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Subject: Electronic Fund Transfers

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Comments:

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Comments:

Dear Sirs,

I strongly support the proposal to require bank customers to opt-in to overdraft protection, or at the very least, to require banks to provide customers with an opt-out. I work with low-income and disabled individuals and have seen first-hand the havoc that the current system can result in. Many of my clients have accumulated hundreds of dollars in surprise charges due to delays in time between the posting of debits and credits to their accounts. For example, recently, one of my clients believed that he had \$10 in his "free" checking account with Bank of America. He then proceeded to make 4 small purchases totalling under \$9.00.

When these debits posted to his account a few days later, he had a \$0 balance. As a result, each of these 4 very small debit card transactions (about \$2 each) was charged to his account TOGETHER with a \$35 "courtesy over-draft fee". In other words, because my client spent \$9 more than his available balance, he incurred \$140 in bank fees. My client had no idea that such fees would be charged. Indeed my client had decided to use a debit card instead of a credit card in order to better manage his finances and avoid getting into debt. He believed logically that with a debit card, when his account was empty the debit card would simply stop working.

He realized that this was not the case when he received his SSI payment and saw that his account balance was \$140 less than he was expecting. When I called Bank of America on his behalf to see how this overdraft was told that that was simply impossible. That federal law required them to honor the debit card transaction and to charge my client the \$35 fee. This is an outrageous injustice. If banks cannot manage to process debit card transactions in real-time, then that is their problem.

If they authorize a debit transaction and that results in an over-draft, the bank should be allowed to charge a reasonable rate of interest for the time-value of the amount of money they lend, but it should be illegal for banks to charge a flat fee of \$35 which has no relation to any actual cost or the amount of the overdraft. In the meantime, until some more basic reform is implemented, clients

should be required to opt-in to this "courtesy over-draft system" or at least should be able to opt-out so that they can avoid unwittingly incurring such exorbitant fees.