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
P Street
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