

Complaints About Overdraft and Fee Practices

Executive Summary

Overdraft programs remain a persistent source of consumer complaints. In 2022 and 2023, overdraft-related issues represented nearly 6% of all banking complaints submitted to the CFPB. Consumers reported being assessed multiple overdraft fees in a single day, being charged despite sufficient funds, and struggling to opt out of overdraft programs.

1. Introduction

While some banks have moved to limit or eliminate overdraft fees, many institutions continue to rely on them. Complaints suggest that fee practices remain confusing and disproportionately impact low-income and younger consumers.

2. Consumer Issues

2.1 Multiple fees in short timeframes: Consumers described cases where one mis-timed transaction triggered cascading fees, sometimes exceeding the value of the original purchase.

2.2 Sufficient funds disputes: Some consumers claimed they had adequate funds at the time of purchase, yet still incurred overdraft charges due to processing order or timing differences.

2.3 Opt-out difficulties: Consumers reported that requests to decline overdraft coverage were not honored, leaving them exposed to fees despite repeated attempts to opt out.

3. Discussion

Complaints suggest that overdraft programs often fail to align with consumer expectations. The mismatch between perceived account balances and actual processing practices creates financial strain.

4. Conclusion

Overdraft fees continue to create confusion and consumer harm. Complaint analysis indicates that reforms limiting fee structures, improving real-time account balance transparency, and simplifying opt-out processes would address many of the pain points reflected in consumer narratives.