

# Know Before You Owe: We are designing new overdraft disclosure forms

By [Gregory Evans](#) and [Gary Stein](#) - AUG 04, 2017

We're introducing four potential designs of an overdraft opt-in model form. We designed these forms to make it easier for people to understand what it means when they opt in for debit card and ATM overdraft on checking accounts. We're giving you an opportunity to see the progress we've made and tell us what you think.

## About overdrafts

An overdraft happens when you don't have enough money in your checking account to cover a purchase or payment and your bank or credit union pays it anyway. When this happens, your financial institution may charge you an overdraft fee.

Before your bank or credit union can charge you an overdraft fee for most debit card purchases or ATM withdrawals, it must get your consent by having you "opt in" to pay these fees.

You can choose whether to have overdraft services on your account for most everyday transactions that involve a debit card or at an ATM. Some people want this service to reduce the risk of a declined transaction. Other people don't want the bank or credit union to pay with money that they don't have and will have to pay back, plus a fee.

Your account does not automatically come opted in for overdraft on debit card purchases or ATM withdrawals, and you don't have to accept or opt in to these services. If you don't want debit card and ATM overdraft services and those accompanying fees, you don't have to sign up. If you already have opted in for these account overdraft services, you can choose to opt out. If you don't opt in and don't have the money in your account to complete a purchase on your debit card, it could be declined. The opt-in decision only applies to debit card purchases and ATM withdrawals; it doesn't affect overdrafts made by check or most online bill payments.

Your bank or credit union can ask you to decide whether you want to be able to overdraft your account by debit card and ATM and to pay a fee for overdrafting by giving you a notice. The notice explains the service and its costs. Here's an example of [the form that banks and credit unions use today](#).

## New form designs

The CFPB is testing updates and improvements to this model form to make it easier to use and understand. The new form will have better organization and design.

To help us design these prototypes of the new form, we interviewed more than 80 people across the country. From these conversations, we came up with four versions of the form, which we'll continue testing and developing. [Take a look for yourself and tell us what you think](#).

We want it to be easy for everyone to get a clear understanding of the costs and benefits of debit card and ATM overdraft before deciding whether or not to opt in. We especially want you to understand the kinds of transactions affected by your decision and when you might incur fees, which can help each person to make the decision that's best for them. We also want to give banks and credit unions a well-organized model to display their debit and ATM overdraft programs and prices.

## Tell us what you think

Do these form designs do a better job of giving you the information you need before making your decision about overdraft service? We're eager to get feedback from anyone interested in overdraft disclosures. While you're looking at the forms, some questions you may want to think about are:

- Do you understand the fees for each option and what transactions might cause an overdraft fee?
- How do you think the updated forms compare to the current form? Do you think they are easier to use and understand?
- Which of the layouts do you prefer?

To share your feedback, [send us an email](#). Please note that any submissions you make will not be confidential. Please do not include any sensitive personal information, such as account numbers or Social Security numbers.

## Privacy Act Statement

### 5 U.S.C. 552(a)(e)(3)

The comments you provide through your response will assist the Consumer Financial Protection Bureau ("CFPB") regarding model disclosure prototypes for overdraft.

The CFPB will obtain or access personally identifiable information such as your name and email address. Your name and email address may also be used to contact you about future related updates related to overdraft model prototypes.

Information collected by the CFPB will be treated in accordance with the System of Records Notice ("SORN"), [CFPB.022](#). This information will not be disclosed as outlined in the Routine Uses for the SORN. Direct identifying information will only be used by the CFPB to facilitate updates related to overdraft prototypes, and will be kept private except as required by law.

This collection of information is authorized by Pub. L. No. 111-203, Title X, Sections 1013 and 1022, codified at 12 U.S.C. §§ 5493 and 5512.

Providing comments is voluntary; you are not required to participate or share any identifying information.

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