



Federal Credit Union
In Opposition to

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

Committee on Health Coverage, Insurance and Financial Services

February 4, 2025

Good Afternoon, Senator Bailey, Representative Mathieson, and distinguished members of the Committee on Health Coverage, Insurance and Financial Services,

I am pleased to provide this testimony to the HCIFS Committee in opposition to LD 142 An Act to Prohibit Financial Institutions from Charging Multiple Fees for Attempted Withdrawals Involving Insufficient Funds.

My name is Keith Rioux and I've worked for Atlantic Federal Credit Union (Atlantic) for almost 37 years. Atlantic is Maine's largest credit union with assets of approx. \$1.10 billion. Atlantic Federal Credit Union was chartered in 1941 and has been providing financial services to members of our communities for almost 85 years.

The Consumer Finance Protection Bureau (CFPB), has been focused on consumer fees, including those for non-sufficient funds. After this considerable attention, federal law and regulation still allows this fee to be charged. However, guidance provides suggestions for how to assess these fees in a fair manner, which includes giving members information on the fee process. To best serve our members with transparency and comply with federal regulators, Atlantic (along with many other financial institutions), recently added specific language to its disclosures to ensure members are aware of the potential for multiple fees on the same transaction, and provide clarity around having those fees reversed.

Unfortunately it is not possible to automatically identify every duplicate withdrawal transaction. Merchants have been representing items for payment since the Automated Clearing House (ACH) system was started. Although the majority of these items are represented in the same manner, merchants do sometimes manipulate re-presented transactions that make it systematically **difficult for core processing software to properly identify and return these items without charging fees**. Such changes include altering the descriptions associated with these transactions as well as the methods in which the transactions are presented (paper checks represented as ACH transactions). Another issue is related to recurring transactions and the time frames associated with representments. There can be difficulty in the identification of a re-resentation transaction vs a recurring monthly debit that comes through with the same description.

Atlantic has always worked with our members on these types of fees – even prior to the recent scrutiny nationwide. Atlantic has taken the proactive approach of working with our members to reimburse for these duplicate representment fees upon notification of such fees by our members. As previously stated, in late 2024, we notified members of this policy by sending out the following with our change notice:





Federal Credit Union

Multiple Fees per Item are Possible

You may be charged an Overdraft/Non-Sufficient Funds (NSF) fee each time a debit is returned to a merchant for insufficient funds, and the merchant that submitted the debit may resubmit it, even if it has been previously returned. This could result in multiple fees for a single debit that has been returned for insufficient funds, as the Credit Union cannot identify such actions you authorized the merchant to perform. If vendors manipulate debits to appear as new transactions, leading to repeated fees, we will reverse such fees upon investigation.

In late 2024, our representment practices were reviewed by the NCUA (National Credit Union Administration) – which is the primary regulator for federally chartered credit unions. There were no issues associated with our current practices and Atlantic was commended for our proactive approach.

As a federally chartered institution, Atlantic FCU would not be subject to the statutory changes LD 142 is proposing, yet we believe we comply with the intention of this bill. As such, we feel LD 142 is unnecessary. Again – thank you for the opportunity to provide this testimony and we respectfully request the committee vote no on LD 142.