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Contacts: Lauren Saunders (<a href="mailto:lsaunders@nclc.org">lsaunders@nclc.org</a> or 202.595.7845);

Jan Kruse (jkruse@nclc.org or 617-542-8010)

## Department of Education Proposal Will Protect Students from High Fee Campus Prepaid and Debit Cards

(WASHINGTON) Today, the U.S. Department of Education proposed rules to govern the prepaid and debit cards that colleges and universities promote to students by linking the accounts with the financial aid disbursement process or student identification cards. National Consumer Law Center Associate Director Lauren Saunders made the following statement on the final rules on behalf of NCLC's low income clients:

"The Department of Education's proposal is sorely needed to fix a broken system where some schools put revenue-sharing deals ahead of the interests of their students. Schools have pushed students into prepaid and debit cards that are heavy on fees, using coercive or deceptive measures including holding up delivery of financial aid for students who wish to receive funds in their own account or leading students to think that the school has endorsed an account that is best for the student when it is not.

"The proposed rules will require colleges and universities to encourage students to receive their financial aid funds conveniently into their own accounts without delay. The rules will also require any account linked to the financial aid disbursement process to meet minimum standards, including reasonable free ATM access and no overdraft fees.

"These are welcome steps that will help prevent the financial aid process from being used to steer students into costly prepaid and debit card accounts that are not right for them.

"The rules also add less robust protections for accounts that are linked to student ID cards but are not used in the financial aid process. Those accounts also must provide reasonable access to free ATM withdrawals, but the accounts are not required to be free from costly and unnecessary overdraft fees.

"That is a mistake. Any bank that pays colleges and universities to promote its accounts, and gets preferential access to students, should make sure that the account is as safe as possible for students who are often managing their money on their own for the first time. So-called overdraft 'protection' is unnecessary on ATM and debit cards and is just an excuse to charge fees.

"I applaud the Education Department for taking strong steps to protect students and urge it to strengthen the proposal by banning all overdraft fees on an account that colleges or universities help to promote." Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the United States. NCLC's expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across the nation to stop exploitative practices, help financially stressed families build and retain wealth, and advance economic fairness. www.nclc.org