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**FOR IMMEDIATE RELEASE**

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**LSNJ URGES NEW JERSEY LAWMAKERS TO STAND TALL IN BACKING A NEW FEDERAL RULE AGAINST EXCESSIVE BANK OVERDRAFT FEES**

EDISON — LSNJ is urging the state’s two U.S. senators and House delegation to stand with working families and people in poverty by supporting the CFPB rule and effectively putting an end to abusive overdraft fees.

Consumers in New Jersey burdened by abusive overdraft fee practices will receive some relief after last week’s announcement that the Consumer Financial Protection Bureau (CFPB) has finalized its overdraft rule. The rule will curb typical overdraft fees from \$35 to \$5, and save consumers an expected \$5 billion per year nationwide.

The CFPB’s rule will prevent big banks from burdening families with overdraft fees that can easily add up to hundreds of dollars a year, and even push people out of the banking system. The rule will allow banks to cover overdrafts, and charge either a flat fee of \$5 or an amount that covers their costs, or offer a loan that works like a credit card.

“Unconscionably high overdraft charges are a multibillion dollar windfall for banks, unfairly falling on the backs of people who already are having hard times,” said David McMillin, LSNJ’s Chief Counsel for consumer issues. “We have seen these predatory fees target our clients for many years, though just about everyone can feel the brunt of these charges. By finalizing the overdraft rule as part of its ongoing efforts to tackle junk fees, the CFPB is protecting ordinary families from the harmful practices of big Wall Street banks.”

The new rule is already drawing opposition from the biggest and wealthiest financial institutions. It could face the threat of being overturned by Congress using the Congressional Review Act (CRA), which allows Congress, with the President’s approval, to overturn rules

using expedited procedures and a simple majority vote with limited debate. The rule will take effect in October 2025 if left intact by Congress.

Additional information can be found here: <https://www.consumerfinance.gov/about-us/newsroom/cfpb-closes-overdraft-loophole-to-save-americans-billions-in-fees>.

*Legal Services of New Jersey (LSNJ), located in Edison, heads the state's Legal Services system, a network of six independent nonprofit corporations that provides free essential legal aid in civil matters to low-income people in all 21 counties.*

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