

Attorney General Xavier Becerra Urges Congress To Preserve Consumer Protections for Prepaid Card Users

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SACRAMENTO – Today, Attorney General Xavier Becerra, along with 17 fellow attorneys general, sent a letter urging Congress to preserve important protections for the millions of consumers who use prepaid cards. Congress is currently considering measures that would block implementation of a Final Rule announced by the Consumer Financial Protection Bureau (CFPB) to make the fees associated with prepaid cards more transparent, protect users against fraud and unauthorized charges, and limit the abusive use of overdraft fees.

“Hardworking families use prepaid cards to collect their wages and buy groceries,” said Attorney General Becerra. “These cards come with high and poorly disclosed fees and other predatory terms. The Consumer Financial Protection Bureau finalized important, common sense protections for prepaid card users similar to protections that already exist for debit and credit cards. These protections are critical to ensuring that prepaid card users are not taken advantage of by the financial institutions and companies that offer their services. Congress and the Trump administration should allow the rules to take effect in order to safeguard the growing number of card users whose consumer protections are at stake.”

The letter explains that the CFPB’s Final Rule, scheduled to go into effect April 1, 2018, provides protections that consumers have come to expect with similar financial products. Among its key provisions, the Final Rule will:

- Protect prepaid card users against fraud and unauthorized charges;
- Help consumers avoid hidden fees and comparison shop with “Know Before You Owe” standardized fee disclosures;
- Provide convenient, free access to account transactions and balances;
- Require prepaid credit cards (so-called “hybrid” cards) to comply with existing credit card laws; and
- Include safeguards on how hybrid cards are repaid.

Attorney General Xavier Becerra was joined in sending the letter to Congress by the Attorneys General of the District of Columbia, Hawaii, Illinois, Iowa, Maine, Maryland, Massachusetts, Minnesota, Mississippi, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia and Washington State.

A copy of the letter is attached to the electronic version of this release at oag.ca.gov/news.

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Attachment

Size

 [Ltr to Congress re CFPB Prepaid Card Rule Final.pdf](#)

372.84 KB