

From: Phoebe Wooding
Subject: Electronic Fund Transfers

Comments:

Mar 30, 2009

Federal Reserve Board Email comments

Dear Email comments,

I am a self-employed person who is the sole support of her family, with a disabled husband and a teenage daughter. Because I do not receive a paycheck that comes at a regular time with a regular amount, I sometimes find myself in a difficult position. Recently, I had deposited a check for \$xxxxxxx but when the debits were received by my bank, the check had not yet cleared, and they charged me with overdraft fees in the amount of \$39.00 per debit, which totalled \$273.00. There was one debit for \$1000.00, and several smaller ones no larger than \$35.00. I had enough in my account before the new check had been deposited to cover all but the largest one, but they paid the largest one first causing all of them to incur overdraft fees. I called and protested but to no avail.

Because I feared having this happen again, I applied for an overdraft line of credit in the amount of \$xxxxx, just to cover such circumstances. Before I received an answer on my application, another instance very similar to the one described above occurred. I called the bank to try to find out the status of my loan application, and they told me that I had been turned down. When I totalled up all of the overdraft fees and did the computation, it turned out that they had, in fact, loaned me the amount I had applied for in the form of their "service" performed for my "benefit" when they paid the checks that had come in. By paying those debits, they had loaned me the money, and the cost of the overdraft fees worked out to a 43% interest rate for a 24 hour pay back period.

When I called to protest, they of course said that it was not interest, but a fee, but they had indeed loaned me the money by paying the debits on my behalf, and the fees they charged me were indeed 43%. When I asked why I couldn't get a "real loan" for the same amount at a reasonable rate of interest, they said that my debt to income ratio was too high, and they were no longer reversing any charges unless the bank had made a mistake. I requested repeatedly to speak to someone higher in the chain of authority, and I was told that no one was available. I was basically stonewalled in my attempts to speak to someone who might have the authority to help my situation.

By imposing these usurious fees, and deducting them immediately from my account, they made my situation worse and caused still more overdraft fees to be incurred. I ended up with close to \$600.00 in fees in one month. I was determined to change banks, but I talked to several, and they all told me that their policy is to pay the largest debit first. They all deny, however, that they do so in order to force the customer to pay the greatest number of fees possible.

These usurious practices must be stopped!!! We are all struggling in this economy, and the banks are taking advantage of their customers, without the permission of the customer, for their own gain. Thank you for taking note of my comments.

Please allow me the chance to opt-in to overdraft services. This is the only way that I will truly feel protected.

Sincerely,

Ms. Phoebe Wooding