

KATIE PORTER
45TH DISTRICT, CALIFORNIA

FINANCIAL SERVICES COMMITTEE
SUBCOMMITTEE ON
INVESTOR PROTECTION, ENTREPRENEURSHIP, AND
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CONSUMER PROTECTION AND FINANCIAL SERVICES

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November 21st, 2019

Charles Scharf
Chief Executive Officer
Wells Fargo & Company
420 Montgomery Street
San Francisco, CA 94104

Dear Mr. Scharf:

Over a period of five years, from 2013 until 2018, Wells Fargo & Company (the Bank) deceptively collected an estimated hundreds of millions of dollars in service fees on its most popular checking account products: Everyday Checking and Opportunity Checking.¹ While Wells Fargo has explained in Securities and Exchange Commission (SEC) filings that serious problems existed and that consumers were charged incorrectly, it has so far declined to say publicly how it intends to fix the problem.²

Wells Fargo charges customers ten dollars per month to maintain either an Everyday Checking or an Opportunity Checking account but waives that fee if the customer conducts at least ten transactions in a month. ATM withdrawals are not credited toward that ten-transaction threshold, but for years and despite the Bank's knowledge of widespread confusion among its customers, those customers were not informed of the exclusion of these transactions in the Bank's calculations.³ As indicated by contemporaneous advice columns and articles published online in outlets like the Huffington Post⁴ and the Charlotte Observer,⁵ even experts offering financial tips were not aware of the ATM withdrawal exception to Wells Fargo's policy.

¹ Patrick Rucker, "Wells Fargo: Millions of Customers Might be Due Refund for Faulty Checking Charges," *Capitol Forum*, Vol. 7 No. 313 (August 2019) at: <https://thecapitolforum.com/wp-content/uploads/2019/09/Wells-Fargo-2019.08.28.pdf>

² Wells Fargo & Company Quarterly Report for the quarterly period ended March 31, 2019, Form 10-Q, United States Securities and Exchange Commission at: <https://www.sec.gov/Archives/edgar/data/72971/000007297119000254/wfc-03312019x10q.htm>

³ Rucker, *supra* note 1.

⁴ "With Wells, if you use your debit card 10 or more times in a month, the bank will waive your monthly maintenance fee. Check with your bank to see if they offer this." MyBankTracker, "10 Smart Ways to Avoid Checking Account Fees for Good," *Huffington Post* (Jan. 2015) at: https://www.huffpost.com/entry/10-smart-ways-to-avoid-ch_b_6219730

⁵ "As it raises the fee, Wells Fargo also says it is giving Value Checking customers additional ways to have the fee waived. For example, the fee will now be waived if a customer makes 10 purchases or 10 payments a month with a Wells Fargo debit card." Deon Roberts, "Wells Fargo raises fees on 'Value Checking' account," *Charlotte Observer* (Feb. 2015) at: <https://www.charlotteobserver.com/news/business/banking/bank-watch-blog/article10638398.html>

As Wells Fargo expressed in a prepared response, refunding these charges is “the right thing to do for our customers, and supports our work to build customer relationships that last a lifetime.”⁶ Returning funds the Bank collected in violation of its own stated policies tops the list of available opportunities to do the right thing, particularly given the Bank’s belief that this matter is serious enough to disclose to investors in its Quarterly Report. According to that Report: “The Company is reviewing certain past disclosures to customers regarding the minimum qualifying debit card usage required to waive monthly service fees on certain consumer deposit accounts. Based on the possibility of confusion by some customers regarding the types of transactions that counted toward the waiver, we expect to refund certain monthly service and related fees to affected customers.”

Please make good on your promises and continue to develop your reputation as a principled leader. To that end, I would appreciate your response to the questions that follow:

1. Has the Bank begun the process of refunding those fees and if so, how much has been returned to Wells Fargo customers to date?
2. How does the Wells Fargo intend to identify the individuals who were charged in error? Please also describe the process by which those individuals will be proactively contacted and made whole.
3. What is the Bank’s anticipated timeline for completing these refunds, and how will you hold yourself accountable should you fail to meet those self-imposed deadlines?
4. Will the refunded fees be credited back to their accounts immediately and without any action necessary by the individuals to whom Wells Fargo is indebted? Please note my strongly-held belief as a consumer protection attorney that it would be entirely inappropriate to require that these consumers, who did nothing to incur these deceptively-assessed fees, take any action to now be made whole again.

Mr. Scharf, I am hopeful that under your new leadership, the Bank will undergo the reputational transformation that you state is your number one priority. Refunding these and any additional funds that the Bank at any point improperly collected is a necessary step in regaining public trust. Before Wells Fargo can in good faith begin any new initiatives or public relations campaigns related to its image restoration, it must take concrete action to address and resolve its many past mistakes.

⁶ Rucker, *supra* note 1.

I request a response no later than December 1st and that these customers be repaid in advance of the impending holiday season, when many will be particularly in need.

Very Truly Yours,

A handwritten signature in blue ink that reads "Katie Porter". The signature is written in a cursive, flowing style.

Congresswoman Katie Porter