



# PRESS RELEASE

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

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## **FDIC Announces Settlement With American Express Centurion Bank for Unfair and Deceptive Practices in Debt Collection and Credit Card Marketing**

FOR IMMEDIATE RELEASE

The Federal Deposit Insurance Corporation (FDIC) and the Consumer Financial Protection Bureau (CFPB) have reached a settlement with American Express Centurion Bank (Bank), Salt Lake City, Utah, for deceptive debt collection and credit card marketing practices, in violation of section 5 of the Federal Trade Commission Act.

This action results from a FDIC and Utah Department of Financial Institutions examination, in which the Consumer Financial Protection Bureau (CFPB) joined last year. The CFPB, the Office of the Comptroller of the Currency (OCC), the Utah Department of Financial Institutions, and the Board of Governors of the Federal Reserve System took separate actions against various entities related to the Bank (collectively referred to as American Express). Under the settlements, American Express agreed to the issuance of Consent Orders, Orders for Restitution, and Orders to Pay (Orders) which result in total restitution from all entities of approximately \$85 million to more than 250,000 affected consumers, and the imposition of civil money penalties totaling approximately \$27 million.

The FDIC and the CFPB determined that the Bank violated federal law prohibiting unfair and deceptive practices by, among other things:

- Misrepresenting to consumers that if they entered into an agreement to settle old debt (that was no longer being reported to consumer reporting agencies), such settlement would be reported to consumer reporting agencies and thereby improve the consumers' credit scores. In fact, no such reporting occurred.



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](http://www.fdic.gov), by subscription electronically (go to [www.fdic.gov/about/subscriptions/index.html](http://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-114-2012

- Using settlement solicitations that implied that consumers who entered into settlement agreements to partially pay such debts would have the remaining balance of their debts forgiven, when in fact the balance remained a debt owed to American Express.
- Using solicitations that misrepresented the points and awards consumers would receive upon enrollment in one of American Express' credit card products.

In addition to restitution and CMP, the Consent Order requires the Bank to correct all violations, provide clearly written disclosures on debt collection statements, and stop using deceptive credit card solicitations. In addition, the Bank will improve its compliance management system and improve board oversight of affiliates and third-party service providers in order to adequately manage third-party risk.

In agreeing to the issuance of the Order, the Bank neither admits nor denies any liability. A copy of the Order is attached.

Attachments: [Joint Consent Order, Joint Order for Restitution, and Joint Order to Pay Civil Money Penalty - PDF \(PDF Help\)](#)