

SUBURBAN-BASED FIRST AMERICAN BANK SUED OVER OVERDRAFT PROTECTION POLICIES

CHICAGO (CBS) — A suburban-based bank is being sued over the way it handles its customer overdraft protection program.

As WBBM Newsradio's Bob Conway reports, First American Bank is being sued by a customer for what the lawsuit calls unconscionable overdraft fee practices.

The lawsuit alleges that instead of refusing a transaction if there is not enough money in a customer's account to cover it, the bank allows the transaction to go through, and charges the customer \$33.

The overdraft fees disproportionately affect low-income customers, who are more likely to maintain low balances in their accounts, according to the suit.

Courtney Smith, a First American Bank customer since 2000, filed the suit in Cook County Circuit Court. She calls the fees "unconscionable" and claims in the suit that the Elk Grove Village-based bank didn't tell her or other consumers that they have a right to opt out of the overdraft protection when they sign up for an account.

The suit also claims First American Bank's practice of posting debit card transactions from highest to lowest dollar amount, instead of in chronological order, makes it more likely that consumers will be hit with multiple charges.

The Illinois-based bank has more than \$2.5 billion in assets and nearly 50 Chicago-area locations, according to its website.

Similar class-action lawsuits leveled against other banks — including banking giants Bank of America, JP Morgan Chase and Wells Fargo — have resulted in multimillion-dollar settlements for consumers.

Monday's four-count lawsuit claims breach of covenant, unjust enrichment, conversion, violation of the Illinois Consumer Fraud Act. It seeks an unspecified amount in damages, plus the costs of the suit, and demands a jury trial.

A message left with the bank's leadership by the Sun-Times Media Wire was not returned Monday evening.

The Sun-Times Media Wire contributed to this report.

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