

Partner Lucy Morris comments for American Banker on CFPB's review of bank fees

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Rohit Chopra, Director of the Consumer Financial Protection Bureau, announced a broad review of fees charged by banks, credit unions, mortgage lenders and fintechs, which he referred to as "junk fees." According to *American Banker*, Chopra's announcement is part of an effort to spur more competition for financial services. The CFPB cited its own research from 2019 that found major credit card issuers charged more than \$14 billion in late fees, while bank revenue from overdraft and nonsufficient funds fees hit \$15.5 billion the same year. The CFPB has broad authority under the Dodd-Frank Act to pursue enforcement actions against financial firms that engage in unfair, deceptive and abusive acts and practices, known as UDAAP violations. The bureau also has broad authority under its enabling statutes to ensure markets are "fair, transparent and competitive," according to the act.

Lucy Morris, Hudson Cook partner and chair of the firm's Government Investigations, Examinations and Enforcement practice group, said that many of the charges that Chopra referred to as "junk fees" actually are contractual fees that a consumer agrees to when signing up for a financial product or service. "Chopra is really focusing on the competition issue and using the bully pulpit to spur competition," Morris said. "In the past the CFPB might bring claims to address illegal practices, but I don't know if these practices are illegal or junk fees. He's trying to get the market to make pricing more transparent and clear so consumers can shop and compare."

Public comment on the request for information is open until March 31.

Lucy Morris counsels financial institutions and others in complying with federal consumer financial laws and prohibitions against unfair, deceptive, or abusive trade practices. She is an experienced advocate and litigator, representing clients in government investigations, examinations, and enforcement actions before federal and state agencies, including the CFPB, FTC, U.S. Department of Justice, and state AG offices. Previously, Lucy served as a founding member of the CFPB Implementation Team that organized the CFPB after passage of the Dodd-Frank Act, and subsequently served as a Deputy Enforcement Director at the Bureau.

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