

U.S. Sen. Baldwin, colleagues: Seek answers from Credit Card issuers on exorbitant late fees

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WASHINGTON, D.C. – U.S. Senator Tammy Baldwin and six of her colleagues called on ten of the largest credit card issuers to answer questions about their late fee practices following the Consumer Financial Protection Bureau’s (CFPB) proposed rule to limit exorbitant late fees and the banking lobby’s strong pushback against this proposed rule. The letters were sent to PNC, JPMorgan Chase, Capital One, Citigroup, Discover, Bank of America, American Express, Wells Fargo, US Bancorp, and USAA.

“The CFPB has found that American families lose an estimated \$12 billion a year to credit card late fees,” **wrote the lawmakers.** “Consumers, even those who may only be a few hours behind on a credit card payment, may be slapped with fees as high as \$41.”

In February of this year, the CFPB proposed a new rule that would require credit card issuers to justify late fees in excess of \$8. The rule would also terminate automatic annual inflation adjustments to late fees and cap late fees at 25% of the required minimum payment. Together, these actions could save American families up to \$9 billion a year. The proposed rule has also prompted strong pushback from the bank lobby, which has claimed that the CFPB’s efforts would harm consumers.

“While the banking industry has opposed the proposed rule and argued that saddling Americans with excessive late fees is essential for teaching them ‘responsible credit management’ or ‘timely repayment,’ consumers have filed thousands of complaints related to credit card late fees with the CFPB,” **wrote the lawmakers.**

The lawmakers are asking the CEOs of PNC, JPMorgan Chase, Capital One, Citigroup, Discover, Bank of America, American Express, Wells Fargo, US Bancorp, and USAA to provide information on their role in the ongoing effort to quash the CFPB's money-saving rule no later than May 23, 2023.

The letter was led by Senator Elizabeth Warren (D-MA) and also signed by Senators Sherrod Brown (D-OH), Chair of the Senate Banking, Housing, and Urban Affairs Committee, Jack Reed (D-RI), Richard Blumenthal (D-CT), Peter Welch (D-VT), and Bernie Sanders (I-VT).

Full text of the letter is available [here](#).

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