



PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

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FDIC Announces Settlement with WEX Bank and Higher One for Deceptive Practices Related to Debit Cards for College Students

Harmed consumers to receive approximately \$31 million in restitution

FOR IMMEDIATE RELEASE

The Federal Deposit Insurance Corporation (FDIC) today announced settlements with WEX Bank, Midvale, Utah, and Higher One, Inc., New Haven, Conn., an institution-affiliated party of WEX Bank, for deceptive practices in violation of Section 5 of the Federal Trade Commission (FTC) Act.

As part of the settlements, WEX Bank and Higher One have each stipulated to the issuance of a Consent Order, Order for Restitution, and Order to Pay Civil Money Penalty. The FDIC orders require Higher One to pay a civil money penalty of \$2.23 million and WEX Bank to pay \$1.75 million, and together to pay total restitution of approximately \$31 million to an estimated 900,000 harmed consumers. Consumers who are eligible for relief under the settlements are not required to take any action to receive compensation.

Higher One provides colleges and universities with financial aid disbursement services for students. Specifically, after payment of tuition and other expenses owed directly to the school, the remaining financial aid, such as money for books, supplies, and living expenses, can be disbursed to students through Higher One's "OneAccount." The OneAccount is a debit card-based product that is offered in partnership through financial institutions. WEX Bank has offered the OneAccount since May 4, 2012.

The FDIC concluded that the Higher One website and associated materials, which were approved by WEX Bank, omitted material facts about certain fees, features, and limitations of the OneAccount in violation of Section 5. The omissions included details



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-102-2015

about other disbursement methods available to students, a full and complete fee schedule, and the availability of fee-free ATMs. As a result of these material omissions, Higher One improperly collected \$31 million in fees from students from May 4, 2012, to July 15, 2014, the period covered by the enforcement action.

"It is important that financial products offered to college students under the sponsorship of their universities are clear, transparent, and trustworthy," FDIC Chairman Martin J. Gruenberg said. "Today's action holds both the bank and its student card partner accountable for the practices related to the products they offered to college students and provides restitution to those students harmed by these practices."

In addition to the payment of restitution to harmed consumers and civil money penalties, the FDIC orders require both WEX Bank and Higher One to take affirmative steps to correct the violations, and to ensure compliance in the future with all consumer protection laws, including the FTC Act.

The Board of Governors of the Federal Reserve System also reached a settlement with Higher One concerning Higher One's relationship with a state member bank in a separate action.

Consumers do not need to take any action. Eligible consumers will receive notification from the companies following approval of the restitution plan.

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Attachments:

- [Consent Order, Order for Restitution, and Order to Pay Civil Money Penalty \(WEX Bank\) - PDF \(PDF Help\)](#)
- [Consent Order, Order for Restitution, and Order to Pay Civil Money Penalty \(Higher One\) - PDF \(PDF Help\)](#)