

From: Michelle Y Hill  
Subject: Electronic Fund Transfers

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Comments:

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Dear Board of Governors:

Thank you for providing consumers an opportunity to voice their concerns about bank fees. I have recently received several overdraft fees and during these tough economic times, any money lost to excessive fees is money taken away from necessary expenses. I am particularly outraged at the overdraft fees that banks have imposed and the practices the bank uses to charge those fees. More recently, I bank with Wachovia Bank, which does not charge a monthly fee for accountholders. However, I believe that use unfair practices to make up that lost income from having free accounts. Unlike other banks, Wachovia now charges fees to debit holds. Normally banks do not charge overdraft fees until bank transactions actually post to the account. Wachovia charges a "unavailable funds fee"- in addition to an "insufficient funds" fee. When an accountholder makes a purchase and it causes a negative balance because they have funds on hold due to other transactions drawn on the account but have not posted, Wachovia immediately charges (and posts) the "unavailable funds" fee. Even though the transactions have not posted. What makes this unfair is because when the transactions posts, in order from largest to smallest, the transaction that caused the overdraft post - in my experience - eventually to a positive balance. I have experienced the bank "rearranging" the transactions on the statement so where the purchase-which caused the initial overdraft- was paid on a positive balance but I still received the \$35.00 "unavailable funds" fee which caused some of the other transactions to bounce. Recently, I had to speak to four account representatives to have someone explain to why I was charged 5 fees for only 4 nsf transactions. Finally after talking through the smoke screen that 3 bank reps gave, the 4th listened and explained what happened. He actually agreed that it was unfair to the customer. By charging- not just charging but posting- the "unavailable funds" fee, before the transaction posts, the bank literally takes money away from the other purchases that are on hold- causing others to bounce. Then the once the transaction posts the bank "computer" rearranges the purchase that caused the initial unavailable funds ends up being paid of a positive balance. What I am

asking that the Board restrict banks from charging "unavailable funds fees" until the purchases post (and the necessary paperwork from the merchant has been received). I would also like the Board to consider whether banks should have policies to pay transactions in order or largest to smallest as opposed to in order or date. This practice can also cause a consumer to pay excessive NSF fees. Instead of paying one fee for one larger transaction, the consumer can end up paying 2 or more for smaller transactions that were done first but paid after the larger transaction. I have been told that the bank does that because often the larger checks are the rent, car note, etc... however this is only a problem if it is a possibility that the bank may return the transaction for NSF. But these days, the bank pays all of the transactions so it does not matter what expense the larger amount will be paying. This just is away to recoup funds that the bank used to get by charging people monthly fees.