



NEW YORKERS FOR RESPONSIBLE LENDING

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New York Consumer Groups Urge House Members To Side with Working Families in Bruising Fight with Mega-Banks Over Overdraft Fee Limits

WASHINGTON, D.C. – On Tuesday, April 2, the full Republican-led House of Representatives is expected to vote on a controversial resolution ([H.J. Res 59](#)) to prevent the Consumer Financial Protection Bureau’s (CFPB) finalized overdraft fee rule from going into effect on October 1, 2025. If allowed to go into effect, the [CFPB’s overdraft fee rule](#) will reduce big bank overdraft fees from \$35 per transaction down to \$5, a move that will save the 23 million households in the United States that pay overdraft fees [\\$5 billion annually, or \\$225 per family](#).

Last week, the Senate [narrowly sided with the banking industry](#) in a 52-48 vote to overturn the overdraft fee rules, with one Republican Senator (Sen. Josh Hawley, R-MO) crossing over to vote with Democrats against the bill. This narrow defeat sets the stage for a high-profile vote in the House, where members must choose to either vote on the side of consumers or to side with the nation’s largest banks and credit unions.

“In the last election campaign, the rising cost of living and high prices were top issues on the minds of voters,” said Chuck Bell, Programs Director for Consumer Reports, and co-chair of the Consumer and Insurance Working Group for New Yorkers for Responsible Lending. “With this vote, the Congress has one of its best opportunities in a decade to eliminate excessive financial junk fees for banking services. We urge every member of the House to stand with consumers against unfair overdraft fee practices that are hurting New Yorkers who live paycheck to paycheck.”

As noted by the CFPB, large banks typically charge \$35 for an overdraft loan today, even though the majority of consumers’ debit card overdrafts are for less than \$26 and are repaid in three days, which translates into an annual percentage rate (APR) of over 16,000 percent. The [burden](#) of overdraft fees falls most heavily on low- and moderate-income customers who make under \$65,000 a year. Black consumers are 69 percent more likely and Hispanic customers are 60 percent more likely than white consumers to live in a household charged at least one overdraft or non-sufficient funds (NSF) fee in the past year.

“Given the disproportionate impact on working people and communities of color, this is an urgent financial fairness issue,” Bell said. “Steep overdraft fees have long been a cash cow for banks that have enabled them to rake in billions of dollars in extra profits at the expense of consumers least able to afford it. The CFPB’s overdraft fee rule will protect consumers by limiting these charges and ensuring they are reasonable and proportional to the actual costs banks face to cover overdrafts.”

The CFPB overdraft rule closes a paper-check era loophole that has promoted abusive practices and allowed the biggest banks to earn billions in profits on the backs of the nation’s most economically vulnerable families. The overdraft rule will help everyone, but especially families that are struggling with high prices and making ends meet. The rule only applies to the nation’s largest banks and credit unions with assets over \$10 billion.

While many large banks such as [Capitol One, Bank of America and Ally Bank](#) have moved to reduce or eliminate overdraft fees, large banks such as JP Morgan Chase and Wells Fargo still charge steep fees of \$35 for a single overdraft. The 10 largest banks raked in [over \\$2.3 billion in revenue](#) from overdraft fees in 2023. Last year, trade associations for banks [spent over \\$8 million lobbying](#) Congress and the Biden administration against fair limits on overdraft fees.

“Consumer and community organizations especially urge Rep. Andrew Garbarino, Rep. Nick LaLota, Rep. Nick Langworthy, Rep. Mike Lawler, Rep. Nicole Malliotakis, Rep. Elise Stefanik and Rep. Claudia Tenney to oppose efforts to gut the CFPB’s vital rule to limit predatory and excessive overdraft fees,” Bell said. “Based on what happened in the Senate, we know this is going to be an extremely close vote. We urge New York House members to protect economically struggling New Yorkers, instead of siding with the mega-banks to protect their price-gouging practices relating to bank overdraft fees.”

The CFPB overdraft fee rule would sharply reduce a major category of financial “junk fees,” and help hundreds of thousands of low- and moderate-income consumers to retain their bank accounts and remain within the mainstream financial system. Excessive overdraft fees can lead to account closures and negative information being reported to credit reporting agencies such as ChexSystems, which can keep a customer from being able to open an account at another bank.

In New York state, overdraft fees are a critically important pocketbook issue for many residents. The [United Way](#) estimates that 45% of New York households are “already one emergency away from financial ruin.” According to a “Household Survival Budget” developed by United Way, more than four in ten New York households can’t afford the basics of housing, food, health care, technology, child care, and transportation.

For this large number of people living paycheck to paycheck, a cascading series of \$35 overdraft fees can be the catalyst for missing rent payments and even facing eviction, or being unable to afford other urgent household expenses like groceries and medicine.

Seniors and other consumers on fixed incomes are especially burdened by multiple fees that can accrue from overdrafts. Edward from New York told Consumer Reports:

We use a local bank, and their fee is \$35.00 for an overdraft. Trouble is, they deduct that charge BEFORE their totals, causing even more overdraft fees. It's just crazy. and they will overdraft you for the overdraft fee. As an elderly couple this really weighs down because we are fixed income. and with food prices being what they are it is easy to overdraft :(.

Another consumer from New York City expressed concern that banks such as Well Fargo charge overdraft fees when they could have simply declined to pay the item when a bank account has insufficient funds. The consumer told the CFPB in an online [complaint](#):

I am writing to formally express my concern and frustration regarding the handling of recent charges to my account, which resulted in overdraft fees and a significant negative balance. Despite having insufficient funds, my account was allowed to go negative due to charges from XXXX that were not rejected. Instead, these charges were processed against my debit card, pushing my account into overdraft and incurring substantial fees.

I am currently experiencing financial hardship, making it extremely challenging to bring my account back to a positive balance. I expected XXXX XXXX systems to safeguard my account from going into the negative by rejecting charges when there are insufficient funds available. Allowing these transactions to go through not only led to fees but also put me in a difficult financial position that could have been avoided.

Many New York and national organizations have written to the NY House Financial Services Committee members in support of the CFPB overdraft fee rule. (See the New York coalition letters to [Rep. Lawler](#) and [Rep. Garbarino](#).)

New Yorkers for Responsible Lending is a statewide coalition of [160 consumer, senior, legal services and community organizations](#). In addition, almost 300 state and local organizations have also signed a [national coalition letter](#) circulated by the National Consumer Law Center in support of the overdraft fee rule.