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Press Releases

FDIC Announces Settlement with The Bancorp Bank, Wilmington, Del., for Unfair and Deceptive Practices

Harmed consumers to receive approximately \$1.3 million in restitution

FOR IMMEDIATE RELEASE
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The Federal Deposit Insurance Corporation (FDIC) announced a settlement with The Bancorp Bank, Wilmington, Del., for unfair and deceptive practices in violation of Section 5 of the Federal Trade Commission Act (Section 5).

As part of the settlement, the bank stipulated to the issuance of an Amended Consent Order, Order for Restitution, and Order to Pay Civil Money Penalty. Under the FDIC Orders, The Bancorp Bank will pay a civil money penalty of \$3 million and an estimated \$1.3 million in restitution to approximately 21,000 harmed customers.

The Bancorp Bank issues prepaid cards on behalf of numerous non-bank entities. The FDIC determined that the bank violated Section 5 in various ways with respect to these programs, such as:

- failing to provide promised protections to consumers in the resolution of account errors;
- failing to provide promised benefits for a debit card rewards program that the bank offered with a third-party services provider; and
- charging deceptive debit decline fees on a general purpose reloadable prepaid card.

As the issuing bank for these various programs, The Bancorp Bank was responsible for ensuring that these programs were operated in compliance with all applicable laws. The FDIC orders require The Bancorp Bank, among other things, to promptly implement practices to ensure that the intake, investigation, and resolution of error claims for all of its prepaid cardholders are properly executed. In addition, The Bancorp Bank, under a corrective action plan, is required to take remedial measures regarding certain prepaid cardholders who asserted or attempted to assert error claims and to provide restitution to cardholders harmed by certain error resolution practices.

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Attachment:

[Consent Order, Order for Restitution, and Order to Pay Civil Money Penalty \(Bancorp Bank\) \(pr15103a.pdf\)](#) - PDF (PDF Help ([/acrobat.html](#)))

Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. The FDIC insures deposits at the nation's banks and savings associations, 6,270 as of September 30, 2015. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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