

## Press Release

# FEDERAL RESERVE press release



*Release Date: December 6, 2016*

**For release at 3:00 p.m. EST**

The Federal Reserve Board on Tuesday issued a consent order to cease and desist and assessed a civil money penalty against Customers Bank of Phoenixville, Pennsylvania. The order addresses the participation of the bank and its agent, Higher One, Inc. of New Haven, Connecticut, in deceptive practices in violation of section 5 of the Federal Trade Commission Act (FTC Act).

Higher One provided institutions of higher education with financial aid disbursement services for students through, among other things, a deposit account and debit card product known as the "OneAccount." Because Higher One is not a bank, it had to partner with banks to offer OneAccounts. Customers has held OneAccounts since August 2013.

The deceptive practices employed by Higher One, under Customers Bank's oversight for approximately four months and for which the Board is assessing a \$960,000 penalty, included:

- The omission of material information about how students could get their financial aid disbursement without having to open a OneAccount with Higher One
- The omission of material information about the fees, features, and limitations of the OneAccount product prior to requiring students to make a selection regarding the method for financial aid disbursement
- The omission of material information about the locations of automated teller machine (ATMs) where students could access their financial aid disbursements without cost and the hours of availability of those ATMs
- The prominent display of the school logo, suggesting that the school endorsed the OneAccount product

Higher One took material corrective action to address these practices. In December 2015, the Board took an enforcement action against Higher One that required Higher One to refrain from future violations of the FTC Act and to provide restitution of approximately \$24 million in fees to more than 500,000 students who opened accounts with Higher One while Higher One's website and marketing materials were deceptive. Under the restitution plan ordered by the Board, students who opened a OneAccount with Higher One at a Federal Reserve-regulated institution, between May 4, 2012, the date the deceptive marketing practices involving the OneAccount began, through December 19, 2013, the date Higher One took corrective measures, are being reimbursed for the fees related to the deceptive practices. Payments to affected students have now been substantially completed.

For media inquiries, call 202-452-2955.

[Attachment \(81 KB PDF\)](#)

Board Votes