



**LEGAL SERVICES
FOR MAINE ELDERS**

**LD 142 -- An Act to Prohibit Financial Institutions from Charging Multiple Fees for
Attempted Withdrawals Involving Insufficient Funds**

**Testimony of John Brautigam, Esq. for Legal Services for Maine Elders
Joint Standing Committee on Health Coverage, Insurance, and Financial Services**

February 4, 2025

Good afternoon, Senator Bailey, Representative Mathieson, and members of the Joint Standing Committee on Health Coverage, Insurance, and Financial Services.

My name is John Brautigam, and I am here today on behalf of Legal Services for Maine Elders. LSE provides free legal help for Mainers aged 60 and older when their basic human needs are at stake.

We support LD 142 which seeks to prohibit financial institutions from charging multiple insufficient funds (NSF) fees for the same transaction. This legislation is a valuable step toward ensuring fairness in our banking system, especially for older adults and individuals on fixed incomes.

Many older residents in our state rely on Social Security, pensions, or limited retirement savings to cover their basic living expenses. Some of them budget every month down to the penny. Despite their best efforts to manage their finances responsibly, occasional mistakes happen. A single overdraft should not spiral into a financial crisis due to excessive and repeated penalties imposed by their financial institution.

Fees of \$25 are common, and we have heard that some fees can reach \$39.

Currently, some financial institutions charge an NSF fee not just once but multiple times for the same attempted transaction. For example, if an individual's check is returned for insufficient funds and the merchant attempts to process the payment again, the bank may charge another NSF fee each time. This can lead to a snowball effect, where a single miscalculation results in fees that far exceed the original transaction amount. Such practices seem punitive and unfair.

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This issue disproportionately impacts seniors and low-income individuals, who often lack the financial cushion to absorb these excessive charges. The consequences can be severe: lost access to essential services, deeper financial instability, and increased stress for individuals who are already struggling to make ends meet.

Importantly, some banks have already recognized the unfairness of these practices and have voluntarily eliminated multiple NSF fees. However, not all institutions have followed suit, and many consumers remain vulnerable. This legislation will ensure that all banks operating under the jurisdiction of state legislation treat customers fairly and prevent the most egregious abuses of NSF fees.

Passing this bill is not about eliminating all accountability for overdrafts. It is about protecting our most vulnerable residents from financial practices that can have a disproportionate impact on their well-being.

Thank you.