

Hudson Cook Enforcement Alert: CFPB Fines National Bank and Bank Holding Company for Alleged Violations of the CFPA, TISA, and Regulation DD in Connection with High Interest Deposit Products

January 21, 2025 | [Michael A. Goodman](#) and [Taylor A. Krowitz](#)

HIGHLIGHTS:

- The Consumer Financial Protection Bureau ("CFPB") filed a complaint against a national bank and its parent holding company (collectively, the "Bank"), for alleged violations of the Consumer Financial Protection Act (CFPA), the Truth in Savings Act (TISA), and its implementing Regulation DD, citing deceptive and abusive acts and practices.
- The complaint alleges the Bank avoided paying customers billions of dollars in interest by concealing a high interest rate savings product from customers who were already enrolled in an identical high interest rate deposit product, except for the substantially lower interest rates.
- The complaint seeks a permanent injunction against the Bank prohibiting it from violating the CFPA, TISA, and Regulation DD, as well as money for consumer redress and civil money penalties.

CASE SUMMARY:

On January 14, 2025, the CFPB filed a lawsuit against the Bank, alleging violations of the CFPA, TISA, and its implementing Regulation DD. The lawsuit alleges that the Bank deceived customers who were enrolled in the Bank's high interest savings deposit product. According to the allegations in the complaint, the Bank created a new high interest deposit product that was identical to the original product, but offered a substantially higher interest rate. Rather than offer the new product to its existing customers, the Bank allegedly took actions to conceal the new product and avoided marketing the product to those customers, including by preventing employees from discussing the new product with existing customers.

The complaint also alleges that the Bank deceived customers by marketing the original product as the only high interest deposit product offered by the Bank and one of the nation's best high interest deposit products, despite freezing the interest rate of the

original product while simultaneously raising the interest rate of the new product.

The CFPB claimed in its press release announcing the lawsuit that the Bank allegedly abused customers, in violation of the CFPA, by "taking unreasonable advantage of . . . account holders' lack of understanding of the material risks and costs of the [high interest] product." These purported risks include the risk that the Bank could offer other high interest deposit products after the customer enrolled, the risk that customers did not know about the opportunity cost of not enrolling in the new high interest deposit product, and the risk that the Bank could fail to deliver on the promises it made in marketing materials.

The complaint estimates that the Bank's alleged violations of the CFPA, TISA, and Regulation DD cost consumers over \$2 billion dollars in interest earnings since 2019. The complaint seeks a permanent injunction against the Bank from violating the CFPA, TISA, and Regulation DD, and monetary relief, including restitution, compensation for unjust enrichment and damages, and civil money penalties.

RESOURCES:

You can review all of the relevant court filings and press releases at the [CFPB's Enforcement Page](#).

- [Complaint](#)
- [CFPB Press Release](#)

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