



# Attorney General Doug Peterson

# News Release

FOR IMMEDIATE RELEASE  
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## **Attorney General Peterson Joins 50 States, District of Columbia, in \$575 Settlement with Wells Fargo**

### ***Agreement resolves state consumer protection claims for alleged unfair and deceptive trade practices***

LINCOLN – Attorney General Peterson announced today that Wells Fargo Bank N.A. will pay \$575 million to resolve claims that the bank violated state consumer protection law. Nebraska's share of the settlement is \$5,210,423.

As part of its settlement with the states, Wells Fargo has agreed to implement within 60 days a program through which consumers who believe they were affected by the bank's conduct can contact Wells Fargo to be reviewed for potential redress. Wells Fargo will create and maintain a website for consumers to use to access the program and will provide periodic reports to the states about ongoing restitution efforts. More information on the redress review program, including Wells Fargo escalation phone numbers and the Wells Fargo dedicated website address for the program, will be available on or before February 26, 2019.

Wells Fargo has identified more than 3.5 million accounts where customer accounts were opened, funds were transferred, credit card applications were filed, and debit cards were issued without the customers' knowledge or consent. The bank has also identified 528,000 online bill pay enrollments nationwide that may have resulted from improper sales practices at the bank. In addition, Wells Fargo improperly submitted more than 6,500 renters insurance and/or simplified term life insurance policy applications and payments from customer accounts without the customers' knowledge or consent.

The states alleged that Wells Fargo:

- (1) imposed aggressive and unrealistic sales goals on bank employees and implemented an incentive compensation program where employees could qualify for credit by selling certain products to customers creating an impetus for employees to engage in improper sales practices.
- (2) improperly charged premiums, interest, and fees for force-placed collateral protection insurance to more than two million auto financing customers, despite evidence that the customers' regular auto insurance policy was in effect, and despite

numerous customer complaints about such unnecessary placements. Wells Fargo has agreed to provide remediation of more than \$385 million to approximately 850,000 auto finance customers. The remediation will include payments to over 51,000 customers whose cars were repossessed.

- (3) failed to ensure that customers received proper refunds of unearned portions of optional Guaranteed Asset/Auto Protection (GAP) products sold as part of motor vehicle financing agreements. As a result, the bank has agreed to provide refunds totaling more than \$37 million to certain auto finance customers.
- (4) improperly charged residential mortgage loan consumers for rate lock extension fees even when the delay was caused by Wells Fargo, a practice contrary to the bank's policy. Wells Fargo has identified and contacted affected consumers and has refunded or agreed to refund over \$100 million of such fees.

According to Attorney General Peterson, "It is very disappointing that a national bank would engage in such conduct at the cost of their loyal customers. Fortunately, both federal and state authorities have interceded to remedy Wells Fargo's misconduct. I appreciate the work of the Nebraska Department of Justice's Consumer Protection Bureau and my fellow attorneys general in forging this resolution. I hope that the message that this settlement sends is clear to other financial institutions that such consumer abuse will result in a significant penalty."

Wells Fargo has previously entered consent orders with federal authorities – including the Office of the Comptroller of the Currency (OCC) and the Consumer Financial Protection Bureau (CFPB) – related to its alleged conduct. Wells Fargo has committed to or already provided restitution to consumers in excess of \$600 million through its agreements with the OCC and CFPB as well as through settlement of a related consumer class-action lawsuit and will pay over \$1 billion in civil penalties to the federal government. Additionally, under an order from the Federal Reserve, the bank is required to strengthen its corporate governance and controls, and is currently restricted from exceeding its total asset size.

Affected Nebraska consumers seeking more information on the Wells Fargo redress review program referenced above may contact the Nebraska Department of Justice's Consumer Protection Bureau by visiting [www.protectthegoodlife.nebraska.gov](http://www.protectthegoodlife.nebraska.gov) or by calling (800) 727-6432. Please note that further information may not be available until after February 26, 2019, pursuant to the settlement.

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Please click here to view the States' agreement with Wells Fargo. <https://bit.ly/2ERT1Fm>

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