PRESS RELEASE

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

September 8, 2015 FOR IMMEDIATE RELEASE

FDIC Announces Settlement with Comenity Bank and Comenity Capital Bank for Deceptive Practices Related to Credit Card Add-On Products

Settlement includes approximately $61.5 million in restitution to consumers

Consumers with questions should go to https://www.comenityremediation.com/ for more information.

The Federal Deposit Insurance Corporation (FDIC) today announced a settlement with Comenity Bank, Wilmington, Delaware, and Comenity Capital Bank, Salt Lake City, Utah, for deceptive practices related to the marketing and servicing of credit card "add-on products," in violation of Section 5 of the Federal Trade Commission Act. The banks are both wholly-owned subsidiaries of Comenity, LLC, Columbus, Ohio.

As part of the settlement, each of the banks stipulated to the issuance of a Consent Order, Order for Restitution, and Order to Pay Civil Money Penalty. Under the FDIC orders, Comenity Bank will pay a civil money penalty (CMP) of $2 million and provide restitution of approximately $53 million to harmed consumers. Comenity Capital Bank will pay a CMP of $450,000 and provide restitution of approximately $8.5 million to harmed consumers.

The banks offer credit cards through various retailers nationwide that are typically co-branded with these retailers. For these cards, the banks offer "Account Assure" and "Account Assure Pro," which are payment protection/debt cancellation add-on products to the credit cards. The products allow consumers who enroll to request certain benefit payments following specific life events including, but not limited to, involuntary unemployment and disability.

The FDIC determined that the banks violated Section 5 by, among other things:

- Representing to consumers that they would not be charged a fee for the products if their accounts had no balances, but charging fees to consumers in those circumstances.

- Making material misrepresentations and omissions regarding the refund process applicable to consumers' cancellations of the products within the first 30 days of enrollment.

- Making material misrepresentations and omissions regarding the conditions for receipt of the gift cards or account statement credits offered as incentives for enrolling in the products.

The FDIC orders, in part, require the banks to correct the violations of law, ensure future compliance with Section 5, and develop and implement a comprehensive restitution plan for all consumers adversely impacted by the violations. The FDIC orders require restitution for violations that occurred between January 2008 and September 2014. Consumers who are eligible for relief under the settlement are not required to take any action to receive restitution.

Attachments:

- Comenity Capital Bank, Salt Lake City, Utah: Consent Order, Order for Restitution, and Order to Pay Civil Money Penalty - PDF (PDF Help)

- Comenity Bank Wilmington, Delaware: Consent Order, Order for Restitution, and Order to Pay Civil Money Penalty - PDF (PDF Help)