



**2024 FALL
MEMBER
MEETING**



Consumer Faster Payments Pain Points and the Search for Solutions





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Refusal to investigate and reimburse unauthorized electronic transfers





Me to Me Scams

More me to me scams

- <https://www.youtube.com/watch?v=kt0sxmWyjBc>



H. R. 9303



- **Bill Summary:** The Protecting Consumers from Payment Scams Act, sponsored by Rep. Maxine Waters (D-CA), would update the Electronic Fund Transfer Act (EFTA) to better protect consumers who are defrauded when they make payments. The bill would, among other things, protect consumers when they are defrauded into initiating a transfer to a bad actor, when they lose funds through fraudulent bank wire transfers, and when their accounts are inexplicably frozen or closed. Sen. Richard Blumenthal (D-CT) and Sen. Elizabeth Warren (D-MA) are leading the companion bill in the Senate.

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- **The Solution:** EFTA provides important protection against unauthorized transfers and errors, but it has gaps or ambiguities when consumers are defrauded into sending money to bad actors and when payment apps make mistakes easy. Also, financial institutions contend that EFTA does not apply to wire transfers, which can be used to steal consumers' entire life's savings.

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- This bill would close loopholes and clarify the law by:
 - Protecting consumers from liability when they are defrauded into initiating a transfer to a bad actor;
 - Requiring shared liability for unauthorized or fraudulent payments between a consumer's financial institution and the financial institution that receives the funds, with discretion to include other firms that materially help facilitate the payments, incentivizing them to strengthen fraud prevention efforts;
 - Clarifying that consumers are protected when they use bank wire transfers and electronic transfers authorized by telephone call;
 - Ensuring that error resolution duties apply if the consumer's account is frozen or closed, unless access has been denied due to a court order, law enforcement, or the consumer obtained the funds through unlawful or fraudulent means; and
 - Protecting consumers when they make a mistake, such as in amount or recipient, or if they don't receive goods or services purchased.

Additional Information



- *University of Michigan Journal of Law Reform Volume 57, 2024*
- *It Takes a Thief.... and a Bank: Protecting Consumers from Fraud and Scams on P2P Payment Platforms*
 - *Cathy Lesser Mansfield*

Audience Q&A

