I was charged a \$37.50 overdraft fee for the payment that had been returned the day before, and another \$37.50 overdraft fee for the \$60.00 ATM withdrawal, which they put in the clearing line after the second US Bank payment attempt.

Then, I got charged an additional \$48 because my account was overdrawn for 6 days.

They also assessed me a \$35.00 "returned item fee" on the Line of Credit account.

All told, US Bank made \$195.50 in fees.

I do not even know if they are really authorized to debit my account for that payment on multiple occasions.

Had the first payment not been returned, I would have had a (\$65) overdraft, inclusive of their first overdraft charge.

Instead, I had a (\$200) overdraft. That is a big hole to start from when you are struggling.

So why didn't US Bank return their own payment the second time it was presented, especially when there was \$60 less in the account because of the ATM withdrawal?

Are they assessing the risk and loss potential of a \$65 v a \$200 overdraft? Not hardly. My paycheck is automatically deposited, so that is not an issue for them. And it has become a detriment for me.

US Bank is employing a calculated and underhanded program to generate fees at any cost, and with no regard, to the consumer.

I would not be surprised if the Branch/Operations employees had minimum fee generation goals. Or even more likely, they are in a bonus or incentive plan which pays them a % of the fees they can generate.

I realize I should be more responsible with my account and ultimately I give US Bank the tools to do this by allowing the overdraft to occur in the first place. But this practice is wrong under any circumstance and needs to be stopped.

Regards,

Sincerely,
Timothy Melton
Pasadena, CA 91103