



June 6, 2007

Mr. Liam E. McGee  
President, Global Consumer and Small Business Banking  
Bank of America Corporate Center  
Mail Code: NC1-007-58-20  
100 N Tryon Street  
Charlotte, NC 28255-0001

By Fax and express delivery

Re: Bank of America's advertising campaign to tell consumers how to avoid bank fees is not enough

Dear Mr. McGee:

Bank of America announced this week that it plans an online campaign called "A Little Knowledge Is a Powerful Thing," to educate consumers about its fees and practices. The bank's release states in part: "Bank of America is also strengthening its programs and policies by simplifying the language in the literature it provides customers to ensure it is simple, straightforward and easy to understand." It goes on to say that brochures explaining deposit account fees, credit card fees, and check processing practices will be forthcoming.

Consumers Union and the Consumer Federation of America urge Bank of America to recognize that complicated practices generating high fees on consumers can't be repaired just by more disclosure. **Bank of America should simplify its fee structure, reduce fees and eliminate fee-triggering practices, not just simplify its disclosures.** Action is needed on bank fees, but more explanation to consumers about how to play the banking industry's "gotcha" game is not going to solve the problems consumers face from high bank fees. If Bank of America is serious about reducing bank fees paid by its customers, it should take real steps to reduce the amount of bank fees and when those fees apply.

Here are just a few of the things Bank of America could do about fees that would be far better for its customers than just a campaign explaining the many tricks and traps that can trigger a high bank fee.

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**Consumers Union**

West Coast Office  
1535 Mission Street  
San Francisco, CA 94103  
415.431.6747 tel  
415.431.0906 fax

**Reduce all consumer fees, including fees for checking, saving, and credit cards to no more than the bank's real cost.** Fees have skyrocketed at Bank of America and many other large banks in the past decade, and seem far out of proportion to any real cost that the bank might incur from a particular event. For example, Bank of America's posted fee schedules say that consumers will pay \$20 per check, up to \$100, the first day in any 12 month period that a check is bounced, and then \$35 for each additional bounced check, up to \$175 per day. By contrast, in 1997, the average large bank charged a one time fee of \$21.29 for a bounced check fee and \$20.04 for an overdraft on a checking account. *Annual Report to the Congress on Retail Fees and Services at Depository Institutions*, Board of Governors of the Federal Reserve System, June 1998, Table B.4.1.

**Leave fee generating features on an account turned off unless and until the consumer asks for them.** So-called "courtesy overdraft," which is an expensive loan program, is very expensive for consumers. The Consumer Federation of America has documented high fees charged when most large banks, including Bank of America, permit customers to overdraw their bank accounts without affirmative consent or warning that the transaction will overdraw the account. *Overdrawn: Consumers Face Hidden Overdraft Charges from Nation's Largest Banks*, Consumer Federation of America, June 2005. A 2007 study by the Center for Responsible Lending estimates that these fees amount to \$10.3 billion a year charged to U.S. consumers. *Debit Card Danger: Banks Offer Little Warning and Few Choices as Customers Pay a High Price for Debit Card Overdrafts*, Center for Responsible Lending, Jan. 25, 2007, p. 5, citing a 2005 study by the Center. The problem is made worse by permitting overdrafts using a debit card without giving the consumer notice at the time that there will be an overdraft and the opportunity to cancel the debit card purchase or ATM withdrawal. Bank of America could end its contribution to this serious consumer problem by leaving the expensive overdraft loan feature off of accounts unless the consumer wants it and affirmatively asks for it.

**Eliminate or reduce "nuisance" and "penalty" fees in all areas of consumer banking, including credit cards.** Bank of America could improve its customers' experiences with bank fees significantly by promising not to engage in practices such as charging a credit card late fee when the payment was sent before the due date, or an over limit fee when the credit charge was approved by the bank. Reducing or eliminating many types of nuisance and penalty fees would simplify the pricing structure, make it easier for consumers to learn the real price of a credit card or account before opening it, facilitate price comparison and help to avoid expensive surprises.

**Reduce check processing "gotcha" practices that can trigger fees.** Consumers Union has received a number of reports from Bank of America customers, as well as from customers of other banks, that consumers have been charged bounced check fees because of long check holds. The following common sense policies would go a long way to reducing those bounced check or overdraft fees which consumers pay solely because of delays in the availability of check deposits:

- Count Saturdays toward the check hold time;

- Adopt a bank policy to apply regular hold times and not the allowable extra-long check hold times to checks of \$10,000 or less;
- Don't charge a fee for checks that bounce or are covered by an overdraft policy only because of the bank decides to process the biggest checks first; and
- Don't charge a bounce or overdraft fee for checks that would have been good if not for a check hold on a prior deposit.

Bank of America's announcement of an online campaign about bank fees suggests that the bank understands how important these fees are to consumers. Bank of America could address the problem of runaway bank fees by cutting the fees and ending the practices that put consumers into the bank fee trap in the first place.

Very truly yours,

Gail Hillebrand  
Senior Attorney  
Consumers Union of U.S., Inc.  
West Coast Office  
1535 Mission St.  
San Francisco, CA 94103  
(415) 431-6747

Jean Ann Fox  
Director of Consumer Protection  
Consumer Federation of America  
1620 I Street, NW - Suite 200  
Washington, DC 20006  
(202) 387-6121