

May 13, 2020

Payments and Deposits Rules FAQs related to the COVID-19 Pandemic

This is a Compliance Aid issued by the Consumer Financial Protection Bureau. The Bureau published a Policy Statement on Compliance Aids, available at <https://www.consumerfinance.gov/policycompliance/rulemaking/final-rules/policy-statement-compliance-aids/>, that explains the Bureau's approach to Compliance Aids.

QUESTION 1: Can a financial institution (FI) or a depository institution (DI) change account terms for consumer checking, savings, or prepaid accounts due to the pandemic?

ANSWER (UPDATED 5/13/20):

FIs and DIs may change account terms so long as they provide appropriate notice to consumers; changes favorable to the consumer can be implemented immediately without advance notice. Regulations E and DD provide a process under which FIs and DIs may change account terms that are required to be disclosed to consumers, such as ATM fees or overdraft fees (where applicable).¹ For some types of changes, Regulation E requires an FI to provide the consumer with at least 21 days' notice before implementing the change, and Regulation DD requires a DI to provide the consumer with at least 30 days' notice.² The notice

¹ Pursuant to section 272 of the Truth in Savings Act, the Bureau's Regulation DD, 12 CFR part 1030, does not apply to credit unions. Instead, TISA section 272 directs the NCUA to prescribe truth-in-savings regulations applicable to credit unions. And, 12 CFR part 707 is the NCUA's truth-in-savings regulation applicable to credit unions.

² [12 CFR 1005.8\(a\)\(1\)](#); [12 CFR 1030.5\(a\)\(1\)](#). Where both Regulation E and Regulation DD require a change-in-terms notice with respect to an account, an institution may comply with the change-in-terms timing requirement of Regulation E. See § 1030.3(c) and comment 1030.3(c)-1.i. Further, accounts subject to both Regulations E and DD may combine information required by these and other regulations. [12 CFR 1005.4\(b\)](#).

should clearly state the effective date of the change. As discussed more below, however, changes favorable to the consumer do not require advance notice and may provide immediate relief.

QUESTION 2: Can an FI or DI immediately change account terms for consumer checking, savings, or prepaid accounts to provide relief?

ANSWER (UPDATED 5/13/20):

Yes, FIs and DIs may immediately make changes to account terms that are favorable for the consumer. The Bureau reminds FIs and DIs that Regulations E and DD allow for the provision of immediate relief to consumers by changing account terms without advance notice where the change in terms is clearly favorable to the consumer. Under Regulation E, an FI need not provide advance notice of a change in account terms if it chooses to decrease a fee.³ For example, a credit union might choose to immediately reduce an ATM fee normally assessed on the account from \$2 to free. The Bureau would advise the credit union to clearly notify the consumer as soon as reasonably practicable. Regulation DD only requires advance notice of changes in account terms that “may reduce the annual percentage yield or adversely affect the consumer.”⁴ So, for example, a bank might choose to immediately reduce or eliminate an account’s monthly maintenance fee. As another example, in light of the Federal Reserve Board’s April 2020 interim final rule⁵ deleting the six-per-month transfer limit on savings accounts, an institution may eliminate transfer fees on savings accounts without providing advance notice. The Bureau cautions that if FIs or DIs later choose to once again raise or re-implement these fees after the COVID-19 pandemic abates, advance notice requirements would apply.

³ [12.CFR.1005.8\(a\)\(1\)\(i\)](#).

⁴ [12.CFR.1030.5\(a\)\(1\)](#).

⁵ 85 FR 23445, Apr. 28, 2020 (<https://www.govinfo.gov/content/pkg/FR-2020-04-28/pdf/2020-09044.pdf>).

QUESTION 3: Are there other means for checking, savings, or prepaid account providers to provide consumers with immediate relief?

ANSWER (UPDATED 5/13/20):

Yes, FIs and DIs may choose to assist consumers by other means, such as using discretion to waive fees and proactively engaging with consumers. The Bureau notes that many FIs and DIs already use discretion to waive or reduce fees on a case-by-case basis, without changing overall account terms. So long as this practice is consistent with other law, such waivers for occasional fees may help consumers who unexpectedly overdraw an account, or incur a non-sufficient funds charge, as their incomes and expenses suddenly change.⁶ While some banks and credit unions have informed the Bureau that they often waive certain fees when a consumer contacts the institution to express concern, banks and credit unions could consider implementing some waivers without solicitation, so as to avoid queues for those customers using the phone. Doing so may, for example, facilitate consumer access to economic impact payments.

FIs are also reminded of their obligations to honor stop payment requests from consumers relating to preauthorized transfers – payments that consumers may have set up for recurring bills or expenses such as monthly memberships.⁷ Many consumers facing loss of income and other financial difficulties may need to reprioritize their payments.

⁶ Pursuant to the Equal Credit Opportunity Act, institutions should ensure that they do not discriminate against an applicant on a prohibited basis regarding any aspect of a credit transaction.

⁷ 12 CFR 1005.2(k); 12 CFR 1005.10(c). See also CFPB's related advice to consumers found at <https://www.consumerfinance.gov/ask-cfpb/how-do-i-stop-automatic-payments-from-my-bank-account-en-2023/>.