

# United States Senate

WASHINGTON, DC 20510

March 16, 2018

Leandra English  
Acting Director, Consumer Financial Protection Bureau  
1700 G Street, NW  
Washington, DC 20552

Mick Mulvaney  
Director, Office of Management and Budget  
725 17th Street, NW  
Washington, DC 20503

Dear Ms. English and Mr. Mulvaney:

Last month Citigroup reported that it failed to comply with the Credit Card Accountability and Responsibility and Disclosure (CARD) Act of 2009 and properly reduce interest charges on more than 1.75 million credit card accounts since 2011.<sup>[i]</sup> Citigroup says it will refund \$335 million in overcharges to customers later this year. Citigroup discovered that it incorrectly adjusted interest rates for cardholders who resumed timely payments after having had to pay penalty rates for lapses, as required by the law. The refund, which will average \$190 per account, is substantial.

When Congress passed – and President Obama signed – the CARD Act, it sought to improve treatment of borrowers in credit card markets. The law mandated new disclosures and underwriting standards, eliminated and reduced fees, and restricted interest rate increases on existing balances. Thanks to the CARD Act, borrowers paid on average two percentage points less for credit between 2008 and 2012. Expensive late fees that have harmed borrowers were reduced by \$1.5 billion. The Consumer Financial Protection Bureau’s (CFPB) December 2017 report found that costs to cardholders remained stable as has credit availability.<sup>[ii]</sup>

In its recently published strategic report, the CFPB stated it would “fulfill the Bureau’s statutory responsibilities but go no further.”<sup>[iii]</sup> As the CFPB is responsible for the enforcement of the CARD Act, we would like to know whether the CFPB will be taking additional actions to ensure borrowers will not be harmed by similar practices at Citigroup or other credit card providers. In this case, Citigroup admitted fault and that it violated the law by miscalculating the interest charges.<sup>[iv]</sup>

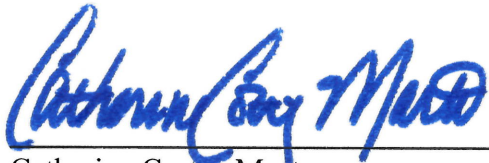
We would appreciate responses to the following by April 6, 2018.

1. How does the CFPB plan to investigate Citigroup’s self-assessment and response to consumers? Will the CFPB investigate compliance failures at Citigroup that allowed this practice to continue for five years? Will the Bureau seek additional penalties? Does the Bureau plan to make this a supervisory priority at other credit card banks?

2. Were overcharges concentrated among customers who paid online or who received a paper statement? Is the CFPB evaluating whether those who pay online receive adequate disclosures?
3. What fines were assessed against firms for violations of the CARD Act in the past five years? Does the Bureau plan on continuing to use its authority to enforce against unfair, deceptive, and abusive acts and practices in credit card markets?

We look forward to your response.

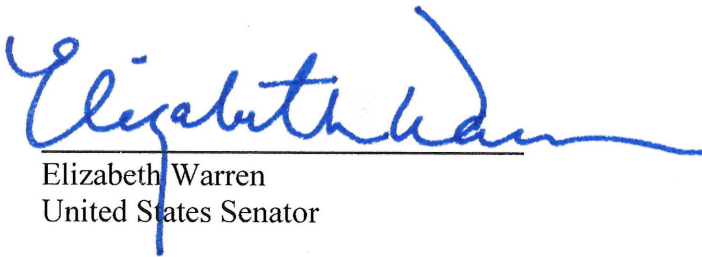
Sincerely,



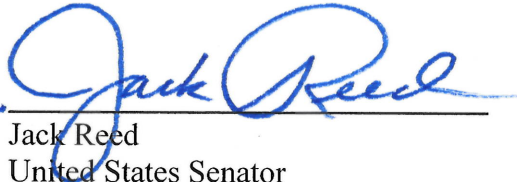
Catherine Cortez Masto  
United States Senator



Sherrod Brown  
United States Senator



Elizabeth Warren  
United States Senator



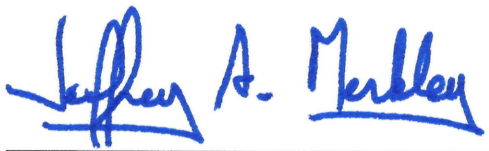
Jack Reed  
United States Senator



Kirsten Gillibrand  
United States Senator



Richard Blumenthal  
United States Senator



Jeffrey A. Merkley  
United States Senator

---

<sup>[1]</sup> CNBC. "Citigroup to refund \$335 million in credit card interest charges." February, 23, 2018. Available at: [https://www.cnbc.com/2018/02/23/citigroup-to-refund-335-million-in-credit-card-interest-charges.html?\\_\\_source=twitter%7Cmain](https://www.cnbc.com/2018/02/23/citigroup-to-refund-335-million-in-credit-card-interest-charges.html?__source=twitter%7Cmain)

<sup>[ii]</sup> Consumer Financial Protection Bureau. "The Consumer Credit Card Market." December 2017. Available at:

---

[https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb\\_consumer-credit-card-market-report\\_2017.pdf](https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2017.pdf)

<sup>[iii]</sup> Bureau of Consumer Financial Protection Strategic Plan FY 2018-22, published February 12, 2018. Available at:

[https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb\\_strategic-plan\\_fy2018-fy2022.pdf](https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb_strategic-plan_fy2018-fy2022.pdf)

<sup>[iv]</sup> 10-K Filing to Securities and Exchange Commission by Citigroup Inc. Page 284. Available at: <http://www.citigroup.com/citi/investor/data/q1704c.pdf?ieNocache=813>