CFPB – Fees Imposed by Providers of Consumer Financial Products or Services
Executive Summary

The Consumer Financial Protection Bureau (Bureau or CFPB) is seeking comments related to fees that are not subject to competitive processes that ensure fair pricing. The purpose of this request for information (RFI) is to assist the CFPB and policymakers in exercising its enforcement, supervision, regulatory, and other authorities to create fairer, more transparent, and competitive consumer financial markets.

Background

The CFPB is increasingly concerned that “exploitative junk fees” charged by banks and non-bank financial institutions have become widespread, with the potential effect of shielding substantial portions of the true price of consumer financial products and services from competition. Moreover, the CFPB is concerned about fees that far exceed the marginal cost of the service they purport to cover, implying that companies are not just shifting costs to consumers, but rather, taking advantage of a captive relationship with the consumer to drive excess profits. Excessive and exploitative fees, whether predictable and transparent to the consumer or not, can add up and pose significant costs to people, especially those with low wealth and income.

The CFPB has indicated that these “excessive and exploitative fees” can take many forms, including:

- Penalty fees such as late fees;
- Overdraft fees;
- Non-sufficient funds (NSF) fees;
- Convenience fees for processing payments;
- Minimum balance fees;
- Return item fees; Stop payment fees;
- Check image fees;
- Fees for paper statements;
- Fees to replace a card;
- Fees for out-of-network ATMs;
- Foreign transaction fees;
- ACH transfer fees; Wire transfer fees;
- Account closure fees;
- Inactivity fees;
- Fees to investigate fraudulent activity; and
- Ancillary fees in the mortgage closing process.

Key Overview of RFI

The RFI includes the following examples for “select products and markets:”

- **Deposit accounts.** Overdraft and NSF fees make up the majority of total revenue banks derive from deposit accounts.
- **Credit cards.** Late fees—the maximum allowed by law of $30 for the first late payment and $41 for subsequent late payments.
- **Remittances and payments.** “Convenience” fees on payment transfers, return item fees, stop payment fees, check image fees, online or telephone bill pay fees, ACH transfer fees, and wire transfer fees.

- **Prepaid accounts.** "Add-on" fees or regular activities such as transaction fees, cash reload fees, balance-inquiry fees, inactivity fees, monthly service fees, and card cancellation fees, among others, overshadow the quoted monthly charge.
- **Mortgages.** Application fees and closing costs, fees for making payments over the phone or online, fees for the servicer's bill pay service, fees related to the mortgage delinquency such as monthly property inspection fees, new title fees, legal fees, appraisals and valuations, broker price opinions, force-placed insurance, foreclosure fees, and miscellaneous, unspecified "corporate advances."
- **Other loans.** Other loan origination and loan servicing fees, including for student loans, auto loans, installment loans, payday loans, and other types of loans. For example, fees to reschedule payment dates or make online or phone payments.

Request for Comment

The CFPB is interested in receiving any comments relating to fees in consumer finance.

1. Consumers are asked to explain their experiences with fees associated with bank, credit unions, prepaid or credit card account, credit card, mortgage, loan, or payment transfers, including:
    a. Fees for things consumers believed were covered by the baseline price of a product or service.
    b. Unexpected fees for a product or service.
    c. Fees that seemed too high for the purported service.
    d. Fees where it was unclear why they were charged.
2. What types of fees for financial products or services obscure the true cost of the product or service by not being built into the upfront price?
3. What fees exceed the cost to the entity that the fee purports to cover? For example, is the amount charged for NSF fees necessary to cover the cost of processing a returned check and associated losses to the depository institution?
4. What companies or markets are obtaining significant revenue from back-end fees, or consumer costs that are not incorporated into the sticker price?
5. What obstacles, if any, are there to building fees into up-front prices consumers shop for? How might this vary based on the type of fee?
6. What data and evidence exist with respect to how consumers consider back-end fees, both inside and outside of financial services?
7. What data and evidence exist that suggest that consumers do, or do not, understand fee structures disclosed in fine-print or boilerplate contracts?
8. What data and evidence exist that suggest that consumers do or do not make decisions based on fees, even if well disclosed and understood?
9. What oversight and/or policy tools should the CFPB use to address the escalation of excessive fees or fees that shift revenue away from the front-end price?

Comment Deadline

- March 31, 2022.

Resources

- **Federal Register 87 FR 5801** – February 2, 2022