

Dear Senators and Members of Congress:

We, the undersigned 90 national, state, and local organizations, strongly oppose any attempts by lawmakers to overturn the Consumer Financial Protection Bureau's (CFPB) finalized rule on credit card late fees.

Simply put, opposing this Biden Administration reform will result in higher credit card fees for working families. This rule is a critical step toward protecting Americans from excessive and unjustified financial burdens imposed by credit card companies.

The CFPB's March 2024 rule sets reasonable limits on credit card late fees, ensuring that consumers are not unfairly penalized for minor delays in payment. By capping late fees at no more than \$8, and eliminating automatic further fee increases tied to inflation, the rule addresses the predatory practices that have allowed credit card companies to take billions of dollars from hard-working Americans through back-end fees.

The Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act) states that credit card late fees should be “reasonable and proportional” to the costs incurred by issuers to handle late payments. But over time fees have been raised by the card issuers enormously. This practice has been protected by an expansive immunity provision created by Regulation Z, which unfairly keeps fees higher than were intended by the CARD Act.

It is outrageous that in 2019 alone, of the \$23.6 billion fees charged by credit card issuers, a staggering \$14 billion of those were late fees, disproportionately affecting low- and moderate-income consumers and people of color. These fees, which average \$30 for the first instance and can be as high as \$41 for subsequent offenses, far exceed the actual costs incurred by credit card companies for processing late payments. The CFPB estimates that the income generated by the largest issuers from late fees is approximately five times greater than the collection costs that the companies incur for late payments. These fees serve as nothing more than a back-end profit center, distorting fair competition and exacerbating financial inequality.

The CFPB's rule will save consumers and working families an estimated \$9 billion annually, providing much-needed relief to those who are impacted by these penalties and are already struggling to make ends meet.

The prevalence of credit card late fees is not merely an issue of financial inconvenience but one that exacerbates existing inequalities in our society. Research by the CFPB has consistently shown that low-income individuals and people of color bear the brunt of these fees, with those making less than \$32,000 annually paying twice as much in late fees as those making \$150,000.

This stark disparity underscores the urgent need for regulations like the one proposed by the CFPB to protect vulnerable communities from further economic exploitation.

We urge members of Congress to unequivocally support the CFPB's rule on credit card late fees and to oppose any efforts to weaken or overturn it. Together, we can send a powerful message to financial institutions that predatory practices will not be tolerated and that the economic well-being of all American consumers must be safeguarded.

Thank you for your attention to this matter. We look forward to your support in this important fight for economic justice.

Sincerely,

Accountable.US

AK PIRG

Alliance 85

American Economic Liberties Project

Americans for Financial Reform

Arkansas Community Organizations

Autistic Self Advocacy Network (ASAN)

Blue Future

CAMEO

CASA of Oregon

Center for Economic Integrity

Center for Economic Justice

Citizen Action - Illinois

Coastal Enterprises, Inc.

Communities First Initiative

Community Service Society of New York

Consumer Action

Consumer Federation of America

Consumer Reports

Consumers for Auto Reliability and Safety

Cypress Hills Local Development Corp.

Delaware Community Reinvestment Action Council, Inc.

Demand Progress

Economic Empowerment Center DBA Lending Link

ELA

Equal Rights Advocates

Faith in Action National Network

Fifth Avenue Committee

Georgia Advancing Communities Together, Inc.  
Georgia Watch  
HEAL (Health, Environment, Agriculture, Labor) Food Alliance  
Health Care for America Now (HCAN)  
Hip Hop Caucus  
Indiana Community Action Poverty Institute  
Indivisible  
Iowa Citizens for Community Improvement  
Jewish Women International  
JustUS Coordinating Council  
Kentucky Equal Justice Center  
Legal Aid Center of Southern Nevada  
Legal Aid Justice Center  
Legal Services of New Jersey  
Maui Economic Opportunity, Inc.  
Mission Asset Fund  
Mountain State Justice, Inc.  
NAACP South Carolina State Conference  
National Association for Latino Community Asset Builders  
National Association of Consumer Advocates  
National Consumer Law Center  
National Disability Rights Network (NDRN)  
National Employment Law Project  
National Fair Housing Alliance  
NETWORK Lobby for Catholic Social Justice  
Nevada Coalition of Legal Service Providers  
New Economy Project  
New Yorkers for Responsible Lending  
North Carolina Council of Churches  
Omni Center for Peace Justice Ecology  
Oregon Consumer Justice  
Philadelphia Unemployment Project  
Progressive Change Campaign Committee (PCCC)  
Progressive Leadership Alliance of Nevada  
Prosperity Works  
Public Citizen  
Public Counsel  
Public Good Law Center  
Public Justice Center  
RAISE Texas

Revolving Door Project  
Rise Economy  
Rural Housing Opportunities Corp.  
SC Christian Action Council  
South Carolina Appleseed Legal Justice Center  
South Carolina Association for Community Economic Development  
Texas Appleseed  
The Greenlining Institute  
The National Coalition for Asian Pacific American Community Development (National CAPACD)  
The One Less Foundation  
TURN - The Utility Reform Network  
U.S. PIRG  
Virginia Citizens Consumer Council  
Virginia Organizing  
VOICE - Oklahoma  
WESPAC Foundation, Inc.  
West Virginia Center on Budget and Policy  
William E. Morris Institute for Justice  
Woodstock Institute  
Young Invincibles  
20/20 Vision