

## Press Releases

---

May 1, 2008

### OTS 08-014 - OTS Advances Proposal on Unfair and Deceptive Practices

#### Office of Thrift Supervision

FOR RELEASE at 2:00 P.M. EDT

For further information

Thursday, May 1, 2008

Contact: William Ruberry

OTS 08-014

202/906-6677

---

### OTS Advances Proposal on Unfair and Deceptive Practices

**Washington, D.C.** -- The Office of Thrift Supervision (OTS) today approved a proposal to prohibit savings associations from engaging in unfair or deceptive acts or practices regarding credit cards and overdraft services that violate the Federal Trade Commission Act.

The OTS began the current public discussion about unfair and deceptive practices by issuing an Advance Notice of Proposed Rulemaking on August 6, 2007. In that notice, the OTS sought public comment on a broad array of issues and practices, including practices related to the marketing, originating and servicing of credit cards. Many of the resulting comments urged a uniform approach across the federally regulated financial services industry.

To address those comments, the OTS, Federal Reserve Board (FRB) and National Credit Union Administration (NCUA) have joined to each issue an identical proposed rule. The OTS rule will apply to savings associations, the FRB rule will apply to banks and the NCUA rule will apply to federal credit unions. The agencies have also consulted with the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation and the Federal Trade Commission.

Today's proposal addresses practices that have raised concern about fairness and transparency. For credit cards, the proposed rule would address: (1) unfair time periods for making payments; (2) unfair payment allocations; (3) unfair interest rate increases on outstanding balances; (4) unfair fees from credit holds; (5) unfair methods of computing balances; (6) unfair security deposits and fees charged to an account for the issuance of credit; and (7) deceptive offers of credit. For overdraft protection services on deposit accounts, the proposed rule would address: (1) a consumer's ability to opt out of overdraft services; and (2) unfair fees for debit holds.

The FRB and the NCUA are expected to approve the proposal shortly. Once all three agencies have approved, each will post the proposal to its website. Upon publication in the Federal Register, the notice will be open for public comment for 75 days. The agencies expect to finalize the rule by the end of the year. A summary is attached.

Attachment - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2008-14a.pdf>

Full Proposed Rule - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2008-14b.pdf>

###

The Office of Thrift Supervision, an office of the Department of the Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of, and compliance with consumer protection laws by, thrift institutions, and to support their role as home mortgage lenders and providers of other community credit and financial services. OTS also oversees the activities and operations of thrift holding companies that own or control thrift institutions. Copies of OTS news releases and other documents are available at the OTS web page at [www.ots.treas.gov](http://www.ots.treas.gov).