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AUG 12 2015

CFPB Orders Citizens Bank to Pay \$18.5 Million for Failing to Credit Full Deposit Amounts



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CFPB, OCC, and FDIC Take Action Against Bank For Ignoring Deposit Discrepancies

WASHINGTON, D.C. – Today the Consumer Financial Protection Bureau (CFPB), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) took action against Citizens Bank for failing to credit consumers the full amounts of their deposited funds. The bank kept money from deposit discrepancies when receipts did not match actual money transferred. Today's CFPB consent order requires the bank to provide approximately \$11 million in refunds to consumers and pay a \$7.5 million penalty for the violations.

"Citizens Bank regularly denied customers the full credits of their deposits when there were discrepancies between deposit slips and the actual money transferred into the bank," said CFPB Director Richard Cordray. "The bank chose to ignore these discrepancies and harmed many consumers by pocketing the difference."

Today's CFPB action is against Citizens Bank, N.A., formerly known as RBS Citizens Bank, N.A.; Citizens Financial Group, Inc., formerly known as RBS Citizens Financial Group, Inc.; and Citizens Bank of Pennsylvania. The bank operates retail branches in about a dozen states and among its various products and services are deposit accounts. For the period at issue, the bank generally required its customers making a deposit to fill out a slip listing the checks or cash being deposited, and their total. The customer then turned the deposit slip over to the bank and got a receipt reflecting the amount on the deposit slip for the transaction. The bank scanned the deposit slip and deposit items at a central location.

The CFPB investigation found that from January 1, 2008 to November 30, 2013, Citizens Bank violated the Dodd-Frank Wall Street Reform and Consumer Protection Act's prohibition on unfair and deceptive practices by failing to properly credit consumers' checking and savings accounts. In cases where the bank's scanner misread either the deposit slip or the checks, or if the total on the deposit slip did not equal the total of the actual checks, Citizens Bank did not take action to fix the mistake if it fell below a certain dollar amount. Over the years, by ignoring the discrepancies the bank shorted consumers millions of dollars. Specifically, Citizens Bank:

- Failed to credit consumers the full amount of their deposits:** Citizens Bank frequently did not give consumers full credit for their deposits when the amount scanned on the deposit slip was less than the amount of the checks and cash deposited. The bank credited the consumer's account with what was read on the deposit slip, not the actual sum of money the consumer transferred into the bank. Citizens only investigated and fixed errors when they were above a certain threshold. From January 2008 to September 2012, the bank only looked into

Photos and bios



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discrepancies greater than \$50. From September 2012 to November 2013, the bank only looked into discrepancies greater than \$25.

- **Falsely claimed that it would verify deposits:** Citizens Bank told consumers that deposits were subject to verification, implying that the bank would take steps to ensure consumers were credited with the correct deposit amount. But the bank's practice was not to verify and correct deposit inaccuracies unless they were above the \$25 or \$50 threshold. Although some consumers benefited by this policy, others lost money that rightfully belonged to them. The CFPB concluded that many of those consumers were harmed by this unfair and deceptive practice.

Enforcement Action

Under the Dodd-Frank Act, the CFPB has the authority to take action against institutions engaging in unfair, deceptive, or abusive practices. Today's order requires Citizens Bank to:

- **Pay approximately \$11 million in redress to victims:** Citizens Bank must pay \$11 million to consumers who did not receive all the money that should have been deposited into their accounts. Citizens Bank must include any fees the consumer incurred related to the under-crediting, including but not limited to any overdraft fees, insufficient funds fees, and monthly maintenance fees. The bank must also include a reasonable estimate of interest on these amounts. Consumers are not required to take any action to receive their credit or check. If the consumers have an open account with the bank, they will receive a credit to their account. For closed accounts, Citizens Bank will send a check to the affected consumers.
- **End all violations of federal consumer financial law in connection with deposit discrepancies:** Citizens Bank is prohibited from engaging in violations of unfair, deceptive, and abusive acts or practices in connection with deposit transactions. Among other things, this means the bank must properly review its compliance management system to ensure no further violations relating to its processing of deposits, it must not misrepresent its processing practices, and it must incorporate corrective actions if the bank fails to process deposits consistent with federal consumer financial law. The bank has made a significant technology investment over the past year to address the issue.
- **Pay \$7.5 million civil penalty:** Citizens Bank will make a \$7.5 million penalty payment to the CFPB's Civil Penalty Fund.

The CFPB is taking this action in coordination with the FDIC and the OCC. The FDIC separately ordered Citizens Bank of Pennsylvania to pay restitution and a \$3 million civil penalty. The OCC separately ordered Citizens Bank, N.A., to pay restitution and a \$10 million civil penalty. In total, Citizens Bank must pay about \$11 million in consumer refunds and \$20.5 million in federal penalties for these coordinated actions. As part of these actions, the FDIC and OCC are ordering additional relief relating to business accounts.

A copy of the CFPB consent order is available at:

http://files.consumerfinance.gov/f/201408_cfpb_consent-order-rbs-citizens.pdf 

Information about the FDIC action can be found at:

<https://www.fdic.gov/news/news/press/2015/pr15066.html>

Information about the OCC action can be found at: <http://www.occ.gov/news-issuances/news-releases/2015/nr-occ-2015-113.html>

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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov.



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