

From: Ronald Ames, Erie, PA  
Subject: Electronic Fund Transfers

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Comments:

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

Dear Federal Reserve Board Director:

I would like to tell you my experiences with the "courtesy" of overdraft protection. My wife and I budget our money well, but as with most Americans (especially these days) funds can become tight. We use our bank (PNC)'s Web Bill Pay to pay our bills, so we can have bills scheduled and also have a track record to see where our money is going.

I manually set up our automatic bill pay to pay our mortgage each month corresponding to my paycheck date, and set it for a Thursday, which is 1 day after my paycheck is direct deposited into the same bank account. However, my bank decided to remove the funds for this payment 3 days before the payment should have gone out, which resulted in my account being negative roughly \$300. I noticed this very early in the morning the day it happened, and since we had about \$1100 in savings, I quickly moved money from Savings to Checking to bring the account up to \$100 positive. This was now 2 days before my paycheck would arrive.

On the date my paycheck arrived, I was then hit with 4 overdraft fees of \$30 due to small purchases that were pending, but then processed immediately after the mortgage payment was removed 3 days early. This resulted in my account going negative again, requiring me to take more money out of savings.

I called PNC that day and calmly explained exactly what had happened. I was told that it was my fault that I did not have enough money in the account, and I should have known that Bill Pay would take my money out 3 days before the actual date I set the payment to be sent. So, in essence, even though the website shows a calendar date, you can't trust it. I had to basically admit fault and agree to enroll in a program (for a fee) that takes money out of savings and puts it into checking, which also incurs a fee when this is triggered. For this, I got 2 overdraft fees refunded but still had to pay for the other 2.

Why is it that in this age of instant online purchases, fast fiber optic networks, and large server clusters capable of billions of transactions a minute, a payment made either with a debit card or through THE SAME BANK'S bill pay service cannot be deducted from your available balance immediately instead of "floating" for several days. It was never a good practice for the bank customer to float a check, why should it be a good practice for the bank itself to float my transaction and then charge me a fee when they decide to fix their calculations?

There is no excuse. Available funds can and should be instantly updated to reflect payments made from the account. A bank should not profit from questionable math and then force their customer to be the one at fault for this. I would rather have a payment rejected than incur \$120 in fees - at least I can send the payment again once the funds are available.

With overdraft fees, you can easily wipe out an entire week's paycheck from small purchases. This is not a courtesy, this is more like handing a drowning person a glass of water.

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.

Sincerely,

Ronald Ames  
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