

From: Ruth Broder
Subject: Regulation Z - Truth in Lending

Comments:

To: Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve
From: Ruth Broder
Date: April 14, 2010

Dear Ms. Johnson,

Please accept the letter shown below as my comment strongly in favor of the Federal Reserve's proposed regulations for credit card issuers, scheduled to be adopted in August, 2010.

Thank you.

Ruth Broder

April 12, 2010

Deborah Walden
P.O. Box 15298
Wilmington, DE 19850-5298

Office of the President
2500 Westfield Drive
Elgin, IL 60124

Mailstop: IL1-6215

RE: Chase Visa Account #XXXX-XXXX-XXXX-XXXX

Dear Ms. Walden:

I have had a Chase Visa card since 1995 and I am writing to request that Chase reverse a \$29 late payment penalty I was assessed on April 4, 2010. I believe that the amount of the late fee is entirely unreasonable in view of the small amount that I owed, which has now been paid in full. Despite the rude and hostile attitude I encountered from Chase's customer service staff during several phone calls, I would also like to think that my status as a longstanding customer would matter to Chase and that you would take into consideration extenuating circumstances and my history of timely payments.

In February, 2010, I owed approximately \$46 on my Chase Visa account. I made the minimum payment of \$10 on February 16, 2010, leaving a balance of approximately \$37, including interest charges. I had returned an item to a vendor and knew that I would be receiving a credit. I did not receive a statement for April, 2010, and assumed incorrectly that the credit had resulted in a \$0 balance on my account. In fact, there was still a balance of \$16 on the account with a minimum payment due of \$10 on April 4, 2010. Since I had

not received a statement, I missed this payment. When I received my new statement on April 12, 2010 and recognized the error I immediately paid the entire balance, including a new balance of \$166 not due until May. When I called Chase to explain the situation and request that the \$29 late fee I had been assessed be removed, I was refused. As a result, I will have paid a \$29 late fee on a balance of \$16 which had had a minimum payment due of \$10. Thus, the late fee is double the actual amount that I owed and three times the minimum payment due. I was also informed that Chase might increase my interest rate due to my \$10 payment being eight days late.

I am sure you are well aware that recent regulations proposed by the Federal Reserve mandate that penalty fees charged by credit card companies be "reasonable and proportional" to the size of the violation. I do not believe that any rational person would consider a fee DOUBLE the full balance and TRIPLE the minimum amount due to be either "reasonable" or "proportional." In fact, as I am sure you are also well aware, under the new regulations scheduled to take effect in August, 2010, it would be illegal for Chase to charge the fee that I was assessed.

Obviously, I did not do this intentionally. It would have made no sense for me to avoid a \$10 payment and incur a \$29 late fee. In most cases, I pay my balance in full anyways. I cannot explain why I did not receive the April statement and the fact that Chase mailed the payment is in no way a guarantee that I would have received it. In fact, my zip code is notorious for poor mail delivery. I know that in the past Chase did permit late payment fees to be reversed in situations such as this, and I am extremely disappointed that Chase has rescinded this policy. The fact that Chase would also threaten to raise my interest rate over a \$10 missed payment is an additional disincentive to use the account again. By instituting such harsh policies, even towards long-standing customers with good payment records, Chase is creating an enormous amount of ill will.

Whether correct or not, the impression I now have is that Chase has decided to retaliate for recent government regulation of the credit card industry by punishing its own customers. While Chase may reap some temporary financial benefit from this policy, the long-term effect will be to create more bad publicity for an industry and a company that has already had more than its share. Nor will it reduce pressure to further regulate your industry; rather, these practices will only be used as additional evidence of why such regulation is necessary.

I realize that \$29 probably appears to be an incredibly insignificant amount to you, but it is not insignificant to me or many other households that are struggling to pay bills in a depressed economy. Using the money paid by taxpayers such as myself, the federal government has seen fit to grant Chase a degree of largesse and lenient treatment far in excess of anything I am requesting. I do not think it is asking too much for Chase to discontinue violating both the spirit and the letter of the proposed credit card regulations the Federal Reserve has felt compelled to adopt to prevent this type of abuse of credit card customers.

If the attitude of Chase's customer service staff is any indication, I realize that there is probably very little chance that you will even consider my request and I would not be surprised if I did not even receive the courtesy of a reply. If this is the case, I will have no choice but to institute my own set of "fees" and "penalties" to address Chase's lack of concern for me as a

customer. Over the past 15 years, Chase has undoubtedly made a significant amount of money from every transaction I have made using my Chase Visa card. I will no longer provide Chase with any opportunity to profit from my personal financial transactions. To avoid damaging my credit scores, I will not cancel my Chase Visa account, but I will cease to use the card and I will avoid using Chase Bank for any financial service in the future. You may indeed feel that using these last few months to wring every possible nickel and dime out of your customers is worth losing a few of them, but I strongly suspect that there are many, many people who feel as I do. One of these days, you might want to consider multiplying our numbers by \$29.

Sincerely,

Ruth Broder

Cc: Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve

Senator Christopher Dodd, Committee on Banking, Housing and Urban Affairs

Congressman Barney Frank, Financial Services Committee

Jamie Dimon, CEO, J.P. Morgan Chase

Gerald A. Smith, CEO, Credit Card Services, J. P. Morgan Chase