

Banking and Finance Law Daily Wrap Up, BANKING OPERATIONS **—Capital One 360 Savings class action settlement denied final approval, (Nov. 10, 2025)**

Banking and Finance Law Daily Wrap Up

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By Shashi Kant, BALLB, LLM.

The court found the proposed \$425 million settlement inadequate, citing limited relief for consumers and strong opposition from multiple state attorneys general.

The U.S. District Court for the Eastern District of Virginia [denied](#) a [motion](#) by plaintiffs seeking final approval of a proposed \$425 million class action [settlement agreement](#), ruling that the agreement did not meet the requirements of Federal Rule of Civil Procedure 23(e) for fairness, reasonableness, and adequacy. Judge David J. Novak issued the order after concluding that the settlement provided insufficient relief to class members. The litigation involves allegations that Capital One, N.A. and Capital One Financial Corporation failed to increase interest rates on their “360 Savings” accounts to match the higher rates offered on the bank’s later “360 Performance Savings” product (*In re: Capital One 360 Savings Account Interest Rate Litigation*, MDL No. 1:24-md-3111 (E.D. Va. Nov. 6, 2025)).

The plaintiffs alleged that Capital One’s conduct breached contractual obligations and the implied covenant of good faith and fair dealing, and that it violated consumer-protection statutes in several states. The claims stemmed from Capital One’s 2019 decision to stop offering its 360 Savings account to new customers while introducing the 360 Performance Savings account, which offered higher interest rates. Under the proposed settlement, Capital One would pay \$300 million into a settlement fund and an additional \$125 million in “additional interest” to current 360 Savings accountholders. The bank also agreed to maintain, for a specified period, an interest rate on the 360 Savings account at least twice the FDIC’s national average until the additional interest payments were completed. Plaintiffs moved for final approval of the settlement on September 11, 2025, seeking certification of the settlement class and approval of attorneys’ fees, expenses, and service awards.

Court’s order denying final approval. In the Nov. 6, 2025, order, Judge Novak determined that, although the settlement was reached through proper procedure, it was not substantively reasonable or adequate under Rule 23(e). The court found that the plaintiffs’ claims were sufficiently strong to warrant greater relief than that provided by the proposed settlement, which represented less than 10 percent of alleged damages and did not provide adequate recovery for class members. The court also gave significant weight to the coordinated opposition filed by 18 state attorneys general, noting that the coalition represented a substantial portion of affected consumers. In addition, the court concluded that the settlement did not include adequate forward-looking relief for the four to five million 360 Savings account holders who would continue earning below-market interest rates after the settlement funds were exhausted. The order stated that these account holders would receive approximately 0.8 percent interest for about 16 months, after which Capital One could revert to any rate, including as low as 0.3 percent. Judge Novak concluded that the settlement did not meet the adequacy and equitable-treatment requirements of Rule 23(e)(2) and therefore denied final approval.

Related proceedings and filings. In May 2025, New York Attorney General Letitia James filed *The People of the State of New York v. Capital One*, (N.A., No. 1:25-cv-04037 (S.D.N.Y. May 14, 2025)), alleging that Capital One misled consumers about the 360 Savings account and its interest rates, in violation of New York Executive Law § 63(12), the Consumer Financial Protection Act, and the Truth in Savings Act ([Banking and Finance Law Daily](#), May 15, 2025). On May 19, 2025, the parties to the multidistrict litigation filed a Joint Notice of Class Action Settlement stating that Capital One would pay \$425 million to resolve the consolidated claims in *In re: Capital One 360 Savings Account Interest Rate Litigation*, MDL No. 1:24-md-3111 (E.D. Va.) ([Banking and](#)

[Finance Law Daily](#), May 19, 2025). On Sept. 23, 2025, a bipartisan group of 18 state attorneys general, led by New York, submitted an amicus brief opposing final approval of the proposed settlement in the same matter. The coalition, representing Arizona, California, Colorado, Connecticut, Hawaii, Illinois, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, Ohio, Oregon, Rhode Island, and Washington, argued that the agreement failed to provide adequate compensation or forward-looking protection for consumers and allowed Capital One to continue its two-tier savings-rate system ([Banking and Finance Law Daily](#), Sept. 25, 2025)).

Case management and special master orders. In a separate order issued the same day, the court [scheduled](#) a status hearing for Nov. 21, 2025, and [directed](#) Capital One to inform the court by November 13 whether it would accept an “opt-out conversion plan” and a single fund structure proposed during the hearing. If Capital One agreed, the court instructed the parties and the Special Master to submit a revised settlement schedule. If Capital One declined, the case would proceed to trial, with jury selection set for July 2, 2026, and opening statements on July 6, 2026. The same day, the court also issued notice that it was considering appointing Craig P. Seebald of Vinson & Elkins LLP as special master to oversee discovery and mediation in the related enforcement action, *People of the State of New York v. Capital One, N.A.*, No. 1:25-cv-1403 (E.D. Va.).

As of the Nov. 6, 2025, orders, the proposed class action settlement has not been approved. The court directed the parties to confer on potential revisions consistent with Rule 23(e) standards or prepare for trial in July 2026. No final judgment on the merits has been entered, and proceedings continue under the court’s scheduling and oversight orders.

The case is No. 1:24md3111 (DJN).

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Companies: Capital One Financial Corp.; Capital One, N.A.

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