



NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks

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OCC Chief Counsel Julie L. Williams Urges Banks to be Vigilant In Avoiding Unfair and Deceptive Marketing Practices

ANNAPOLIS, Md. -- New guidance issued by the Office of the Comptroller of the Currency will help banks maintain high-quality customer service, said Julie L. Williams, the OCC's First Senior Deputy Comptroller and Chief Counsel.

The advisory letter on unfair or deceptive acts or practices "is part of our effort to identify potentially problematic practices and provide guidance to national banks on how to avoid them," Ms. Williams said in a [speech](#) before a compliance conference sponsored by the Maryland and Delaware banking associations.

Ms. Williams said compliance is an essential -- but not the exclusive -- element of a bank's overall strategy for good customer service.

"Individual consumers may not know precisely if their bank has complied with all the applicable compliance rules, but they immediately know, and have no problem reacting, when they feel they haven't been treated right by their bank," Ms. Williams said.

The OCC's new advisory letter should help banks ensure that their marketing operations comply with Section 5 of the Federal Trade Commission Act, which makes it unlawful to engage in unfair and deceptive acts or practices, Ms. Williams said.

Ms. Williams said the guidance includes a number of common-sense tips for avoiding practices that could cross the line from being bad customer relations to become unfair or deceptive practices, including the following recommendations:

- As part of their routine risk management, banks should review marketing materials for accuracy and to ensure that they fairly and adequately describe the terms, benefits, and material limitations of the product or service being offered, without painting an overly rosy picture.

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- If there is a significant possibility that consumers will not receive the terms that have been advertised, that possibility should be made apparent, and terms that might suggest otherwise, such as “fixed for years,” “guaranteed,” and “pre-approved,” should be avoided.
- If a product or service is promoted by highlighting particular benefits, the bank should make sure that the benefit won’t be cut off through the exercise of a contractual change-in-terms provision or by some other aspect of the transaction.
- Banks that sell products and services through telemarketing should always obtain clear and affirmative consent from consumers.
- If a “free trial period” is offered in connection with products or services, make it clear if the consumer will be required to cancel the service to avoid being billed for service past the trial period.
- Make sure the appropriate procedures are in place to ensure that consumer complaints and other communications are reviewed for indications that consumers might have been misled.

“We should not expect consumers -- even financially sophisticated consumers -- to have to read marketing and other information for hidden meaning, or obliquely stated conditions and limitations, as if they were trained investigators -- or heaven forbid -- lawyers,” Ms. Williams said.

“Instead, banks can use their position as trusted and highly respected businesses to promote first class customer relations and the highest integrity in marketing practices for financial products and services,” she added. “Take a look at the guidance in our new Advisory. Review your marketing materials and practices, and take the steps you need to ‘get it right.’ It will help keep you out of trouble -- and it’s good business.”

The advisory letter on unfair or deceptive acts or practices can be found on the Internet by going to the OCC’s home page at www.occ.treas.gov and clicking on issuances and advisory letters.

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The OCC charters, regulates and examines approximately 2,200 national banks and 52 federal branches of foreign banks in the U.S., accounting for more than 54 percent of the nation’s banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States.