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OCC Assesses \$35 Million Penalty Against Citibank, N.A. and An Affiliate; Orders Restitution to Customers for Unfair Billing Practices and Deceptive Marketing

WASHINGTON — The Office of the Comptroller of the Currency (OCC) today assessed a \$35 million penalty against Citibank, N.A., Sioux Falls, South Dakota, and its affiliate, Department Stores National Bank, Sioux Falls, South Dakota (collectively, the bank), and ordered the bank to identify and make restitution to harmed customers.

The OCC found that the bank's billing and marketing practices violated Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45(a)(1), which prohibits unfair and deceptive acts or practices. The \$35 million civil money penalty reflects a number of factors, including the scope and duration of the violations and financial harm to customers from the unfair and deceptive practices. The penalty will be paid to the U.S. Treasury.

Customers eligible for restitution include those who were unfairly billed for identity theft protection products marketed and sold by the bank and its vendors; and subjected to the bank's deceptive marketing practices with regard to a debt cancellation product.

With regard to unfair billing practices, the restitution ordered by the OCC will benefit customers who enrolled in and paid for identity theft protection products between March 2000 and February 2013, but did not receive the full benefit of the products. The restitution will include the full amount paid for these products, plus any associated over-limit fees and finance charges.

With regard to the deceptive marketing practices, the restitution ordered by the OCC will benefit consumers who purchased a debt cancellation product between 2003 and August 2012. The marketing materials for this product indicated that the product would cancel the consumer's minimum monthly payment upon the occurrence of certain events when in fact, the product benefits were often insufficient to cover the minimum monthly payment for a significant number of customers who enrolled in the product and claimed benefits.

The OCC order also requires the bank to improve governance of third-party vendors associated with add-on consumer products, develop a risk management program for add-on consumer products marketed or sold by the bank or its vendors, develop a consumer compliance internal audit program for add-on consumer products, and conduct an add-on product review to, among other things, identify and remediate consumer harm and any program weaknesses.

The OCC is coordinating its action with the Consumer Financial Protection Bureau (CFPB), which issued a separate order today against the bank based, in part, on unfair billing for identity theft protection products and deceptive telemarketing and sales practices for debt protection products. The CFPB also ordered the bank to pay a \$35 million civil money penalty and ordered restitution to harmed consumers. Restitution payments made by the bank to these consumers pursuant to the OCC's order will also satisfy identical obligations to these customers required by the CFPB action.

Related Links

- [Consent Order \(PDF\)](#)
- [Consent Order for Civil Money Penalty \(PDF\)](#)

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